

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

ATTICA CONSOLIDATED SCHOOL CORPORATION  
FOUNTAIN COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
06/09/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carrie R. Brier	07-01-13 to 06-30-16
Superintendent of Schools	Derek Marshall	07-01-13 to 06-30-16
President of the School Board	Dan DeSutter Michael Wriighthouse	07-01-13 to 06-30-14 07-01-14 to 06-30-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ATTICA CONSOLIDATED SCHOOL  
CORPORATION, FOUNTAIN COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Attica Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

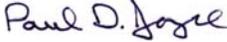
*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 13, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

April 13, 2016



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE ATTICA CONSOLIDATED SCHOOL  
CORPORATION, FOUNTAIN COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Attica Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 13, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

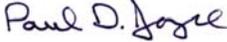
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002.

**Attica Consolidated School Corporation's Response to Findings**

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 13, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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ATTICA CONSOLIDATED SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 815,959	\$ 5,081,271	\$ 5,527,602	\$ (2,982)	\$ 366,646	\$ 5,041,431	\$ 5,345,317	\$ -	\$ 62,760
Debt Service	655,093	1,067,329	1,069,273	-	653,149	1,793,156	1,445,446	(12,760)	988,099
Retirement/Severance Bond Debt Service	32,385	136,144	125,171	-	43,358	149,946	124,547	-	68,757
Capital Projects	73,732	671,645	664,714	-	80,663	888,279	657,226	-	311,716
School Transportation	16,222	306,457	327,896	13,200	7,983	346,446	278,960	-	75,469
School Bus Replacement	78,644	59,358	162,814	-	(24,812)	53,641	53,475	-	(24,646)
Rainy Day	351,663	-	-	(13,200)	338,463	-	-	-	338,463
School Lunch	(27,605)	340,589	392,687	-	(79,703)	357,944	290,623	-	(12,382)
Textbook Rental	13,894	83,118	86,349	-	10,663	67,970	85,209	12,760	6,184
Repair and Replacement	-	-	-	-	-	5,200	5,200	-	-
Elementary MOMH 2012-2013	10,558	15,231	27,668	1,879	-	100,432	135,932	21,152	(14,348)
Speech/Hearing Pre School	(12,241)	-	-	12,241	-	-	-	-	-
Elementary MOMH 2013-2014	-	141,256	124,675	-	16,581	20,406	15,835	(21,152)	-
Special Education Pre-School 2012-2013	33,055	15,126	34,056	(14,125)	-	96,582	81,669	-	14,913
Special Education Pre-School 2013-2014	(27,118)	110,687	98,376	-	(14,807)	23,068	43,710	-	(35,449)
Joint Services and Supply - Area Vocational School	7,059	12,102	19,161	-	-	72,552	69,181	-	3,371
Machine Trades 2013-2014	(149)	30,308	37,409	-	(7,250)	11,210	3,960	-	-
CAD 2012-2013	(4,761)	3,991	(9,968)	-	9,198	33,792	50,450	-	(7,460)
CAD 2013-2014	-	39,191	51,108	-	(11,917)	17,096	5,179	-	-
Computer Repair	1,384	558	1,942	-	-	12,232	-	-	12,232
Computer Repair 2013-2014	-	14,143	19,908	-	(5,765)	12,296	20,678	-	(14,147)
Health Careers 2012-2013	12,761	5,575	18,336	-	-	-	-	-	-
Joint Services and Supply - Other	(29,000)	29,000	-	-	-	28,100	28,100	-	-
Alternative Education	2,339	-	-	-	2,339	-	-	-	2,339
Instruction Support	141	-	-	-	141	-	-	-	141
Scholarships and Awards	22,065	-	22,065	-	-	-	-	-	-
Duke Energy Grant	-	-	-	-	-	22,600	4,858	-	17,742
Construction, Remodeling, and Equipping Buildings	(15,785)	68,451	51,143	-	1,523	112,000	113,523	-	-
Gifted and Talented 2014-2015	7,853	-	7,853	-	-	27,639	17,440	-	10,199
Gifted and Talented 2013-2014	-	27,182	26,617	-	565	-	565	-	-
Medicaid Reimbursement	5,586	-	1,105	(1,157)	3,324	-	1,319	-	2,005
Non-English Speaking Programs P.L. 273-1999	4,038	-	-	-	4,038	-	-	-	4,038
School Technology	(26,143)	5,034	43,573	-	(64,682)	25,919	115	-	(38,878)
School Resource Officer Grant	-	61,398	124,796	-	(63,398)	63,398	-	-	-
Senator David Ford Technology	(3,012)	16,443	32,589	-	(19,158)	58,556	39,398	-	-
Title I 2013-2014	-	130,709	122,015	-	8,694	-	8,694	-	-
Title I 2014-2015	(18,693)	95,127	76,434	-	-	115,548	127,748	-	(12,200)
Title V, Part A	589	-	-	-	589	-	-	-	589
Special Education Part B 2014-2015	(25,891)	51,784	25,893	-	-	191,822	205,345	-	(13,523)
Special Education Part B 2013-2014	-	225,020	228,764	3,035	(709)	-	(709)	-	-
Special Education TA Grant	-	4,234	5,391	1,157	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(10,052)	-	(10,052)	-	-	22,667	11,334	-	11,333
Title III - Language Instruction	1,022	-	-	-	1,022	-	-	-	1,022
Fiscal Stabilization - Education	-	-	(48)	(48)	-	-	-	-	-
Clearing Fund	562	1,324,504	1,309,721	-	15,345	1,206,000	1,241,133	-	(19,788)
<b>Totals</b>	<b>\$ 1,946,154</b>	<b>\$ 10,172,965</b>	<b>\$ 10,847,036</b>	<b>\$ -</b>	<b>\$ 1,272,083</b>	<b>\$ 10,977,928</b>	<b>\$ 10,511,460</b>	<b>\$ -</b>	<b>\$ 1,738,551</b>

The notes to the financial statement are an integral part of this statement.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other Financing Sources and Uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

ATTICA CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

**B. Teachers' Retirement Fund**

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. The School Bus Replacement, School Lunch, and School Technology funds had deficits as of June 30, 2014. The School Bus Replacement, School Lunch, School Technology, and Clearing Fund funds had deficits as of June 30, 2015. These were a result of disbursements exceeding receipts.

The Special Education Preschool 2013-2014, School Resource Officer, Senator David Ford Technology, and Special Education Part B 2013-2014 funds had deficits as of June 30, 2014. The Special Education Preschool 2013-2014, Title I 2014-2015, and Special Education Part B 2014-2015 funds had deficits as of June 30, 2015. These were a result of the funds being set up as reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 or June 30, 2015.

The Machine Trades 2013-2014 and Computer Repair 2013-2014 funds had a deficit as of June 30, 2014. The Elementary MOMH 2012-2013, CAD 2012-2013, and Computer Repair 2013-2014 funds had deficits as of June 30, 2015. These were a result of payments that were due from other School Corporations participating in programs offered by the School Corporation that were not received by June 30, 2014 or 2015.

**Note 9. Holding Corporations**

The School Corporation has entered into capital leases with the Attica Elementary School Building Corporation and the Attica School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments for the years ended June 30, 2014 and 2015 totaled \$1,257,045 and \$1,257,525, respectively.

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## OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Repair and Replacement
Cash and investments - beginning	\$ 815,959	\$ 655,093	\$ 32,385	\$ 73,732	\$ 16,222	\$ 78,644	\$ 351,663	\$ (27,605)	\$ 13,894	\$ -
Receipts:										
Local sources	52,787	1,067,329	136,144	671,645	297,420	59,358	-	116,034	47,642	-
Intermediate sources	396	-	-	-	-	-	-	-	-	-
State sources	5,028,088	-	-	-	-	-	-	-	33,024	-
Federal sources	-	-	-	-	-	-	-	224,555	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	9,037	-	-	-	2,452	-
Total receipts	5,081,271	1,067,329	136,144	671,645	306,457	59,358	-	340,589	83,118	-
Disbursements:										
Current:										
Instruction	3,624,472	-	-	-	-	-	-	-	-	-
Support services	1,823,772	-	-	380,490	327,896	162,814	-	10,942	86,349	-
Noninstructional services	79,358	-	-	-	-	-	-	381,745	-	-
Facilities acquisition and construction	-	-	-	284,224	-	-	-	-	-	-
Debt services	-	1,069,273	125,171	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,527,602	1,069,273	125,171	664,714	327,896	162,814	-	392,687	86,349	-
Excess (deficiency) of receipts over disbursements	(446,331)	(1,944)	10,973	6,931	(21,439)	(103,456)	-	(52,098)	(3,231)	-
Other financing sources (uses):										
Transfers in	53	-	-	-	13,200	-	-	-	-	-
Transfers out	(3,035)	-	-	-	-	-	(13,200)	-	-	-
Total other financing sources (uses)	(2,982)	-	-	-	13,200	-	(13,200)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(449,313)	(1,944)	10,973	6,931	(8,239)	(103,456)	(13,200)	(52,098)	(3,231)	-
Cash and investments - ending	\$ 366,646	\$ 653,149	\$ 43,358	\$ 80,663	\$ 7,983	\$ (24,812)	\$ 338,463	\$ (79,703)	\$ 10,663	\$ -

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Elementary MOMH 2012-2013	Speech/Hearing Pre School	Elementary MOMH 2013-2014	Special Education Pre-School 2012-2013	Special Education Pre-School 2013-2014	Joint Services and Supply - Area Vocational School	Machine Trades 2013-2014	CAD 2012-2013	CAD 2013-2014
Cash and investments - beginning	\$ 10,558	\$ (12,241)	\$ -	\$ 33,055	\$ (27,118)	\$ 7,059	\$ (149)	\$ (4,761)	\$ -
Receipts:									
Local sources	15,231	-	141,256	15,126	110,687	12,102	30,308	3,991	39,191
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	15,231	-	141,256	15,126	110,687	12,102	30,308	3,991	39,191
Disbursements:									
Current:									
Instruction	24,801	-	124,675	7,815	69,095	7,143	37,409	(10,855)	51,108
Support services	2,867	-	-	26,241	29,281	12,018	-	887	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	27,668	-	124,675	34,056	98,376	19,161	37,409	(9,968)	51,108
Excess (deficiency) of receipts over disbursements	(12,437)	-	16,581	(18,930)	12,311	(7,059)	(7,101)	13,959	(11,917)
Other financing sources (uses):									
Transfers in	1,879	12,241	-	(14,120)	-	-	-	-	-
Transfers out	-	-	-	(5)	-	-	-	-	-
Total other financing sources (uses)	1,879	12,241	-	(14,125)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,558)	12,241	16,581	(33,055)	12,311	(7,059)	(7,101)	13,959	(11,917)
Cash and investments - ending	\$ -	\$ -	\$ 16,581	\$ -	\$ (14,807)	\$ -	\$ (7,250)	\$ 9,198	\$ (11,917)

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Computer Repair	Computer Repair 2013-2014	Health Careers 2012-2013	Joint Services and Supply - Other	Alternative Education	Instruction Support	Scholarships and Awards	Duke Energy Grant	Construction, Remodeling, and Equipping Buildings
Cash and investments - beginning	\$ 1,384	\$ -	\$ 12,761	\$ (29,000)	\$ 2,339	\$ 141	\$ 22,065	\$ -	\$ (15,785)
Receipts:									
Local sources	558	14,143	5,575	29,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	68,451
Total receipts	558	14,143	5,575	29,000	-	-	-	-	68,451
Disbursements:									
Current:									
Instruction	1,491	19,908	6,550	-	-	-	22,065	-	-
Support services	451	-	11,786	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	51,143
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,942	19,908	18,336	-	-	-	22,065	-	51,143
Excess (deficiency) of receipts over disbursements	(1,384)	(5,765)	(12,761)	29,000	-	-	(22,065)	-	17,308
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,384)	(5,765)	(12,761)	29,000	-	-	(22,065)	-	17,308
Cash and investments - ending	\$ -	\$ (5,765)	\$ -	\$ -	\$ 2,339	\$ 141	\$ -	\$ -	\$ 1,523

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Gifted and Talented 2014-2015	Gifted and Talented 2013-2014	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	School Resource Officer Grant	Senator David Ford Technology	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ 7,853	\$ -	\$ 5,586	\$ 4,038	\$ (26,143)	\$ -	\$ (3,012)	\$ -	\$ (18,693)
Receipts:									
Local sources	-	-	-	-	-	61,398	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	27,182	-	-	-	-	16,443	-	-
Federal sources	-	-	-	-	5,034	-	-	130,709	95,127
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	27,182	-	-	5,034	61,398	16,443	130,709	95,127
Disbursements:									
Current:									
Instruction	7,853	26,617	-	-	-	-	20,696	122,015	76,434
Support services	-	-	1,105	-	1,000	124,796	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	42,573	-	11,893	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,853	26,617	1,105	-	43,573	124,796	32,589	122,015	76,434
Excess (deficiency) of receipts over disbursements	(7,853)	565	(1,105)	-	(38,539)	(63,398)	(16,146)	8,694	18,693
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,157)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(1,157)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,853)	565	(2,262)	-	(38,539)	(63,398)	(16,146)	8,694	18,693
Cash and investments - ending	\$ -	\$ 565	\$ 3,324	\$ 4,038	\$ (64,682)	\$ (63,398)	\$ (19,158)	\$ 8,694	\$ -

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Title V, Part A	Special Education Part B 2014-2015	Special Education Part B 2013-2014	Special Education TA Grant	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Fiscal Stabilization - Education	Clearing Fund	Totals
Cash and investments - beginning	\$ 589	\$ (25,891)	\$ -	\$ -	\$ (10,052)	\$ 1,022	\$ -	\$ 562	\$ 1,946,154
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,926,925
Intermediate sources	-	-	-	-	-	-	-	-	396
State sources	-	-	-	-	-	-	-	-	5,104,737
Federal sources	-	51,784	225,020	4,234	-	-	-	-	736,463
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	1,324,504	1,404,444
Total receipts	-	51,784	225,020	4,234	-	-	-	1,324,504	10,172,965
Disbursements:									
Current:									
Instruction	-	25,893	228,764	5,391	(10,052)	-	-	-	4,489,288
Support services	-	-	-	-	-	-	(48)	-	3,002,647
Noninstructional services	-	-	-	-	-	-	-	-	461,103
Facilities acquisition and construction	-	-	-	-	-	-	-	-	389,833
Debt services	-	-	-	-	-	-	-	-	1,194,444
Nonprogrammed charges	-	-	-	-	-	-	-	1,309,721	1,309,721
Total disbursements	-	25,893	228,764	5,391	(10,052)	-	(48)	1,309,721	10,847,036
Excess (deficiency) of receipts over disbursements	-	25,891	(3,744)	(1,157)	10,052	-	48	14,783	(674,071)
Other financing sources (uses):									
Transfers in	-	-	3,035	1,157	-	-	-	-	17,445
Transfers out	-	-	-	-	-	-	(48)	-	(17,445)
Total other financing sources (uses)	-	-	3,035	1,157	-	-	(48)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	25,891	(709)	-	10,052	-	-	14,783	(674,071)
Cash and investments - ending	\$ 589	\$ -	\$ (709)	\$ -	\$ -	\$ 1,022	\$ -	\$ 15,345	\$ 1,272,083

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Repair and Replacement
Cash and investments - beginning	\$ 366,646	\$ 653,149	\$ 43,358	\$ 80,663	\$ 7,983	\$ (24,812)	\$ 338,463	\$ (79,703)	\$ 10,663	\$ -
Receipts:										
Local sources	24,218	1,243,156	149,946	688,279	319,074	53,641	-	110,068	36,542	-
Intermediate sources	396	-	-	-	-	-	-	-	-	-
State sources	5,007,317	-	-	-	-	-	-	-	31,288	-
Federal sources	9,500	-	-	-	-	-	-	247,876	-	-
Temporary loans	-	550,000	-	200,000	-	-	-	-	-	-
Other	-	-	-	-	27,372	-	-	-	140	5,200
<b>Total receipts</b>	<b>5,041,431</b>	<b>1,793,156</b>	<b>149,946</b>	<b>888,279</b>	<b>346,446</b>	<b>53,641</b>	<b>-</b>	<b>357,944</b>	<b>67,970</b>	<b>5,200</b>
Disbursements:										
Current:										
Instruction	3,495,295	-	-	-	-	-	-	-	-	-
Support services	1,777,346	-	-	374,956	278,960	53,475	-	4,382	14,405	5,200
Noninstructional services	72,676	-	-	-	-	-	-	286,241	-	-
Facilities acquisition and construction	-	-	-	282,270	-	-	-	-	70,804	-
Debt services	-	1,445,446	124,547	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,345,317</b>	<b>1,445,446</b>	<b>124,547</b>	<b>657,226</b>	<b>278,960</b>	<b>53,475</b>	<b>-</b>	<b>290,623</b>	<b>85,209</b>	<b>5,200</b>
Excess (deficiency) of receipts over disbursements	(303,886)	347,710	25,399	231,053	67,486	166	-	67,321	(17,239)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	12,760	-
Transfers out	-	(12,760)	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(12,760)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,760</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(303,886)	334,950	25,399	231,053	67,486	166	-	67,321	(4,479)	-
Cash and investments - ending	\$ 62,760	\$ 988,099	\$ 68,757	\$ 311,716	\$ 75,469	\$ (24,646)	\$ 338,463	\$ (12,382)	\$ 6,184	\$ -

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Elementary MOMH 2012-2013	Speech/Hearing Pre School	Elementary MOMH 2013-2014	Special Education Pre-School 2012-2013	Special Education Pre-School 2013-2014	Joint Services and Supply - Area Vocational School	Machine Trades 2013-2014	CAD 2012-2013	CAD 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ 16,581	\$ -	\$ (14,807)	\$ -	\$ (7,250)	\$ 9,198	\$ (11,917)
Receipts:									
Local sources	100,432	-	20,406	96,582	23,068	72,477	11,210	33,792	17,096
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	75	-	-	-
Total receipts	<u>100,432</u>	<u>-</u>	<u>20,406</u>	<u>96,582</u>	<u>23,068</u>	<u>72,552</u>	<u>11,210</u>	<u>33,792</u>	<u>17,096</u>
Disbursements:									
Current:									
Instruction	135,932	-	15,835	53,789	19,137	69,181	3,960	50,450	4,551
Support services	-	-	-	27,880	24,573	-	-	-	628
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>135,932</u>	<u>-</u>	<u>15,835</u>	<u>81,669</u>	<u>43,710</u>	<u>69,181</u>	<u>3,960</u>	<u>50,450</u>	<u>5,179</u>
Excess (deficiency) of receipts over disbursements	<u>(35,500)</u>	<u>-</u>	<u>4,571</u>	<u>14,913</u>	<u>(20,642)</u>	<u>3,371</u>	<u>7,250</u>	<u>(16,658)</u>	<u>11,917</u>
Other financing sources (uses):									
Transfers in	21,152	-	-	-	-	-	-	-	-
Transfers out	-	-	(21,152)	-	-	-	-	-	-
Total other financing sources (uses)	<u>21,152</u>	<u>-</u>	<u>(21,152)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(14,348)</u>	<u>-</u>	<u>(16,581)</u>	<u>14,913</u>	<u>(20,642)</u>	<u>3,371</u>	<u>7,250</u>	<u>(16,658)</u>	<u>11,917</u>
Cash and investments - ending	<u>\$ (14,348)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,913</u>	<u>\$ (35,449)</u>	<u>\$ 3,371</u>	<u>\$ -</u>	<u>\$ (7,460)</u>	<u>\$ -</u>

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Computer Repair	Computer Repair 2013-2014	Health Careers 2012-2013	Joint Services and Supply - Other	Alternative Education	Instruction Support	Scholarships and Awards	Duke Energy Grant	Construction, Remodeling, and Equipping Buildings
Cash and investments - beginning	\$ -	\$ (5,765)	\$ -	\$ -	\$ 2,339	\$ 141	\$ -	\$ -	\$ 1,523
Receipts:									
Local sources	12,232	12,296	-	28,100	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	22,600	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	112,000
Total receipts	12,232	12,296	-	28,100	-	-	-	22,600	112,000
Disbursements:									
Current:									
Instruction	-	20,678	-	-	-	-	-	4,858	-
Support services	-	-	-	28,100	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	113,523
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	20,678	-	28,100	-	-	-	4,858	113,523
Excess (deficiency) of receipts over disbursements	12,232	(8,382)	-	-	-	-	-	17,742	(1,523)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,232	(8,382)	-	-	-	-	-	17,742	(1,523)
Cash and investments - ending	\$ 12,232	\$ (14,147)	\$ -	\$ -	\$ 2,339	\$ 141	\$ -	\$ 17,742	\$ -

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Gifted and Talented 2014-2015	Gifted and Talented 2013-2014	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	School Resource Officer Grant	Senator David Ford Technology	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ -	\$ 565	\$ 3,324	\$ 4,038	\$ (64,682)	\$ (63,398)	\$ (19,158)	\$ 8,694	\$ -
Receipts:									
Local sources	-	-	-	-	-	63,398	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	27,619	-	-	-	-	-	58,556	-	-
Federal sources	-	-	-	-	25,919	-	-	-	115,548
Temporary loans	-	-	-	-	-	-	-	-	-
Other	20	-	-	-	-	-	-	-	-
Total receipts	27,639	-	-	-	25,919	63,398	58,556	-	115,548
Disbursements:									
Current:									
Instruction	17,440	565	-	-	-	-	28,218	8,694	127,748
Support services	-	-	1,319	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	115	-	11,180	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	17,440	565	1,319	-	115	-	39,398	8,694	127,748
Excess (deficiency) of receipts over disbursements	10,199	(565)	(1,319)	-	25,804	63,398	19,158	(8,694)	(12,200)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,199	(565)	(1,319)	-	25,804	63,398	19,158	(8,694)	(12,200)
Cash and investments - ending	\$ 10,199	\$ -	\$ 2,005	\$ 4,038	\$ (38,878)	\$ -	\$ -	\$ -	\$ (12,200)

ATTICA CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Title V, Part A	Special Education Part B 2014-2015	Special Education Part B 2013-2014	Special Education TA Grant	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Fiscal Stabilization - Education	Clearing Fund	Totals
Cash and investments - beginning	\$ 589	\$ -	\$ (709)	\$ -	\$ -	\$ 1,022	\$ -	\$ 15,345	\$ 1,272,083
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,116,013
Intermediate sources	-	-	-	-	-	-	-	-	22,996
State sources	-	-	-	-	-	-	-	-	5,124,780
Federal sources	-	191,822	-	-	22,667	-	-	-	613,332
Temporary loans	-	-	-	-	-	-	-	-	750,000
Other	-	-	-	-	-	-	-	1,206,000	1,350,807
Total receipts	-	191,822	-	-	22,667	-	-	1,206,000	10,977,928
Disbursements:									
Current:									
Instruction	-	205,345	(709)	-	11,334	-	-	-	4,272,301
Support services	-	-	-	-	-	-	-	-	2,591,224
Noninstructional services	-	-	-	-	-	-	-	-	358,917
Facilities acquisition and construction	-	-	-	-	-	-	-	-	477,892
Debt services	-	-	-	-	-	-	-	-	1,569,993
Nonprogrammed charges	-	-	-	-	-	-	-	1,241,133	1,241,133
Total disbursements	-	205,345	(709)	-	11,334	-	-	1,241,133	10,511,460
Excess (deficiency) of receipts over disbursements	-	(13,523)	709	-	11,333	-	-	(35,133)	466,468
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	33,912
Transfers out	-	-	-	-	-	-	-	-	(33,912)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(13,523)	709	-	11,333	-	-	(35,133)	466,468
Cash and investments - ending	\$ 589	\$ (13,523)	\$ -	\$ -	\$ 11,333	\$ 1,022	\$ -	\$ (19,788)	\$ 1,738,551

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ATTICA CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Attica School Building Corporation	High School Bond	\$ 750,000	7/15/2006	1/15/2020
Attica School Building Corporation	QBonds	161,000	12/30/2009	1/1/2025
Attica Elementary School Building Corporation	Elementary Bond	350,000	7/15/2013	1/15/2023
Central National Bank & Company	Personal Learning Devices	9,769	5/15/2013	5/15/2017
Central National Bank & Company	Personal Learning Devices	23,950	7/30/2014	7/30/2017
Central National Bank & Company	2015 Bluebird School Bus	<u>7,656</u>	3/11/2014	3/11/2018
Total of annual lease payments		<u>\$ 1,302,375</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Severance	\$ 341,160	\$ 123,632
Tax Anticipation Warrant	Operating Loan	<u>750,000</u>	<u>759,616</u>
Totals		<u>\$ 1,091,160</u>	<u>\$ 883,248</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE ATTICA CONSOLIDATED SCHOOL  
CORPORATION, FOUNTAIN COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Attica Consolidated School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in items 2015-007, 2015-008, and 2015-010 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications, and Program Income that were applicable to the Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-005. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

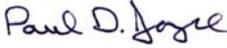
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, and 2015-010 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 13, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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ATTICA CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553	FY13-14 FY14-15	\$ 44,291 -	\$ 4,970 46,698
Total - School Breakfast Program				<u>44,291</u>	<u>51,668</u>
National School Lunch Program	Indiana Department of Education	10.555	FY13-14 FY14-15	194,606 -	17,109 202,398
Total - National School Lunch Program				<u>194,606</u>	<u>219,507</u>
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY13-14 FY14-15	7,098 -	- 5,995
Total - Summer Food Service Program for Children				<u>7,098</u>	<u>5,995</u>
Total - Department of Agriculture				<u>245,995</u>	<u>277,170</u>
<u>Department of Education</u>					
Special Education Cluster Special Education - Grants to States	Indiana Department of Education	84.027	14213-074-PN01 14214-074-PN01 14215-074-PN01 99910-074-PN01	51,783 225,020 - 4,234	- - 191,822 -
Total - Special Education - Grants to States				<u>281,037</u>	<u>191,822</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	45714-074-PN01 45715-074-PN01	12,921 -	- 12,810
Total - Special Education - Preschool Grants				<u>12,921</u>	<u>12,810</u>
Total - Special Education Cluster				<u>293,958</u>	<u>204,632</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	13-2435 14-2435 15-2435	91,158 130,709 -	- - 115,548
Total - Title I Grants to Local Educational Agencies				<u>221,867</u>	<u>115,548</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY14-15	-	22,667
Total - Department of Education				<u>515,825</u>	<u>342,847</u>
Total federal awards expended				<u>\$ 761,820</u>	<u>\$ 620,017</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ended June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2014	2015
National School Lunch Program	10.555	\$ 25,164	\$ 26,657

ATTICA CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except Child Nutrition Cluster, which was qualified.
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING**

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. The following deficiencies constitute material weaknesses.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipts. The Treasurer issues receipts, prepared deposits, recorded receipts to the ledger, and reconciled the ledger balances to the depository balances. The failure to establish adequate controls could enable material misstatements or irregularities to remain undetected.
2. Monitoring of Controls: An evaluation of the School Corporation's system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal control.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***FINDING 2015-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors for the year ended June 30, 2014:

1. School Breakfast Program federal expenditures were understated by \$44,291.
2. National School Lunch Program federal expenditures were understated by \$194,606.
3. Summer Food Service Program for Children federal expenditures were understated by \$7,098.
4. Title I Grants to Local Educational Agencies federal expenditures were understated by \$221,867.
5. Special Education-Grants to States federal expenditures were understated by \$52,983.
6. Special Education-Preschool Grant federal expenditures were understated by \$111.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

We noted the following errors for the year ended June 30, 2015:

1. School Breakfast Program federal expenditures were understated by \$51,668.
2. National School Lunch Program federal expenditures were understated by \$219,507.
3. Summer Food Service Program for Children federal expenditures were understated by \$5,995.
4. Title I Grants to Local Educational Agencies federal expenditures were understated by \$115,548.
5. Special Education-Grants to States federal expenditures were overstated by \$29,678.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

...

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2015-003 - CASH MANAGEMENT, MAINTENANCE OF EFFORT, AND REPORTING***

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers: 14213-074-PN01, 14214-074-PN01, 14215-074-PN01,  
99910-074-PN01, 45714-074-PN01, 45715-074-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Maintenance of Effort, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Cash Management and Reporting*

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with Cash Management and Reporting requirements. There were no controls in place to ensure that required reports were accurate and properly filed. Requests for reimbursement reports were required to be submitted to receive grant funding; however, requests were independently prepared and filed by the Corporation Treasurer. There was no segregation of duties, such as an oversight, review, or approval process.

*Maintenance of Effort*

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with Maintenance of Effort requirements. The Treasurer independently prepared the Maintenance of Effort report. There was no segregation of duties, such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

ATTICA CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

***FINDING 2015-004 - INTERNAL CONTROLS OVER TITLE I  
GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers: 13-2435, 14-2435, 15-2435  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Reporting, and Special Tests and Provisions - Schoolwide Programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Cash Management and Reporting*

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with Cash Management and Reporting requirements. There were no controls in place to ensure that required reports were accurate and properly filed. Requests for reimbursement reports were required to be submitted to receive grant funding; however, requests were independently prepared and filed by the Corporation Treasurer. There was no segregation of duties, such as an oversight, review, or approval process.

*Eligibility*

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with Eligibility requirements. Eligibility for schoolwide programs is dependent upon information submitted to the Indiana Department of Education regarding students eligible for free and reduced price meals. The School Corporation had no controls in place to ensure that the enrollment and poverty data reported in the grant applications was accurate. There was no segregation of duties, such as an oversight, review, or approval process.

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*Special Tests and Provisions - Schoolwide Programs*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Special Tests and Provisions - Schoolwide Programs requirements. The School Corporation had no controls in place to ensure that the enrollment and poverty data reported in the grant applications was accurate, or that the plan contained the required components. There was no segregation of duties, such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

***FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers: 13-2435, 14-2435, 15-2435  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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(Continued)

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals requirements. There were no controls in place to ensure that documentation verifying the qualifications of paraprofessionals was maintained. An oversight, review, or approval process has not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The School Corporation did not fully comply with the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals which require the employment of highly qualified paraprofessionals for the Title I, Part A program. The School Corporation did not have documentation required to verify compliance with the highly qualified criteria for 100 percent of paraprofessionals tested.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

34 CFR 110.20 states in part:

"A recipient also has responsibility to maintain records, provide information, and to afford ED access to its records to the extent required for ED to determine whether the recipient is in compliance with the Act and these regulations."

34 CFR 200.58 states in part:

"(b) *All paraprofessionals.* A paraprofessional covered under paragraph (a) of this section, regardless of the paraprofessional's hiring date, must have earned a secondary school diploma or its recognized equivalent.

(c) *New paraprofessionals.* A paraprofessional covered under paragraph (a) of this section who is hired after January 8, 2002 must have—

- (1) Completed at least two years of study at an institution of higher education;
- (2) Obtained an associate's or higher degree; or
- (3)(i) Met a rigorous standard of quality, and can demonstrate—through a formal State or local academic assessment—knowledge of, and the ability to assist in instructing, as appropriate—
  - (A) Reading/language arts, writing, and mathematics; or
  - (B) Reading readiness, writing readiness, and mathematics readiness.

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- (ii) A secondary school diploma or its recognized equivalent is necessary, but not sufficient, to meet the requirement in paragraph (c)(3)(i) of this section.
- (d) *Existing paraprofessionals.* Each paraprofessional who was hired on or before January 8, 2002 must meet the requirements in paragraph (c) of this section no later than January 8, 2006.
- (e) *Exceptions.* A paraprofessional does not need to meet the requirements in paragraph (c) or (d) of this section if the paraprofessional—
  - (1) (i) Is proficient in English and a language other than English; and (ii) Acts as a translator to enhance the participation of limited English proficient children under subpart A of this part; or
  - (2) Has instructional-support duties that consist solely of conducting parental involvement activities. "

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommend that the School Corporation comply with Special Tests and Provisions-Highly Qualified Teachers and Paraprofessionals requirements of the program.

***FINDING 2015-006 - REPORTING, PROCUREMENT AND SUSPENSION AND DEBARMENT, AND SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Years: FY13-14, FY14-15  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Reporting; Procurement and Suspension and Debarment, and Special Tests and Provisions - Paid Lunch Equity. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Reporting*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. The Food Service Director independently prepared and submitted all required reports. There was no segregation of duties, such as an oversight, review, or approval process.

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(Continued)

*Procurement and Suspension and Debarment*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Procurement and Suspension and Debarment requirements. There was no segregation of duties, such as an oversight, review, or approval process.

*Special Tests and Provisions - Paid Lunch Equity*

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity requirements. There were no procedures in place to ensure that documentation of the calculations was maintained or that the lunch prices charged were approved by the School Board. An oversight, review, or approval process has not been established.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

***FINDING 2015-007 - ELIGIBILITY***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Years: FY13-14, FY14-15  
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Eligibility compliance requirement. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with

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the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Eligibility requirements. There was no internal control in place to ensure that eligibility for free and reduced price meals was accurately determined, that the proper documentation of eligibility was maintained, that applicants were notified of their eligibility, or that students were removed from the eligibility list when applicable. There was no segregation of duties, such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

There was no evidence that the School Corporation notified parents of the approval or denial of their applications. The Indiana Department of Education performed a review of all students receiving benefits for the 2013-2014 school year. They reported that in six cases, households approved from the previous year continued to receive benefits for the current school year. During testing, it was noted that 11 out of 40 students tested that received benefits in the 2014-2015 school year did not have an application on file or were not documented as being directly certified.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 245.6(c) states:

"(6) *Notice of approval*-(i) *Income applications*. The local educational agency must notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application form the household.

(ii) *Direct Certification*. Households approved for benefits based on information provided by the appropriate State or local agency responsible for the administration of the SNAP, FDPIR or TANF must be notified, in writing, that their children are eligible for free meals or free milk, that no application for free or reduced price school meals or milk is required. The notice of eligibility must also inform the household that the parent or guardian must notify the local educational agency if they do not want their children to receive free benefits. However, when the parent or guardian transmits a notice of eligibility

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provided by SNAP, FDPIR or TANF office, the local educational agency is not required to provide a separate notice of eligibility. The local educational agency must notify in writing, households with children who are approved on the basis of documentation that they are *Categorically Eligible*, as defined in §245.2, that their children are eligible for free meals or free milk, and that no application is required."

7 CFR 245.6(c) states:

"(c) *Determination of eligibility-*

- (1) Duration of eligibility. Except as otherwise specified in paragraph (c)(3) of this section, eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year."
- (2) *Use of prior year's eligibility status.* Prior to the processing of applications or the completion of direct certification procedures for the current school year, children from households with approved applications or documentation of direct certification on file from the preceding year shall be offered reimbursable free and reduced price meals or free milk, as appropriate. The local educational agency must extend eligibility to newly enrolled children when other children in their household (as defined in §245.2) were approved for benefits the previous year. However, applications and documentation of direct certification from the preceding year shall be used only to determine eligibility for the first 30 operating days following the first operating day at the beginning of the school year, or until a new eligibility determination is made in the current school year, whichever comes first.
- (3) *Exceptions for year-long duration of eligibility—*
  - (i) *Voluntary reporting of changes.* Households are not required to report changes in circumstances during the school year, but a household may voluntarily contact the local educational agency to report any changes. If the household voluntarily reports a change in income or in program participation that would result in loss of categorical eligibility, the local educational agency may only reduce benefits if the household requests the reduction in writing, for example, by submitting a new application."

7 CFR 245.6 (e) states:

"*Recordkeeping.* The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommend that the School Corporation comply with Eligibility requirements of the programs.

***FINDING 2015-008 - SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY13-14, FY14-15

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirement. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Special Tests and Provisions - Verification of Free and Reduced Price Applications requirements. The Food Service Director was solely responsible for the verification process. There were no controls in place to ensure that the proper number of applications was subject to verification or that supporting documentation of the verification process was maintained. There was no segregation of duties, such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The School Corporation did not properly complete the verification of free and reduced price applications or maintain supporting documentation of the process. In the 2013-2014 school year, the minimum number of applications required to be verified was five, but only four applications were retained for audit. In 2014-2015, the minimum number of applications required to be verified was four, but no applications were retained for audit.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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7 CFR 245.6a(c) states in part:

"(c) *Verification requirement*—

(1) *General.* The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year. . . .

(3) *Standard sample size.* Unless eligible for an alternative sample size under paragraph (d) of this section, the sample size for each local educational agency shall equal the lesser of:

(i) Three (3) percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; or

(ii) 3,000 error prone applications approved by the local educational agency for the school year, as of October 1 of the school year.

(iii) Local educational agencies shall not exceed the standard sample size in paragraphs (c)(3)(i) or (c)(3)(ii) of this section, as applicable, and, unless eligible for one of the alternative sample sizes provided in paragraph (c)(4) of this section, the local educational agency shall not use a smaller sample size than those in paragraphs (c)(3)(i) or (c)(3)(ii) of this section, as applicable.

(iv) If the number of error-prone applications exceeds the required sample size, the local educational agency shall select the required sample at random, i.e., each application has an equal chance of being selected, from the total number of error-prone applications."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements. Additionally, we recommend that the School Corporation comply with the Special Tests and Provisions - Verification of Free and Reduced Price Applications requirements of the programs.

***FINDING 2015-009 - PROCUREMENT***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: FY13-14, FY14-15

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Procurement compliance requirement. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal

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segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the Procurement requirements. There were no controls in place to ensure that the School Corporation followed the required procedures for all applicable purchases. There was no segregation of duties, such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

There was no evidence that the governing body issued an invitation to bidders, evaluated bids, awarded bids, or approved the contracts for all milk procurements of the program. It could not determine whether prescribed purchasing procedures were followed but were not properly documented in the minutes, or whether proper procedures were not followed.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 3016.36 states, in part:

"(b) *Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Procurement compliance requirements and that the School Corporation comply with the Procurement requirements of the programs.

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***FINDING 2015-010 - PROGRAM INCOME***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Years: FY13-14, FY14-15  
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Program Income compliance requirement. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with Program Income requirements. There were not adequate controls to ensure that program income was deposited timely or properly recorded in the financial records. The School Corporation designed policies and procedures to ensure compliance with Program Income requirements; however, the policies and procedures were not properly implemented or were not effective. The procedures requiring a comparison of food service reports to the deposit of program income and investigation of any variances were not implemented. There was not proper segregation of duties, such as an effective oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The program income collections reported by the individual schools did not agree to the amount deposited and recorded in the School Corporation's funds ledger for 27 of the 40 days tested. The amounts of the deposits were recorded in the ledger, not the amounts from the line reports which show amounts accumulated by the cash registers at the point of sale. The variances predominantly revealed that the amount of sales from the cash register exceeded the amount that was deposited. Net shortages included in the sample totaled \$931, which when projected to all sales results in a likely \$16,757 misstatement of program income. This amount of the likely misstatement is considered questioned costs.

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(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 210.14(c) states:

*"Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.20 Reporting and recordkeeping states in part:

"(b) *Recordkeeping summary.* Participating State agencies are required to maintain records to demonstrate compliance with Program requirements. The records include but are not limited to:

- (1) Accounting records and source documents to control the receipt, custody and disbursement of Federal Program funds . . ."

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and properly implement controls, including segregation of duties, related to the grant agreement and compliance requirements for Program Income. Additionally, we recommended that the School Corporation comply with Program Income requirements.

#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



**AdvancED District Accredited**

## **ATTICA CONSOLIDATED SCHOOL CORPORATION**

**205 E. SYCAMORE STREET  
ATTICA, INDIANA 47918  
765-762-7000  
FAX 765-762-7007**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2013-003***

Fiscal year in which the finding initially occurred: FY11  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Crawfordville Community Schools  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: With the continued cuts in state funding, it is hard for a small school corporation to comply fully with segregation of duties. We continue to work diligently to segregate duties for internal control.

***FINDING 2013-004***

Fiscal year in which the finding initially occurred: FY11  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: We continue to work diligently to segregate duties for internal control.

***FINDING 2013-005***

Fiscal year in which the finding initially occurred: FY11  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: We continue to work diligently to segregate duties for internal control.

***FINDING 2013-006***

Fiscal year in which the finding initially occurred: FY11  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: We conducted an internal inventory, initialized a tag system and continued to update and maintain a spreadsheet of real property.

**Derek Marshall**  
Superintendent

**Miguel Rosales**  
Technology Director

**Carrie R. Brier**  
Treasurer

**Tim Roemer**  
Transportation Director

**Jodi Schmid**  
Food Service Director

**Jim Blankenship**  
Maintenance Director



**AdvancED District Accredited**

***FINDING 2013-007***

Fiscal year in which the finding initially occurred: FY11  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: During the first half of the audit period, we continue to work to properly receive and execute bids received for food service. With the hiring of Chartwells during the second half of the audit period, we eliminated the need for the school corporation to receive bids.

***FINDING 2013-008***

Fiscal year in which the finding initially occurred: FY11  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: We continue to work diligently to segregate duties for internal control.

***FINDING 2013-009***

Fiscal year in which the finding initially occurred: FY12  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: I monitored the fund report to expend fund by June 30<sup>th</sup> of each year.

***FINDING 2013-010***

Fiscal year in which the finding initially occurred: FY11  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Carrie Brier, Treasurer  
Contact Phone Number: 765-762-7000

Status of Audit Finding: We continue to work diligently with the secretary and principals have make sure we have proper documentation.

**Derek Marshall**  
Superintendent

**Miguel Rosales**  
Technology Director

**Carrie R. Brier**  
Treasurer

**Tim Roemer**  
Transportation Director

**Jodi Schmid**  
Food Service Director

**Jim Blankenship**  
Maintenance Director



**AdvancED District Accredited**

Carrie R. Brier  
(Signature)

Corp Treasurer  
(Title)

03/29/2016  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

**Derek Marshall**  
Superintendent

**Miguel Rosales**  
Technology Director

**Carrie R. Brier**  
Treasurer

**Tim Roemer**  
Transportation Director

**Jodi Schmid**  
Food Service Director

**Jim Blankenship**  
Maintenance Director



**AdvancED District Accredited**

## **ATTICA CONSOLIDATED SCHOOL CORPORATION**

**205 E. SYCAMORE STREET  
ATTICA, INDIANA 47918  
765-762-7000  
FAX 765-762-7007**

### **CORRECTIVE ACTION PLAN**

#### ***FINDING 2015-001***

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

#### Description of Corrective Action Plan:

Being a small school, it is difficult to segregate duties. We have prepared a spreadsheet that the deputy treasurer will enter all incoming revenues prior to giving them to the treasurer for her to receipt and deposit.

Anticipated Completion Date: Started before audit was complete

#### ***FINDING 2015-002***

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

#### Description of Corrective Action Plan:

There were no instructions as to how this was to be completed. I did my best to provide the information that I felt was correct and accurate.

Anticipated Completion Date: 03/30/2016

#### ***FINDING 2015-003***

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

#### Description of Corrective Action Plan:

The treasurer will discuss the special education Part B and Special Education budgets and MOE's with the superintendent prior to their submission

Anticipated Completion Date: 03/30/2016

**Derek Marshall**  
Superintendent

**Miguel Rosales**  
Technology Director

**Carrie R. Brier**  
Treasurer

**Tim Roemer**  
Transportation Director

**Jodi Schmid**  
Food Service Director

**Jim Blankenship**  
Maintenance Director

***FINDING 2015-004***

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:  
The treasurer will go over the reimbursement form with the deputy treasurer

Anticipated Completion Date: 03/30/2016

***FINDING 2015-005***

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:  
We have implemented a checklist for new hires. We will work to do a better job at following the checklist to make sure the proper forms and documentation are on file for the employee.

Anticipated Completion Date: 03/30/2016

***FINDING 2015-006***

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:  
The food service director prepares the school lunch reimbursements. The treasurer will start reviewing them prior to their submission. In checking, I did find that the board did approve the increase to lunch pricing at the June 22, 2015 board meeting. I do not find documentation for board approval for 2014. The Board does approve the Student Handbook each year and lunch pricing is included within the handbook.

Anticipated Completion Date: 03/30/2016

***FINDING 2015-007***

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:  
The treasurer will be involved in the eligibility process and calculation of free and reduced lunch applications.

Anticipated Completion Date: 03/30/2016

**FINDING 2015-008**

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The treasurer will be involved in the verification process. We will make sure the proper amount of applications are verified and retained.

Anticipated Completion Date: 03/30/2016

**FINDING 2015-009**

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

With Chartwell's being our food service vendor, they will receive bids, so there will be no need for the corporation to present bids. If we stop using this vendor, we will make sure bids are presented to the board for approval.

Anticipated Completion Date: 03/30/2016

**FINDING 2015-010**

Contact Person Responsible for Corrective Action: Carrie Brier  
Contact Phone Number: (765) 762-7002

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

I believe the online payments are causing the discrepancies of the deposit and the line report not matching. Our Director of Assessment and Instructional Technology, Amy Haley, has been talking with Harmony about this issue.

Anticipated Completion Date: 03/30/2016

Carrie R Brier  
(Signature)

Corp-Treasurer  
(Title)

03/30/2016  
(Date)

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.