

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BREMEN PUBLIC SCHOOLS
MARSHALL COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
03/20/2015

*Reissued on September 25, 2015, to
correct the Schedule of Expenditures
of Federal Awards and related reports.*

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-35
Schedule of Leases and Debt	36
Schedule of Capital Assets.....	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	40-42
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	44-45
Notes to Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questioned Costs	47-52
Auditee Prepared Document:	
Corrective Action Plan	54-55
Other Report	56

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephanie K. Pittman	07-01-12 to 06-30-15
Superintendent of Schools	Russ Mikel (Vacant) Dr. James A. White	07-01-12 to 06-30-14 07-01-14 to 07-14-14 07-15-14 to 07-15-15
President of the School Board	Jack Jordan	01-01-12 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BREMEN PUBLIC SCHOOLS, MARSHALL COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Bremen Public Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, 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.

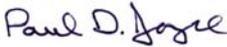
Other Information

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, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 January 20, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is August 27, 2015, 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

January 20, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is August 27, 2015



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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 BREMEN PUBLIC SCHOOLS, MARSHALL 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 Bremen Public Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 20, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is August 27, 2015, 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 item 2014-001 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

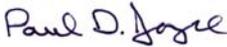
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bremen Public Schools' 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

January 20, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is August 27, 2015

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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.

BREMEN PUBLIC SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

Fund	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 650,889	\$ 8,869,331	\$ 8,703,290	\$ (83,087)	\$ 733,843	\$ 9,098,902	\$ 8,955,710	\$ -	\$ 877,035
Debt Service	259,299	1,197,925	1,267,000	-	190,224	1,251,866	1,267,100	-	174,990
Pension Debt Service	24,016	144,768	155,031	-	13,753	151,039	151,107	-	13,685
Capital Projects	519,634	1,384,949	1,492,603	2,500	414,480	1,402,115	1,541,633	1,450	276,412
School Transportation	404,449	433,832	467,325	-	370,956	487,750	481,222	-	377,484
School Bus Replacement	40,915	120,772	-	-	161,687	128,602	160,120	-	130,169
Rainy Day	320,133	-	-	-	320,133	-	-	-	320,133
Retirement/Severance Bond	-	-	47,279	54,826	7,547	-	-	-	7,547
Construction/2007 Project	4,888	-	-	-	4,888	-	-	-	4,888
School Lunch	265,831	510,089	497,770	-	278,150	569,909	525,138	-	322,921
Textbook Rental	(11,193)	134,326	128,794	-	(5,661)	129,469	163,259	-	(39,451)
Repair and Replacement	2,600	-	-	-	2,600	-	-	-	2,600
Self-Insurance	(97,030)	13,943	-	83,087	-	-	-	-	-
Levy Excess	20,877	5,502	-	-	26,379	-	-	-	26,379
Child Care Program	11,600	1,610	12,725	-	485	1,271	424	-	1,332
Educational License Plates	3,296	94	3,390	-	-	75	-	-	75
Alternative Education	239	-	-	-	239	-	-	-	239
SAFE School Haven	90	-	-	-	90	-	-	-	90
Early Intervention Grant - Little Paws Preschool	4,398	-	-	-	4,398	-	-	-	4,398
Gifted and Talented Donation	32	-	-	-	32	-	-	-	32
BPS Education Endowment	1,022	762	-	-	1,784	949	-	-	2,733
Special Education Donation	-	5,000	4,284	-	716	10,000	2,122	-	8,594
Community Foundation Grant	56	-	-	-	56	-	-	-	56
Middle School Special Education Grant	-	-	-	-	-	1,000	125	-	875
Bremen PTO Donation	-	-	-	-	-	3,060	-	-	3,060
Gifted and Talented 2011-2012	383	-	383	-	-	-	-	-	-
Gifted and Talented 2012-2013	-	29,884	28,818	-	1,066	-	1,066	-	-
Gifted and Talented 2013-2014	-	-	-	-	-	28,879	27,529	-	1,350
Drug Free Communities	(427)	427	-	-	-	-	-	-	-
Medicaid Reimbursement	384	-	-	-	384	-	-	-	384

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

BREMEN PUBLIC SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014
(Continued)

Fund	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Non-English Speaking Programs 2011-2012	3,534	-	3,534	-	-	-	-	-	-
Non-English Speaking Programs 2012-2013	-	16,790	16,790	-	-	-	-	-	-
Non-English Speaking Programs 2013-2014	-	-	-	-	-	17,922	17,922	-	-
School Technology	300	-	300	-	-	-	-	-	-
Excellence In Teaching Grant	-	-	-	-	-	101,579	101,579	-	-
High Ability Making A Difference 2013-2014	-	-	-	-	-	8,077	8,077	-	-
Science Telecommunications Grant	17	-	-	-	17	-	-	-	17
Title I 2011-2012	(22,756)	54,616	31,860	-	-	-	-	-	-
Title I 2012-2013	-	153,524	174,909	-	(21,385)	51,746	30,361	-	-
Title I 2013-2014	-	-	-	-	-	114,018	132,821	-	(18,803)
Federal Special Education 2011-2012	(41,589)	73,258	31,674	-	(5)	5	-	-	-
Federal Technical Assistance 2013-2014	-	-	-	-	-	887	1,853	-	(966)
Federal Special Education 2012-2013	-	186,589	250,574	-	(63,985)	84,314	20,329	-	-
Federal Special Education 2013-2014	-	-	-	-	-	205,337	233,697	-	(28,360)
Federal Special Education Preschool 2011-2012	(223)	255	32	-	-	-	-	-	-
Federal Special Education Preschool 2012-2013	-	7,225	7,434	-	(209)	320	111	-	-
Federal Special Education Preschool 2013-2014	-	-	-	-	-	7,039	7,090	-	(51)
Medicaid Reimbursement - Federal	2,191	-	1,679	-	512	-	-	-	512
Indiana Wellness Grant	130	-	-	-	130	-	-	-	130
Improving Teaching Quality, Title II, Part A 2010-2012	(3,610)	7,135	3,525	-	-	-	-	-	-
Improving Teaching Quality, Title II, Part A 2011-2013	-	30,977	33,402	-	(2,425)	2,425	-	-	-
Improving Teaching Quality, Title II, Part A 2012-2014	-	-	2,111	-	(2,111)	33,514	34,632	-	(3,229)
Improving Teaching Quality, Title II, Part A 2013-2015	-	-	-	-	-	-	2,775	-	(2,775)
Title III, Language Instruction 2011-2012	(1,753)	13,437	11,684	-	-	-	-	-	-
Title III, Language Instruction 2012-2013	-	19,762	21,789	-	(2,027)	8,941	6,914	-	-
Title III, Language Instruction 2013-2014	-	-	-	-	-	15,964	17,411	-	(1,447)
Education Jobs	(6,914)	34,857	27,943	-	-	-	-	-	-
Payroll	34,390	2,229,305	2,228,150	-	35,545	2,355,307	2,361,458	-	29,394
Totals	<u>\$ 2,390,098</u>	<u>\$ 15,680,944</u>	<u>\$ 15,656,082</u>	<u>\$ 57,326</u>	<u>\$ 2,472,286</u>	<u>\$ 16,272,281</u>	<u>\$ 16,253,585</u>	<u>\$ 1,450</u>	<u>\$ 2,492,432</u>

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

BREMEN PUBLIC SCHOOLS
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, co-operatives, 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.

BREMEN PUBLIC SCHOOLS
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.

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

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:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

C. 457(b) Plan and Voluntary Employee Beneficiary Association Trust Fund

Plan Description

The Bremen Public Schools 457 (b) Plan and Voluntary Employee Beneficiary Association (VEBA) Trust Fund are defined benefit pension plans that were created in 2002 and funded by general obligation pension bonds. There is no new funding to these plans. All certified employees are eligible to participate in the 457 (b) Plan as long as the individual is of age 55, has 15 years of continued service and is retiring from the School Corporation. To be eligible and participate in the VEBA Trust Fund, the individual must meet the same requirements stated for the 457(b) Plan and must have been on the School Corporation's insurance plan 3 out of the last 5 years prior to retiring. TIAA-CREF Trust Company is the administrator of these plans. As of June 30, 2014, the balance of the 457(b) Plan and VEBA Trust Fund were \$1,309,153.50 and \$962,005.15, respectively.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 or 2014. The Textbook Rental Fund reported deficit cash balances due to expenditures exceeding receipts.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Bremen Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2013 and 2014, totaled \$1,265,000 and \$1,264,000, respectively.

Note 9. Other Postemployment Benefits

The School Corporation offers a Severance Pay Plan to any retiring teacher who has a minimum of 15 years of service with the School Corporation and has attained the minimum age of 55. The severance pay is calculated based on \$75 per year of service to the School Corporation and the \$30 per day for unused sick leave of 90 days or more. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Pension Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond
Cash and investments - beginning	\$ 650,889	\$ 259,299	\$ 24,016	\$ 519,634	\$ 404,449	\$ 40,915	\$ 320,133	\$ -
Receipts:								
Local sources	66,572	1,197,925	144,768	1,384,788	428,121	120,772	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,786,539	-	-	-	-	-	-	-
Federal sources	2,000	-	-	-	-	-	-	-
Other	14,220	-	-	161	5,711	-	-	-
Total receipts	8,869,331	1,197,925	144,768	1,384,949	433,832	120,772	-	-
Disbursements:								
Current:								
Instruction	5,969,130	-	-	-	-	-	-	-
Support services	2,439,738	-	-	746,058	467,325	-	-	-
Noninstructional services	294,422	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	746,545	-	-	-	-
Debt services	-	1,267,000	155,031	-	-	-	-	47,279
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	8,703,290	1,267,000	155,031	1,492,603	467,325	-	-	47,279
Excess (deficiency) of receipts over disbursements	166,041	(69,075)	(10,263)	(107,654)	(33,493)	120,772	-	(47,279)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	54,826
Sale of capital assets	-	-	-	2,500	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(83,087)	-	-	-	-	-	-	-
Total other financing sources (uses)	(83,087)	-	-	2,500	-	-	-	54,826
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	82,954	(69,075)	(10,263)	(105,154)	(33,493)	120,772	-	7,547
Cash and investments - ending	\$ 733,843	\$ 190,224	\$ 13,753	\$ 414,480	\$ 370,956	\$ 161,687	\$ 320,133	\$ 7,547

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Construction/ 2007 Project	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Levy Excess	Child Care Program	Educational License Plates
Cash and investments - beginning	\$ 4,888	\$ 265,831	\$ (11,193)	\$ 2,600	\$ (97,030)	\$ 20,877	\$ 11,600	\$ 3,296
Receipts:								
Local sources	-	228,189	87,512	-	-	5,502	1,610	-
Intermediate sources	-	-	-	-	-	-	-	94
State sources	-	6,393	45,696	-	-	-	-	-
Federal sources	-	275,507	-	-	-	-	-	-
Other	-	-	1,118	-	13,943	-	-	-
Total receipts	-	510,089	134,326	-	13,943	5,502	1,610	94
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	12,725	-
Support services	-	38	128,794	-	-	-	-	3,390
Noninstructional services	-	497,732	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	497,770	128,794	-	-	-	12,725	3,390
Excess (deficiency) of receipts over disbursements	-	12,319	5,532	-	13,943	5,502	(11,115)	(3,296)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	83,087	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	83,087	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	12,319	5,532	-	97,030	5,502	(11,115)	(3,296)
Cash and investments - ending	\$ 4,888	\$ 278,150	\$ (5,661)	\$ 2,600	\$ -	\$ 26,379	\$ 485	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Alternative Education	SAFE School Haven	Early Intervention Grant - Little Paws Preschool	Gifted and Talented Donation	BPS Education Endowment	Special Education Donation	Community Foundation Grant	Middle School Special Education Grant
Cash and investments - beginning	\$ 239	\$ 90	\$ 4,398	\$ 32	\$ 1,022	\$ -	\$ 56	\$ -
Receipts:								
Local sources	-	-	-	-	762	5,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	762	5,000	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	4,284	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	4,284	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	762	716	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	762	716	-	-
Cash and investments - ending	<u>\$ 239</u>	<u>\$ 90</u>	<u>\$ 4,398</u>	<u>\$ 32</u>	<u>\$ 1,784</u>	<u>\$ 716</u>	<u>\$ 56</u>	<u>\$ -</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Bremen PTO Donation	Gifted and Talented 2011-2012	Gifted and Talented 2012-2013	Gifted and Talented 2013-2014	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs 2011-2012
Cash and investments - beginning	\$ -	\$ 383	\$ -	\$ -	\$ (427)	\$ 384	\$ 3,534
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	29,884	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	427	-	-
Total receipts	-	-	29,884	-	427	-	-
Disbursements:							
Current:							
Instruction	-	383	28,818	-	-	-	3,534
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	383	28,818	-	-	-	3,534
Excess (deficiency) of receipts over disbursements	-	(383)	1,066	-	427	-	(3,534)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(383)	1,066	-	427	-	(3,534)
Cash and investments - ending	\$ -	\$ -	\$ 1,066	\$ -	\$ -	\$ 384	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Non-English Speaking Programs 2012-2013	Non-English Speaking Programs 2013-2014	School Technology	Excellence In Teaching Grant	High Ability Making A Difference 2013-2014	Science Telecommunications Grant	Title I 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 17	\$ (22,756)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	16,790	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	54,616
Other	-	-	-	-	-	-	-
Total receipts	16,790	-	-	-	-	-	54,616
Disbursements:							
Current:							
Instruction	16,790	-	-	-	-	-	28,485
Support services	-	-	300	-	-	-	3,375
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	16,790	-	300	-	-	-	31,860
Excess (deficiency) of receipts over disbursements	-	-	(300)	-	-	-	22,756
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(300)	-	-	-	22,756
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I 2012-2013	Title I 2013-2014	Federal Special Education 2011-2012	Federal Technical Assistance 2013-2014	Federal Special Education 2012-2013	Federal Special Education 2013-2014	Federal Special Education Preschool 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ (41,589)	\$ -	\$ -	\$ -	\$ (223)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	153,524	-	73,258	-	186,589	-	255
Other	-	-	-	-	-	-	-
Total receipts	<u>153,524</u>	<u>-</u>	<u>73,258</u>	<u>-</u>	<u>186,589</u>	<u>-</u>	<u>255</u>
Disbursements:							
Current:							
Instruction	148,718	-	-	-	42,225	-	32
Support services	26,191	-	31,674	-	208,349	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>174,909</u>	<u>-</u>	<u>31,674</u>	<u>-</u>	<u>250,574</u>	<u>-</u>	<u>32</u>
Excess (deficiency) of receipts over disbursements	<u>(21,385)</u>	<u>-</u>	<u>41,584</u>	<u>-</u>	<u>(63,985)</u>	<u>-</u>	<u>223</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>(21,385)</u>	<u>-</u>	<u>41,584</u>	<u>-</u>	<u>(63,985)</u>	<u>-</u>	<u>223</u>
Cash and investments - ending	<u>\$ (21,385)</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ (63,985)</u>	<u>\$ -</u>	<u>\$ -</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Federal Special Education Preschool 2012-2013	Federal Special Education Preschool 2013-2014	Medicaid Reimbursement - Federal	Indiana Wellness Grant	Improving Teaching Quality, Title II, Part A 2010-2012	Improving Teaching Quality, Title II, Part A 2011-2013	Improving Teaching Quality, Title II, Part A 2012-2014
Cash and investments - beginning	\$ -	\$ -	\$ 2,191	\$ 130	\$ (3,610)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	7,225	-	-	-	7,135	30,977	-
Other	-	-	-	-	-	-	-
Total receipts	<u>7,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,135</u>	<u>30,977</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	7,434	-	-	-	3,479	-	-
Support services	-	-	1,679	-	46	33,402	2,111
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>7,434</u>	<u>-</u>	<u>1,679</u>	<u>-</u>	<u>3,525</u>	<u>33,402</u>	<u>2,111</u>
Excess (deficiency) of receipts over disbursements	<u>(209)</u>	<u>-</u>	<u>(1,679)</u>	<u>-</u>	<u>3,610</u>	<u>(2,425)</u>	<u>(2,111)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>(209)</u>	<u>-</u>	<u>(1,679)</u>	<u>-</u>	<u>3,610</u>	<u>(2,425)</u>	<u>(2,111)</u>
Cash and investments - ending	<u>\$ (209)</u>	<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ (2,425)</u>	<u>\$ (2,111)</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Improving Teaching Quality, Title II, Part A 2013-2015	Title III, Language Instruction 2011-2012	Title III, Language Instruction 2012-2013	Title III, Language Instruction 2013-2014	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ (1,753)	\$ -	\$ -	\$ (6,914)	\$ 34,390	\$ 2,390,098
Receipts:							
Local sources	-	-	-	-	-	-	3,671,521
Intermediate sources	-	-	-	-	-	-	94
State sources	-	-	-	-	-	-	8,885,302
Federal sources	-	13,437	19,762	-	34,857	-	859,142
Other	-	-	-	-	-	2,229,305	2,264,885
Total receipts	-	13,437	19,762	-	34,857	2,229,305	15,680,944
Disbursements:							
Current:							
Instruction	-	11,684	21,329	-	18,886	-	6,317,936
Support services	-	-	460	-	9,057	-	4,101,987
Noninstructional services	-	-	-	-	-	-	792,154
Facilities acquisition and construction	-	-	-	-	-	-	746,545
Debt services	-	-	-	-	-	-	1,469,310
Nonprogrammed charges	-	-	-	-	-	2,228,150	2,228,150
Total disbursements	-	11,684	21,789	-	27,943	2,228,150	15,656,082
Excess (deficiency) of receipts over disbursements	-	1,753	(2,027)	-	6,914	1,155	24,862
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	54,826
Sale of capital assets	-	-	-	-	-	-	2,500
Transfers in	-	-	-	-	-	-	83,087
Transfers out	-	-	-	-	-	-	(83,087)
Total other financing sources (uses)	-	-	-	-	-	-	57,326
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,753	(2,027)	-	6,914	1,155	82,188
Cash and investments - ending	\$ -	\$ -	\$ (2,027)	\$ -	\$ -	\$ 35,545	\$ 2,472,286

BREMEN PUBLIC SCHOOLS
 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	Pension Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 733,843	\$ 190,224	\$ 13,753	\$ 414,480	\$ 370,956	\$ 161,687	\$ 320,133	\$ 7,547
Receipts:								
Local sources	51,564	1,251,866	151,039	1,402,115	483,124	128,602	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	9,040,385	-	-	-	-	-	-	-
Federal sources	2,000	-	-	-	-	-	-	-
Other	4,953	-	-	-	4,626	-	-	-
Total receipts	<u>9,098,902</u>	<u>1,251,866</u>	<u>151,039</u>	<u>1,402,115</u>	<u>487,750</u>	<u>128,602</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	6,097,994	-	-	-	-	-	-	-
Support services	2,574,618	-	-	800,678	481,222	160,120	-	-
Noninstructional services	283,098	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	740,955	-	-	-	-
Debt services	-	1,267,100	151,107	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>8,955,710</u>	<u>1,267,100</u>	<u>151,107</u>	<u>1,541,633</u>	<u>481,222</u>	<u>160,120</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>143,192</u>	<u>(15,234)</u>	<u>(68)</u>	<u>(139,518)</u>	<u>6,528</u>	<u>(31,518)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	1,450	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>143,192</u>	<u>(15,234)</u>	<u>(68)</u>	<u>(138,068)</u>	<u>6,528</u>	<u>(31,518)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 877,035</u>	<u>\$ 174,990</u>	<u>\$ 13,685</u>	<u>\$ 276,412</u>	<u>\$ 377,484</u>	<u>\$ 130,169</u>	<u>\$ 320,133</u>	<u>\$ 7,547</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Construction/ 2007 Project	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Levy Excess	Child Care Program	Educational License Plates
Cash and investments - beginning	\$ 4,888	\$ 278,150	\$ (5,661)	\$ 2,600	\$ -	\$ 26,379	\$ 485	\$ -
Receipts:								
Local sources	-	239,634	84,013	-	-	-	1,271	-
Intermediate sources	-	-	-	-	-	-	-	75
State sources	-	4,843	45,456	-	-	-	-	-
Federal sources	-	325,432	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	569,909	129,469	-	-	-	1,271	75
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	163,259	-	-	-	424	-
Noninstructional services	-	525,138	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	525,138	163,259	-	-	-	424	-
Excess (deficiency) of receipts over disbursements	-	44,771	(33,790)	-	-	-	847	75
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	44,771	(33,790)	-	-	-	847	75
Cash and investments - ending	<u>\$ 4,888</u>	<u>\$ 322,921</u>	<u>\$ (39,451)</u>	<u>\$ 2,600</u>	<u>\$ -</u>	<u>\$ 26,379</u>	<u>\$ 1,332</u>	<u>\$ 75</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Alternative Education	SAFE School Haven	Early Intervention Grant - Little Paws Preschool	Gifted and Talented Donation	BPS Education Endowment	Special Education Donation	Community Foundation Grant	Middle School Special Education Grant
Cash and investments - beginning	\$ 239	\$ 90	\$ 4,398	\$ 32	\$ 1,784	\$ 716	\$ 56	\$ -
Receipts:								
Local sources	-	-	-	-	949	10,000	-	1,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	949	10,000	-	1,000
Disbursements:								
Current:								
Instruction	-	-	-	-	-	2,122	-	125
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	2,122	-	125
Excess (deficiency) of receipts over disbursements	-	-	-	-	949	7,878	-	875
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	949	7,878	-	875
Cash and investments - ending	<u>\$ 239</u>	<u>\$ 90</u>	<u>\$ 4,398</u>	<u>\$ 32</u>	<u>\$ 2,733</u>	<u>\$ 8,594</u>	<u>\$ 56</u>	<u>\$ 875</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Bremen PTO Donation	Gifted and Talented 2011-2012	Gifted and Talented 2012-2013	Gifted and Talented 2013-2014	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ 1,066	\$ -	\$ -	\$ 384	\$ -
Receipts:							
Local sources	3,060	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	28,879	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	3,060	-	-	28,879	-	-	-
Disbursements:							
Current:							
Instruction	-	-	1,066	27,529	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	1,066	27,529	-	-	-
Excess (deficiency) of receipts over disbursements	3,060	-	(1,066)	1,350	-	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,060	-	(1,066)	1,350	-	-	-
Cash and investments - ending	\$ 3,060	\$ -	\$ -	\$ 1,350	\$ -	\$ 384	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Non-English Speaking Programs 2012-2013	Non-English Speaking Programs 2013-2014	School Technology	Excellence In Teaching Grant	High Ability Making A Difference 2013-2014	Science Telecommunications Grant	Title I 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	17,922	-	101,579	8,077	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>17,922</u>	<u>-</u>	<u>101,579</u>	<u>8,077</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	17,922	-	101,579	8,077	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>17,922</u>	<u>-</u>	<u>101,579</u>	<u>8,077</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	<u>-</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ -</u>

BREMEN PUBLIC SCHOOLS
 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 I 2012-2013	Title I 2013-2014	Federal Special Education 2011-2012	Federal Technical Assistance 2013-2014	Federal Special Education 2012-2013	Federal Special Education 2013-2014	Federal Special Education Preschool 2011-2012
Cash and investments - beginning	\$ (21,385)	\$ -	\$ (5)	\$ -	\$ (63,985)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	51,746	114,018	5	887	84,314	205,337	-
Other	-	-	-	-	-	-	-
Total receipts	<u>51,746</u>	<u>114,018</u>	<u>5</u>	<u>887</u>	<u>84,314</u>	<u>205,337</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	22,295	124,473	-	-	8,067	30,527	-
Support services	8,066	8,348	-	1,853	12,262	203,170	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>30,361</u>	<u>132,821</u>	<u>-</u>	<u>1,853</u>	<u>20,329</u>	<u>233,697</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>21,385</u>	<u>(18,803)</u>	<u>5</u>	<u>(966)</u>	<u>63,985</u>	<u>(28,360)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>21,385</u>	<u>(18,803)</u>	<u>5</u>	<u>(966)</u>	<u>63,985</u>	<u>(28,360)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (18,803)</u>	<u>\$ -</u>	<u>\$ (966)</u>	<u>\$ -</u>	<u>\$ (28,360)</u>	<u>\$ -</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Federal Special Education Preschool 2012-2013	Federal Special Education Preschool 2013-2014	Medicaid Reimbursement - Federal	Indiana Wellness Grant	Improving Teaching Quality, Title II, Part A 2010-2012	Improving Teaching Quality, Title II, Part A 2011-2013	Improving Teaching Quality, Title II, Part A 2012-2014
Cash and investments - beginning	\$ (209)	\$ -	\$ 512	\$ 130	\$ -	\$ (2,425)	\$ (2,111)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	320	7,039	-	-	-	2,425	33,514
Other	-	-	-	-	-	-	-
Total receipts	<u>320</u>	<u>7,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,425</u>	<u>33,514</u>
Disbursements:							
Current:							
Instruction	111	7,090	-	-	-	-	-
Support services	-	-	-	-	-	-	34,632
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>111</u>	<u>7,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,632</u>
Excess (deficiency) of receipts over disbursements	<u>209</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,425</u>	<u>(1,118)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>209</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,425</u>	<u>(1,118)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 512</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,229)</u>

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Improving Teaching Quality, Title II, Part A 2013-2015	Title III, Language Instruction 2011-2012	Title III, Language Instruction 2012-2013	Title III, Language Instruction 2013-2014	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (2,027)	\$ -	\$ -	\$ 35,545	\$ 2,472,286
Receipts:							
Local sources	-	-	-	-	-	-	3,808,237
Intermediate sources	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	9,247,141
Federal sources	-	-	8,941	15,964	-	-	851,942
Other	-	-	-	-	-	2,355,307	2,364,886
Total receipts	-	-	8,941	15,964	-	2,355,307	16,272,281
Disbursements:							
Current:							
Instruction	-	-	6,914	14,185	-	-	6,470,076
Support services	2,775	-	-	3,226	-	-	4,454,653
Noninstructional services	-	-	-	-	-	-	808,236
Facilities acquisition and construction	-	-	-	-	-	-	740,955
Debt services	-	-	-	-	-	-	1,418,207
Nonprogrammed charges	-	-	-	-	-	2,361,458	2,361,458
Total disbursements	2,775	-	6,914	17,411	-	2,361,458	16,253,585
Excess (deficiency) of receipts over disbursements	(2,775)	-	2,027	(1,447)	-	(6,151)	18,696
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,450
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,775)	-	2,027	(1,447)	-	(6,151)	20,146
Cash and investments - ending	\$ (2,775)	\$ -	\$ -	\$ (1,447)	\$ -	\$ 29,394	\$ 2,492,432

BREMEN PUBLIC SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Financial Services	Equipment Lease - HS	\$ 170,202	04/15/12	04/15/15
Apple Financial Services	Equipment Lease - K8	173,783	04/12/13	04/12/16
Bremen Multi-School Building Corporation	School Buildings	<u>1,264,000</u>	01/15/07	06/30/23
Total of annual lease payments		<u>\$ 1,607,985</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Refunding Bonds of 2012	<u>\$ 1,035,000</u>	<u>\$ 139,900</u>

BREMEN PUBLIC SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 796,650
Buildings	75,667,800
Improvements other than buildings	36,000
Machinery, equipment, and vehicles	<u>2,051,316</u>
Total capital assets	<u>\$ 78,551,766</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 BREMEN PUBLIC SCHOOLS, MARSHALL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Bremen Public Schools' (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, 2012 to June 30, 2014. 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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2014-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Basis for Qualified Opinion on Title I, Part A Cluster

As described in item 2014-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs that are applicable to its Title I, Part A 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 and Title I, Part A Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster and Title I, Part A Cluster* paragraphs, 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 and the Title I, Part A Cluster for the period of July 1, 2012 to June 30, 2014.

Other 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.

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 2014-002, 2014-003, 2014-004, and 2014-005 to be material weaknesses.

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

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

January 20, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

BREMEN PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 13 and 14	\$ 40,982	\$ 43,030
School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555	FY 13 and 14	265,993	306,465
School Lunch Program					
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 13 and 14	9,545	12,836
Summer Food Service Program					
Total - Department of Agriculture				<u>316,520</u>	<u>362,331</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education				
Title I 2011-12		84.010	11-5480	54,616	-
Title I 2012-13		84.010	12-5480	153,524	51,746
Title I 2013-14		84.010	13-5480	-	114,018
Total - Title I, Part A Cluster				<u>208,140</u>	<u>165,764</u>
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education				
Special Education School Age 2011-12		84.027	14212-045-PN01	73,258	5
Special Education School Age 2012-13		84.027	14213-045-PN01	186,589	84,314
Special Education School Age 2013-14		84.027	14214-045-PN01	-	205,337
Special Education Technical Assistance 2013-14		84.027	99914-45-TA01	-	887
Total - Special Education - Grants to States				<u>259,847</u>	<u>290,543</u>

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

BREMEN PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

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 06-30-13	Total Federal Awards Expended 06-30-14
Department of Education (continued)					
Special Education Cluster (continued)					
Special Education - Preschool Grants	Indiana Department of Education				
Spec Ed Preschool 2011-12		84.173	45712-045-PN01	255	-
Spec Ed Preschool 2012-13		84.173	45713-045-PN01	7,225	320
Spec Ed Preschool 2013-14		84.173	45714-045-PN01	-	7,039
				<u>7,480</u>	<u>7,359</u>
Total - Special Education - Preschool Grants					
				<u>7,480</u>	<u>7,359</u>
Total - Special Education Cluster				<u>267,327</u>	<u>297,902</u>
Career and Technical Education - Basic Grants to States Perkins 13-14	Elkhart Community Schools	84.048	FY 14	<u>2,000</u>	<u>2,000</u>
English Language Acquisition State Grants	Indiana Department of Education				
Title III 2011-12		84.365	01112-066-PN01	13,437	-
Title III 2012-13		84.365	01113-100-PN01	19,762	8,941
Title III 2013-14		84.365	01114-096-PN01	-	15,964
				<u>33,199</u>	<u>24,905</u>
Total - English Language Acquisition State Grants					
				<u>33,199</u>	<u>24,905</u>
Improving Teacher Quality State Grants	Indiana Department of Education				
Title II 2010-12		84.367	10-5480	7,135	-
Title II 2011-13		84.367	11-5480	30,977	2,425
Title II 2012-14		84.367	12-5480	-	33,514
Title II 2013-15		84.367	13-5480	-	-
				<u>38,112</u>	<u>35,939</u>
Total - Improving Teacher Quality State Grants					
				<u>38,112</u>	<u>35,939</u>
Education Jobs Fund Education Jobs Fund	Indiana Department of Education	84.410	12575-10000	<u>27,944</u>	-
Total - Department of Education				<u>576,722</u>	<u>526,510</u>
Total federal awards expended				<u>\$ 893,242</u>	<u>\$ 888,841</u>

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

BREMEN PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards 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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2013 and 2014:

Program Title	Federal CFDA Number	2013	2014
English Language Acquisition State Grants	84.365	\$ 5,473	\$ 3,570

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 41,013	\$ 36,898

BREMEN PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.
3. **Bank Reconciliation Process:** Internal controls over the bank reconciliation process were insufficient. Monthly bank reconciliements were prepared by one employee; there was no evidence of an oversight, review, or approval process.

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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - INTERNAL CONTROL OVER REPORTING

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 Number and Years: FY13 and FY14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, related to the grant agreement and the Reporting requirements that have a direct and material effect on the 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 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.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately or timely prepared. The Cafeteria Manager was solely responsible for preparing and submitting the monthly claims for reimbursements. Segregation of duties, such as an oversight, review, or approval process has not been established.

BREMEN PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 type of 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. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the programs 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 that have a direct and material effect on the programs.

FINDING 2014-003 - CASH MANAGEMENT

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 Number and Years: FY13 and FY14
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 Cash Management compliance requirements that have a direct and material effect on the programs. There were no procedures established to ensure that the School Lunch fund cash balances were maintained in compliance with the Cash Management requirements. The failure to establish an effective internal control system allowed non-compliance with the requirements.

The School Lunch fund cash balances were maintained at an amount in excess of three months average expenditures throughout the audit period of July 1, 2012 to June 30, 2014. At June 30, 2013, the School Lunch fund balance, net of prepaid student account balances, was \$267,349; 6.5 months of average expenditures for that fiscal year. At June 30, 2014, the School Lunch fund balance, net of prepaid student account balances, was \$313,253; 7.2 months of average expenditures for that fiscal year.

7 CFR section 210.14(a) states in part: "School food authorities shall maintain a nonprofit school food service."

BREMEN PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR section 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

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 over the Cash Management requirements enabled material noncompliance to go undetected. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal funds.

We recommended that School Corporation officials establish controls, including segregation of duties, related to the grant agreement and the Cash Management compliance requirements that have a direct and material effect on the programs. In addition, we recommended that School Corporation officials comply with the applicable Cash Management requirements of the programs.

FINDING 2014-004 - 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: 11-5480, 12-5480, 13-5480
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Cash Management and Reporting compliance requirements that have a direct and material effect on the program. 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.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared or that reimbursement was requested after expenditures were made. The Indiana Department of Education allows recipients of Title I Grants to Local Educational Agencies to request reimbursement of program expenditures twice each month, by the 1st and 15th. One person is solely responsible for preparing and submitting the reimbursement requests. Adequate segregation of duties, which would include an oversight, review, or approval process, has not been established.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of 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 and timely supervision 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.

BREMEN PUBLIC SCHOOLS
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. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the compliance requirements that have a direct and material effect on the program.

FINDING 2014-005 - ALLOWABLE COSTS

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 11-5480, 12-5480, 13-5480
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Allowable Costs compliance requirements that have a direct and material effect on the program. 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.

Approximately 93 percent of the budget and the funds disbursed from the Title I Grants to Local Educational Agencies was for compensation or personal services. When employees work on multiple activities or costs objectives, the grantee is required to support the salaries paid with personnel activity reports for the grant personnel. Inquiry of the Grant Director, along with a review of grant files, determined that the personnel activity reports required to support compensation under OMB Circular A-87 were not available for audit.

The School Corporation had not established controls to ensure that personnel activity reports were prepared monthly and 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."

BREMEN PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Circular A-87 Attachment B, Part 8 Compensation for personal services states in part:

"h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation. . . .

- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) . . .
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
 - (a) They must reflect an after the fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee."

The failure to establish internal controls allowed material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the compliance requirements that have a direct and material effect on the program.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



Administration Office

512 W. Grant St. ♦ Bremen, IN 46506 ♦ 574-546-3929 ♦ 574-546-6303 ♦ www.bps.k12.in.us

Dr. Jim White
Superintendent

Mrs. Stephanie Pittman
Treasurer

Ms. Terri Biddle
Supt Sec/Deputy Treas

Mrs. Samantha Hinds
Administrative Asst.

CORRECTIVE ACTION PLAN

FINDING 2014-001 Internal Controls Over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Stephanie Pittman
Contact Phone Number: 574-546-3929

Description of Corrective Action Plan:

1. Lack of segregation of duties: An administrative assistant has been hired full time to assist with the business processes. The administrative assistant will be responsible for payroll transactions and issuance of receipts. This will provide the required separation. The treasurer will continue to deposit monies and prepare the financial statements. The deputy treasurer will continue to be responsible for payment of claims.
2. Monitoring of Controls: The treasurer will develop a formal system of controls. There are informal processes in place. The informal processes will be developed into a formal system with periodic checks for accuracy and effectiveness.
3. Bank Reconciliation Process: The back reconciliation process will now be reviewed by the Superintendent.

Anticipated Completion Date:

1. Administrative Assistant has been hired and training is in process.
2. The formal system of controls will be developed over the year as operating procedures are completed.
3. The review process is now in place.

FINDING 2014-002 Internal Control Over Reporting

Contact Person Responsible for Corrective Action: Stephanie Pittman and Hope Andrews
Contact Phone Number: 574-546-3929

Description of Corrective Action Plan:

The food service director and the treasurer will develop a system of internal controls to monitor the food service program's reporting.

Anticipated Completion Date:

The formal system of controls will be developed this summer.

FINDING 2014-003 Cash Management

Contact Person Responsible for Corrective Action: Stephanie Pittman and Hope Andrews
Contact Phone Number: 574-546-3929

Description of Corrective Action Plan:

The food service director and the treasurer are currently reviewing cash balances and expenditure needs for the food service program. Equipment has been ordered and the food service staff has received a pay adjustment. Other allowable expenses will be researched including indirect costs.

Anticipated Completion Date:

The monitoring of the cash balance will be ongoing. Researching other allowable expenses will be completed within the year.

FINDING 2014-004 Internal Controls Over Title I Grants to Local Educational Agencies

Contact Person Responsible for Corrective Action: Stephanie Pittman and Larry Yelaska
Contact Phone Number: 574-546-3929

Description of Corrective Action Plan:

Title I reimbursement request will now be approved by the Superintendent.

Anticipated Completion Date:

The approval process is currently in place.

FINDING 2014-005 Allowable Costs

Contact Person Responsible for Corrective Action: Stephanie Pittman and Larry Yelaska
Contact Phone Number: 574-546-3929

Description of Corrective Action Plan:

Time and efforts logs will be completed by Title I personnel. The Elementary/Middle School Principal and the Principal's secretary will be responsible for these controls.

Anticipated Completion Date:

Completion of time and efforts logs will begin immediately.

Stephanie R Pittman
(Signature)

Treasurer
(Title)

1/20/2015
(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.