

**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, 2014 to June 30, 2016



**FILED**  
01/18/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephanie K. Pittman	07-01-14 to 06-30-18
Superintendent of Schools	Dr. James A. White	07-01-14 to 06-30-18
President of the School Board	Jack Jordan Jill Hassel Todd Stuckman Suzanne Ginter	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



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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, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to 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, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016, 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.

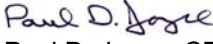
*Other Information*

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 December 4, 2017, 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

December 4, 2017



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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, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 4, 2017, 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 a material weakness.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2016-001 to be a material weakness.

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**

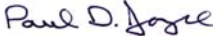
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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

December 4, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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BREMEN PUBLIC SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 877,036	\$ 9,188,386	\$ 9,137,206	\$ -	\$ 928,216	\$ 9,476,722	\$ 9,584,592	\$ -	\$ 820,346
Debt Service	174,989	1,326,203	1,264,555	-	236,637	1,260,897	1,263,950	-	233,584
Retirement/Severance Bond Debt Service	13,685	144,922	139,900	-	18,707	132,320	128,566	-	22,461
Capital Projects	276,412	1,435,459	1,238,312	3,060	476,619	1,380,788	1,381,514	-	475,893
School Transportation	377,484	539,093	503,624	-	412,953	511,977	437,980	-	486,950
School Bus Replacement	130,169	117,441	122,780	-	124,830	109,151	173,270	-	60,711
Rainy Day	320,133	-	-	-	320,133	22,930	-	-	343,063
Retirement/Severance Bond	7,547	-	-	-	7,547	-	-	-	7,547
Construction	4,888	-	-	-	4,888	-	-	-	4,888
School Lunch	322,921	562,240	667,498	-	217,663	573,052	584,187	-	206,528
Textbook Rental	(39,450)	117,761	123,776	-	(45,465)	127,328	145,887	-	(64,024)
Repair and Replacement	2,600	-	-	-	2,600	-	-	-	2,600
Levy Excess	26,380	410	-	-	26,790	-	-	-	26,790
Child Care Program	1,331	420	156	-	1,595	-	-	-	1,595
Educational License Plates	75	94	-	-	169	94	-	-	263
Alternative Education	239	-	-	-	239	-	-	-	239
SAFE School Haven	90	-	-	-	90	-	-	-	90
Early Intervention Grant	4,398	-	-	-	4,398	-	-	-	4,398
Gifted and Talented Donation	32	-	-	-	32	-	-	-	32
BPS Education Endowment	2,733	1,225	-	-	3,958	1,490	-	-	5,448
Special Education Donation	8,594	5,000	5,136	-	8,458	-	2,159	-	6,299
Psi Iota Xi Donation	-	4,500	2,275	-	-	-	-	-	2,225
HS 3D Printer Donation	-	1,500	-	-	1,500	1,702	1,500	-	1,702
Band Uniform Donation	-	350	-	-	350	6,000	6,350	-	-
MCCF Grant - MP3 Players	56	-	-	-	56	-	-	-	56
Middle School Special Education Grant	875	-	416	-	459	-	-	-	459
Bremen PTO Donation	3,060	-	-	(3,060)	-	-	-	-	-
Pioneer Hi-Bred Grant	-	-	-	-	-	5,000	2,800	-	2,200
High Ability 2013-2014	1,350	-	1,350	-	-	-	-	-	-
High Ability 2014-2015	-	29,080	27,682	-	1,398	-	1,399	-	(1)
High Ability 2015-2016	-	-	-	-	-	30,525	29,782	-	743
Medicaid Reimbursement	384	-	-	-	384	-	-	-	384
Non-English Speaking Prog 2014-2015	-	17,029	15,544	-	1,485	-	1,485	-	-
Non-English Speaking Prog 2015-2016	-	-	-	-	-	35,703	32,130	-	3,573
School Technology	-	-	-	-	-	6,564	6,564	-	-
Science Telecommunications Grant	17	-	-	-	17	-	-	-	17
Title I 2013-2014	(18,803)	37,367	18,564	-	-	-	-	-	-
Title I 2014-2015	-	120,957	131,222	-	(10,265)	23,916	13,651	-	-
Title I 2015-2016	-	-	-	-	-	134,596	141,613	-	(7,017)
Federal Technical Assistance 2013-2014	(966)	2,840	4,161	-	(2,287)	2,440	154	-	(1)
Federal Special Education School Age 2012-2013	-	64	64	-	-	-	-	-	-
Federal Special Education School Age 2013-2014	(28,359)	56,466	28,105	-	2	-	-	-	2
Federal Special Education School Age 2014-2015	-	224,301	240,609	-	(16,308)	41,376	25,067	-	1
Federal Special Education School Age 2015-2016	-	-	-	-	-	231,208	260,327	-	(29,119)
Federal Special Education Preschool 2013-2014	(51)	51	-	-	-	-	-	-	-
Federal Special Education Preschool 2014-2015	-	7,012	7,012	-	-	-	-	-	-
Federal Special Education Preschool 2015-2016	-	-	-	-	-	6,758	7,020	-	(262)
Medicaid Reimbursement - Federal	512	-	500	-	12	-	-	-	12
Indiana Wellness Grant	130	-	-	-	130	-	-	-	130
Improving Teaching Quality, Title II, Part A 2012-2014	(3,227)	3,227	-	-	-	-	-	-	-
Improving Teaching Quality, Title II, Part A 2013-2015	(2,775)	24,306	23,185	-	(1,654)	6,216	4,562	-	-
Improving Teaching Quality, Title II, Part A 2014-2016	-	-	-	-	-	10,191	14,834	-	(4,643)
Title III, Language Instruction 2012-2013	-	987	987	-	-	-	-	-	-
Title III, Language Instruction 2013-2014	(1,448)	10,725	9,743	-	(466)	6,412	5,946	-	-
Title III, Language Instruction 2014-2015	-	26,009	27,196	-	(1,187)	4,747	3,559	-	1
Title III, Language Instruction 2015-2016	-	-	-	-	-	23,192	23,793	-	(601)
Payroll Clearing	16,684	2,333,700	2,343,345	-	7,039	2,459,275	2,454,248	-	12,066
Prepaid Lunch	9,668	1,554	307	-	10,915	1,271	689	-	11,497
One to One Device	3,272	47,700	22,082	-	28,890	45,690	13,963	-	60,616
Background Check	(230)	1,491	1,547	-	(286)	1,384	1,524	-	(426)
Totals	\$ 2,492,435	\$ 16,389,870	\$ 16,108,839	\$ -	\$ 2,773,466	\$ 16,680,914	\$ 16,755,065	\$ -	\$ 2,699,315

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, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

BREMEN PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: 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.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed 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:

*Transfers in.* Amounts 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.* Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

BREMEN PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

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

BREMEN PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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, 2016, the balance of the 457(b) Plan and VEBA Trust Fund were \$1,065,688 and \$873,718, respectively.

BREMEN PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Most are the result of the timing with disbursements and receipts. Many of the federal funds operate on a reimbursement basis. Funds are required to be expended prior to the reimbursement.

The Textbook Rental fund has deficit balances due to disbursements exceeding receipts.

The Background Check fund has deficit cash balances due to the timing of reimbursements from other funds.

**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, 2015 and 2016, totaled \$1,264,000 and \$1,262,500, 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://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 877,036	\$ 174,989	\$ 13,685	\$ 276,412	\$ 377,484	\$ 130,169	\$ 320,133	\$ 7,547	\$ 4,888	\$ 322,921	\$ (39,450)
Receipts:											
Local sources	48,960	1,326,203	144,922	1,426,746	528,231	117,441	-	-	-	242,901	73,244
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	9,138,186	-	-	8,363	-	-	-	-	-	5,211	44,499
Federal sources	-	-	-	-	-	-	-	-	-	314,128	-
Other receipts	1,240	-	-	350	10,862	-	-	-	-	-	18
Total receipts	9,188,386	1,326,203	144,922	1,435,459	539,093	117,441	-	-	-	562,240	117,761
Disbursements:											
Instruction	6,187,652	-	-	-	-	-	-	-	-	-	-
Support services	2,659,230	-	-	683,004	503,624	122,780	-	-	-	-	123,776
Noninstructional services	290,324	-	-	-	-	-	-	-	-	667,498	-
Facilities acquisition and construction	-	-	-	555,308	-	-	-	-	-	-	-
Debt service	-	1,264,555	139,900	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,137,206	1,264,555	139,900	1,238,312	503,624	122,780	-	-	-	667,498	123,776
Excess (deficiency) of receipts over disbursements	51,180	61,648	5,022	197,147	35,469	(5,339)	-	-	-	(105,258)	(6,015)
Other financing sources (uses):											
Transfers in	-	-	-	3,060	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	3,060	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	51,180	61,648	5,022	200,207	35,469	(5,339)	-	-	-	(105,258)	(6,015)
Cash and investments - ending	\$ 928,216	\$ 236,637	\$ 18,707	\$ 476,619	\$ 412,953	\$ 124,830	\$ 320,133	\$ 7,547	\$ 4,888	\$ 217,663	\$ (45,465)

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, 2015

	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Gifted and Talented Donation	BPS Education Endowment	Special Education Donation
Cash and investments - beginning	\$ 2,600	\$ 26,380	\$ 1,331	\$ 75	\$ 239	\$ 90	\$ 4,398	\$ 32	\$ 2,733	\$ 8,594
Receipts:										
Local sources	-	410	420	-	-	-	-	-	1,225	5,000
Intermediate sources	-	-	-	94	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	410	420	94	-	-	-	-	1,225	5,000
Disbursements:										
Instruction	-	-	16	-	-	-	-	-	-	5,136
Support services	-	-	140	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	156	-	-	-	-	-	-	5,136
Excess (deficiency) of receipts over disbursements	-	410	264	94	-	-	-	-	1,225	(136)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	410	264	94	-	-	-	-	1,225	(136)
Cash and investments - ending	\$ 2,600	\$ 26,790	\$ 1,595	\$ 169	\$ 239	\$ 90	\$ 4,398	\$ 32	\$ 3,958	\$ 8,458

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, 2015

	Psi Iota Xi Donation	HS 3D Printer Donation	Band Uniform Donation	MCCF Grant - MP3 Players	Middle School Special Education Grant	Bremen PTO Donation	Pioneer Hi-Bred Grant	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 56	\$ 875	\$ 3,060	\$ -	\$ 1,350	\$ -	\$ -
Receipts:										
Local sources	4,500	1,500	350	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	29,080	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	4,500	1,500	350	-	-	-	-	-	29,080	-
Disbursements:										
Instruction	-	-	-	-	416	-	-	1,350	27,682	-
Support services	2,275	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,275	-	-	-	416	-	-	1,350	27,682	-
Excess (deficiency) of receipts over disbursements	2,225	1,500	350	-	(416)	-	-	(1,350)	1,398	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(3,060)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(3,060)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,225	1,500	350	-	(416)	(3,060)	-	(1,350)	1,398	-
Cash and investments - ending	\$ 2,225	\$ 1,500	\$ 350	\$ 56	\$ 459	\$ -	\$ -	\$ -	\$ 1,398	\$ -

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, 2015

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	Medicaid Reimbursement	Non-English Speaking Prog 2014-2015	Non-English Speaking Prog 2015-2016	School Technology	Science Telecommunications Grant	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Federal Technical Assistance 2013-2014	Federal Special Education School Age 2012-2013
Cash and investments - beginning	\$ 384	\$ -	\$ -	\$ -	\$ 17	\$ (18,803)	\$ -	\$ -	\$ (966)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	17,029	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	37,367	120,957	-	2,840	64
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	17,029	-	-	-	37,367	120,957	-	2,840	64
Disbursements:										
Instruction	-	15,544	-	-	-	14,520	131,222	-	-	-
Support services	-	-	-	-	-	4,044	-	-	4,161	64
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	15,544	-	-	-	18,564	131,222	-	4,161	64
Excess (deficiency) of receipts over disbursements	-	1,485	-	-	-	18,803	(10,265)	-	(1,321)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,485	-	-	-	18,803	(10,265)	-	(1,321)	-
Cash and investments - ending	\$ 384	\$ 1,485	\$ -	\$ -	\$ 17	\$ -	\$ (10,265)	\$ -	\$ (2,287)	\$ -

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, 2015

	Federal Special Education School Age 2013-2014	Federal Special Education School Age 2014-2015	Federal Special Education School Age 2015-2016	Federal Special Education Preschool 2013-2014	Federal Special Education Preschool 2014-2015	Federal Special Education Preschool 2015-2016	Medicaid Reimbursement - Federal	Indiana Wellness Grant	Improving Teaching Quality, Title II, Part A 2012-2014	Improving Teaching Quality, Title II, Part A 2013-2015
Cash and investments - beginning	\$ (28,359)	\$ -	\$ -	\$ (51)	\$ -	\$ -	\$ 512	\$ 130	\$ (3,227)	\$ (2,775)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	56,466	224,301	-	51	7,012	-	-	-	3,227	24,306
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	56,466	224,301	-	51	7,012	-	-	-	3,227	24,306
Disbursements:										
Instruction	5,538	25,081	-	-	7,012	-	-	-	-	-
Support services	22,567	215,528	-	-	-	-	500	-	-	23,185
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	28,105	240,609	-	-	7,012	-	500	-	-	23,185
Excess (deficiency) of receipts over disbursements	28,361	(16,308)	-	51	-	-	(500)	-	3,227	1,121
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,361	(16,308)	-	51	-	-	(500)	-	3,227	1,121
Cash and investments - ending	\$ 2	\$ (16,308)	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 130	\$ -	\$ (1,654)

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, 2015

	Improving Teaching Quality, Title II, Part A 2014-2016	Title III, Language Instruction 2012-2013	Title III, Language Instruction 2013-2014	Title III, Language Instruction 2014-2015	Title III, Language Instruction 2015-2016	Payroll Clearing	Prepaid Lunch	One to One Device	Background Check	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,448)	\$ -	\$ -	\$ 16,684	\$ 9,668	\$ 3,272	\$ (230)	\$ 2,492,435
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	3,922,053
Intermediate sources	-	-	-	-	-	-	-	-	-	94
State sources	-	-	-	-	-	-	-	-	-	9,242,368
Federal sources	-	987	10,725	26,009	-	-	-	-	-	828,440
Other receipts	-	-	-	-	-	2,333,700	1,554	47,700	1,491	2,396,915
Total receipts	-	987	10,725	26,009	-	2,333,700	1,554	47,700	1,491	16,389,870
Disbursements:										
Instruction	-	987	8,940	24,614	-	-	-	-	-	6,455,710
Support services	-	-	803	2,582	-	-	-	-	-	4,368,263
Noninstructional services	-	-	-	-	-	-	-	-	-	957,822
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	555,308
Debt service	-	-	-	-	-	-	-	-	-	1,404,455
Nonprogrammed charges	-	-	-	-	-	2,343,345	307	22,082	1,547	2,367,281
Total disbursements	-	987	9,743	27,196	-	2,343,345	307	22,082	1,547	16,108,839
Excess (deficiency) of receipts over disbursements	-	-	982	(1,187)	-	(9,645)	1,247	25,618	(56)	281,031
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	3,060
Transfers out	-	-	-	-	-	-	-	-	-	(3,060)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	982	(1,187)	-	(9,645)	1,247	25,618	(56)	281,031
Cash and investments - ending	\$ -	\$ -	\$ (466)	\$ (1,187)	\$ -	\$ 7,039	\$ 10,915	\$ 28,890	\$ (286)	\$ 2,773,466

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, 2016

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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 928,216	\$ 236,637	\$ 18,707	\$ 476,619	\$ 412,953	\$ 124,830	\$ 320,133	\$ 7,547	\$ 4,888	\$ 217,663	\$ (45,465)
Receipts:											
Local sources	55,636	1,260,897	132,320	1,377,576	507,140	109,151	22,930	-	-	233,161	77,986
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	9,419,938	-	-	3,212	-	-	-	-	-	7,038	49,333
Federal sources	-	-	-	-	-	-	-	-	-	332,663	-
Other receipts	1,148	-	-	-	4,837	-	-	-	-	190	9
Total receipts	9,476,722	1,260,897	132,320	1,380,788	511,977	109,151	22,930	-	-	573,052	127,328
Disbursements:											
Instruction	6,504,003	-	-	-	-	-	-	-	-	-	-
Support services	2,770,123	-	-	768,690	437,980	173,270	-	-	-	-	145,887
Noninstructional services	310,466	-	-	-	-	-	-	-	-	584,187	-
Facilities acquisition and construction	-	-	-	612,824	-	-	-	-	-	-	-
Debt service	-	1,263,950	128,566	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,584,592	1,263,950	128,566	1,381,514	437,980	173,270	-	-	-	584,187	145,887
Excess (deficiency) of receipts over disbursements	(107,870)	(3,053)	3,754	(726)	73,997	(64,119)	22,930	-	-	(11,135)	(18,559)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(107,870)	(3,053)	3,754	(726)	73,997	(64,119)	22,930	-	-	(11,135)	(18,559)
Cash and investments - ending	\$ 820,346	\$ 233,584	\$ 22,461	\$ 475,893	\$ 486,950	\$ 60,711	\$ 343,063	\$ 7,547	\$ 4,888	\$ 206,528	\$ (64,024)

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, 2016

	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Gifted and Talented Donation	BPS Education Endowment	Special Education Donation
Cash and investments - beginning	\$ 2,600	\$ 26,790	\$ 1,595	\$ 169	\$ 239	\$ 90	\$ 4,398	\$ 32	\$ 3,958	\$ 8,458
Receipts:										
Local sources	-	-	-	-	-	-	-	-	1,490	-
Intermediate sources	-	-	-	94	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	94	-	-	-	-	1,490	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	2,159
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-	-	2,159
Excess (deficiency) of receipts over disbursements	-	-	-	94	-	-	-	-	1,490	(2,159)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	94	-	-	-	-	1,490	(2,159)
Cash and investments - ending	\$ 2,600	\$ 26,790	\$ 1,595	\$ 263	\$ 239	\$ 90	\$ 4,398	\$ 32	\$ 5,448	\$ 6,299

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, 2016

	Psi Iota Xi Donation	HS 3D Printer Donation	Band Uniform Donation	MCCF Grant - MP3 Players	Middle School Special Education Grant	Bremen PTO Donation	Pioneer Hi-Bred Grant	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016
Cash and investments - beginning	\$ 2,225	\$ 1,500	\$ 350	\$ 56	\$ 459	\$ -	\$ -	\$ -	\$ 1,398	\$ -
Receipts:										
Local sources	-	1,702	6,000	-	-	-	5,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	30,525
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	1,702	6,000	-	-	-	5,000	-	-	30,525
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	1,399	29,782
Support services	-	-	-	-	-	-	2,800	-	-	-
Noninstructional services	-	-	6,350	-	-	-	-	-	-	-
Facilities acquisition and construction	-	1,500	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,500	6,350	-	-	-	2,800	-	1,399	29,782
Excess (deficiency) of receipts over disbursements	-	202	(350)	-	-	-	2,200	-	(1,399)	743
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	202	(350)	-	-	-	2,200	-	(1,399)	743
Cash and investments - ending	\$ 2,225	\$ 1,702	\$ -	\$ 56	\$ 459	\$ -	\$ 2,200	\$ -	\$ (1)	\$ 743

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, 2016

	Medicaid Reimbursement	Non-English Speaking Prog 2014-2015	Non-English Speaking Prog 2015-2016	School Technology	Science Telecommunications Grant	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Federal Technical Assistance 2013-2014	Federal Special Education School Age 2012-2013
Cash and investments - beginning	\$ 384	\$ 1,485	\$ -	\$ -	\$ 17	\$ -	\$ (10,265)	\$ -	\$ (2,287)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	35,703	6,564	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	23,916	134,596	2,440	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	35,703	6,564	-	-	23,916	134,596	2,440	-
Disbursements:										
Instruction	-	1,485	32,130	-	-	-	7,413	139,032	-	-
Support services	-	-	-	6,564	-	-	6,238	2,581	154	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,485	32,130	6,564	-	-	13,651	141,613	154	-
Excess (deficiency) of receipts over disbursements	-	(1,485)	3,573	-	-	-	10,265	(7,017)	2,286	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,485)	3,573	-	-	-	10,265	(7,017)	2,286	-
Cash and investments - ending	\$ 384	\$ -	\$ 3,573	\$ -	\$ 17	\$ -	\$ -	\$ (7,017)	\$ (1)	\$ -

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, 2016

	Federal Special Education School Age 2013-2014	Federal Special Education School Age 2014-2015	Federal Special Education School Age 2015-2016	Federal Special Education Preschool 2013-2014	Federal Special Education Preschool 2014-2015	Federal Special Education Preschool 2015-2016	Medicaid Reimbursement - Federal	Indiana Wellness Grant	Improving Teaching Quality, Title II, Part A 2012-2014	Improving Teaching Quality, Title II, Part A 2013-2015
Cash and investments - beginning	\$ 2	\$ (16,308)	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 130	\$ -	\$ (1,654)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	41,376	231,208	-	-	6,758	-	-	-	6,216
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	41,376	231,208	-	-	6,758	-	-	-	6,216
Disbursements:										
Instruction	-	2,191	37,464	-	-	7,020	-	-	-	-
Support services	-	22,876	222,863	-	-	-	-	-	-	4,562
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	25,067	260,327	-	-	7,020	-	-	-	4,562
Excess (deficiency) of receipts over disbursements	-	16,309	(29,119)	-	-	(262)	-	-	-	1,654
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	16,309	(29,119)	-	-	(262)	-	-	-	1,654
Cash and investments - ending	\$ 2	\$ 1	\$ (29,119)	\$ -	\$ -	\$ (262)	\$ 12	\$ 130	\$ -	\$ -

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, 2016

	Improving Teaching Quality, Title II, Part A 2014-2016	Title III, Language Instruction 2012-2013	Title III, Language Instruction 2013-2014	Title III, Language Instruction 2014-2015	Title III, Language Instruction 2015-2016	Payroll Clearing	Prepaid Lunch	One to One Device	Background Check	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (466)	\$ (1,187)	\$ -	\$ 7,039	\$ 10,915	\$ 28,890	\$ (286)	\$ 2,773,466
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	3,790,989
Intermediate sources	-	-	-	-	-	-	-	-	-	94
State sources	-	-	-	-	-	-	-	-	-	9,552,313
Federal sources	10,191	-	6,412	4,747	23,192	-	-	-	-	823,715
Other receipts	-	-	-	-	-	2,459,275	1,271	45,690	1,384	2,513,803
Total receipts	10,191	-	6,412	4,747	23,192	2,459,275	1,271	45,690	1,384	16,680,914
Disbursements:										
Instruction	-	-	3,728	2,626	22,798	-	-	-	-	6,793,230
Support services	14,834	-	2,218	933	995	-	-	-	-	4,583,568
Noninstructional services	-	-	-	-	-	-	-	-	-	901,003
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	614,324
Debt service	-	-	-	-	-	-	-	-	-	1,392,516
Nonprogrammed charges	-	-	-	-	-	2,454,248	689	13,963	1,524	2,470,424
Total disbursements	14,834	-	5,946	3,559	23,793	2,454,248	689	13,963	1,524	16,755,065
Excess (deficiency) of receipts over disbursements	(4,643)	-	466	1,188	(601)	5,027	582	31,727	(140)	(74,151)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,643)	-	466	1,188	(601)	5,027	582	31,727	(140)	(74,151)
Cash and investments - ending	\$ (4,643)	\$ -	\$ -	\$ 1	\$ (601)	\$ 12,066	\$ 11,497	\$ 60,616	\$ (426)	\$ 2,699,315

BREMEN PUBLIC SCHOOLS  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Bremen Multi-School Building Corporation	First Mortgage Refunding and Improvement Bonds, Series 2015	<u>\$ 1,260,500</u>	01/15/2007	06/30/2023

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>\$ 805,000</u>	<u>\$ 137,085</u>

BREMEN PUBLIC SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2016

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	\$ 1,720,000
Buildings	76,521,000
Improvements other than buildings	461,700
Machinery, equipment, and vehicles	<u>2,080,000</u>
Total capital assets	<u><u>\$ 80,782,700</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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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, 2014 to June 30, 2016. 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.

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**


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

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

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 a 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 2016-002 and 2016-003 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

December 4, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

BREMEN PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program							
	Indiana Department of Education	10.553	FY 2015, FY 2016	\$ -	\$ 39,849	\$ -	\$ 39,984
School Breakfast Program							
National School Lunch Program							
	Indiana Department of Education	10.555	FY 2015, FY 2016	-	262,570	-	282,469
		10.555	FY 2015, FY 2016	-	35,942	-	35,797
School Lunch Commodities							
Total - National School Lunch Program							
				-	298,512	-	318,266
Summer Food Service Program for Children							
	Indiana Department of Education	10.559	FY 2015, FY 2016	-	11,709	-	10,210
Summer Food Service Program							
Total - Child Nutrition Cluster							
				-	350,070	-	368,460
Total - Department of Agriculture							
				-	350,070	-	368,460
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
	Indiana Department of Education						
		84.027	14213-045-PN01	-	64	-	-
		84.027	14214-045-PN01	-	56,466	-	-
		84.027	14215-147-PN01	-	224,301	-	-
		84.027	14215-147-PN01	-	-	-	41,376
		84.027	14216-116-PN01	-	-	-	231,208
		84.027	99914-45-TA01	-	2,840	-	-
		84.027	99914-45-TA01	-	-	-	2,440
Total - Special Education_Grants to States							
				-	283,671	-	275,024
Special Education_Preschool Grants							
	Indiana Department of Education						
		84.173	45714-045-PN01	-	51	-	-
		84.173	45715-147-PN01	-	7,012	-	-
		84.173	45716-116-PN01	-	-	-	6,758
Total - Special Education_Preschool Grants							
				-	7,063	-	6,758
Total - Special Education Cluster (IDEA)							
				-	290,734	-	281,782

BREMEN PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2013-14		84.010	13-5480	-	37,367	-	-
Title I 2014-15		84.010	14-5480	-	120,957	-	23,916
Title I 2015-16		84.010	15-5480	-	-	-	134,596
<b>Total - Title I Grants to Local Educational Agencies</b>				<b>-</b>	<b>158,324</b>	<b>-</b>	<b>158,512</b>
English Language Acquisition State Grants	Indiana Department of Education						
Title III 2012-13		84.365	01113-100-PN01	987	987	-	-
Title III 2013-14		84.365	01114-096-PN01	4,541	10,725	1,025	6,412
Title III 2014-15		84.365	01115-074-PN01	-	26,009	1,431	4,747
Title III 2015-16		84.365	01116-075-PN01	-	-	-	23,192
<b>Total - English Language Acquisition State Grants</b>				<b>5,528</b>	<b>37,721</b>	<b>2,456</b>	<b>34,351</b>
Improving Teacher Quality State Grants	Indiana Department of Education						
Title II 2012-14		84.367	12-5480	-	3,227	-	-
Title II 2013-15		84.367	13-5480	-	24,306	-	6,216
Title II 2014-16		84.367	14-5480	-	-	-	10,191
<b>Total - Improving Teacher Quality State Grants</b>				<b>-</b>	<b>27,533</b>	<b>-</b>	<b>16,407</b>
<b>Total - Department of Education</b>				<b>5,528</b>	<b>514,312</b>	<b>2,456</b>	<b>491,052</b>
<b>Total federal awards expended</b>				<b>\$ 5,528</b>	<b>\$ 864,382</b>	<b>\$ 2,456</b>	<b>\$ 859,512</b>

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

BREMEN PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported

Type of auditor's report issued on compliance for major programs:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes
---	-----

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2016-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition*

An effective internal control system was not in place at the School Corporation related to financial transactions and reporting of payroll expenditures. There was no review of certified employees' payroll rates entered into the payroll system to ensure that the correct rates were paid. In addition, maintenance employees' pay rates were not approved by the School Board.

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

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

The State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control that would have ensured proper reporting of payroll transactions.

*Effect*

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting of payroll expenditures.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

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

**FINDING 2016-002**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-5480, 14-5480, 15-5480  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Assessment System Security  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement. The School Corporation did not adopt a locally developed written test security policy.

*Context*

The lack of controls was a systemic problem, which occurred throughout the audit period. A locally developed written test security policy was not adopted during the audit period.

*Criteria*

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

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

Indiana Assessment Program Manual, Chapter 13, Section 9, Part D states in part:

"Required local test security policy. Every school corporation, public school, charter school, accredited nonpublic school, Choice school, or other test administration location that administers tests under the Indiana Assessment System **MUST** have a locally developed written test security policy. . . ."

*Cause*

The School Corporation had not established a system of internal control that would have ensured that a written test security policy was approved.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Assessment System Security compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2016-003**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, 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 Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, Reporting

Pass-Through Entity: Indiana Department of Education

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior audit regarding the Reporting compliance requirement. The prior year finding number was 2014-002.

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

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, and Reporting compliance requirements.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles*

There was no documented review of payroll time records for some employees involved with the programs.

*Eligibility (School Breakfast Program and National School Lunch Program)*

Physical applications for free and reduced price meal benefits submitted to the School Corporation were input into the food service software by one employee. There was no control in place to ensure that the information was entered accurately.

*Program Income (School Breakfast Program and National School Lunch Program)*

There was no effective control in place at the School Corporation that would have ensured that correct amounts for program income were entered into the School Corporation's financial accounting system from the Food Service financial reporting system. Amounts were entered into the School Corporation's financial accounting system by one person without an oversight, review, or approval process.

*Reporting*

The School Corporation implemented controls which required the Food Service Director to review and approve the Sponsor Claims (claim for reimbursement) prepared by the Lunch Account Assistant. However, there was no documentation of this process.

*Context*

The lack of controls was a systemic problem, which occurred throughout the audit period.

*Criteria*

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)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. The lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, and Reporting compliance requirements.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are 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. Michele Liverman  
*Payroll/Acct Associate*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-002 Internal Controls over Reporting***

Fiscal year in which the finding initially occurred: FY13 and FY14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Stephanie Pittman

Contact Phone Number: 574-546-3929

Status of Audit Finding: Procedures are now in place to ensure that the required reports are accurately and timely prepared. The Lunch Account Assistant prepares the claim for reimbursement. The Food Service Director reviews the claim. After proper approval, the Lunch Account Assistant submits the reimbursement claim.

Stephanie Pittman  
(Signature)

Treasurer  
(Title)

9/20/17  
(Date)

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

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*Payroll/Acct Associate*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### *FINDING 2014-003 Cash Management*

Fiscal year in which the finding initially occurred: FY13 and FY14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Stephanie Pittman

Contact Phone Number: 574-546-3929

Status of Audit Finding: This finding is a continuing work in progress. Due to the current setup of one kitchen and one staff that services all students, the overhead for our food service department is lower than most schools. We have made a concerted effort to reduce the cash balance by purchasing updated and additional equipment as well as quality food items. The cash balance at June 30, 2015 was \$217,553.35. On June 30, 2016, the cash balance was \$206,528.43. The balance on June 30, 2017 was \$150,547.97 which is approximately 3 months of average expenditures. We will attempt to maintain that level of cash balance.

Stephanie Pittman  
(Signature)

Treasurer  
(Title)

9/20/17  
(Date)

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

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Supt Sec/Deputy Treas

Mrs. Michele Liverman  
Payroll/Acct Associate

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### *FINDING 2014-004 Internal Controls over Title I Grants to Local Educational Agencies*

Fiscal year in which the finding initially occurred: FY13 and FY14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Stephanie Pittman

Contact Phone Number: 574-546-3929

Status of Audit Finding: Procedures are now in place to ensure that the required reports are accurately and timely prepared. The claim for reimbursement is prepared by the Corporation Treasurer and reviewed by the Superintendent. The claim is then submitted by the Corporation Treasurer.

Stephanie Pittman  
(Signature)

Treasurer  
(Title)

9/20/17  
(Date)

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

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Mrs. Stephanie Pittman  
Treasurer

Ms. Terri Biddle  
Supt Sec./Deputy Treas

Mrs. Samantha Hinds  
Administrative Asst.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2014-005 Allowable Costs**

Fiscal year in which the finding initially occurred: FY13 and FY14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Stephanie Pittman

Contact Phone Number: 574-546-3929

Status of Audit Finding: Time and effort logs are to be completed by Title I personnel. The Elementary/Middle School Principal and the Principal's secretary are responsible for these controls. The Corporation Treasurer will continue to monitor these controls to ensure completion.

Stephanie Pittman  
(Signature)

Treasurer  
(Title)

9/25/2017  
(Date)

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

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*Supt Sec./Deputy Treas*

Mrs. Michele Liverman  
*Payroll/Acct Associate*

## CORRECTIVE ACTION PLAN

### **FINDING 2016-001**

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

Views of Responsible Official: Concurrence with the finding

### Description of Corrective Action Plan:

The process for recording certified salaries will be as follows:

1. The Master Contract will be ratified by the Bremen Education Association and approved by the Bremen Board of School Trustees.
2. Changes in salary will be calculated and entered in the payroll system by Stephanie Pittman, Treasurer.
3. The calculations will be reviewed by Dr. Jim White, Superintendent.
4. The entries into the payroll system will be reviewed by Michele Liverman, Payroll.
5. Both reviews will be documented.

The process for approving classified salaries will be as follows:

1. Dr. Jim White, Superintendent and Stephanie Pittman, Treasurer will determine salary increases for all classified staff and document the recommendations on the Classified Salary Recommendations form.
2. The Board of School Trustees will approve the Classified Salary Recommendations form.

Anticipated Completion Date: The processes are developed and will be implemented immediately.

Stephanie Pittman  
(Signature)

Treasurer  
(Title)

12/4/2017  
(Date)

**Bremen Public Schools  
Classified Salary Recommendation Form**

<b>Salaried Positions</b>	<b>% Increase</b>	<b>or Hourly Increase</b>	<b>or Annual Salary</b>
Treasurer	_____	_____	_____
Supt Secretary/Deputy Treas	_____	_____	_____
Technology Director	_____	_____	_____
Network Administrator	_____	_____	_____
Technician	_____	_____	_____
Technician	_____	_____	_____
K-8 Principal's Secretary	_____	_____	_____
Elementary School Secretary	_____	_____	_____
Middle School Secretary	_____	_____	_____
K-8 Bookkeeper	_____	_____	_____
Special Services Secretary	_____	_____	_____
School Nurse	_____	_____	_____
Food Service Director	_____	_____	_____
Transportation Director	_____	_____	_____
Maintenance Director	_____	_____	_____
 <b>Hourly Positions</b>			
Payroll/Acct Associate	_____	_____	_____
HS Principal's Secretary	_____	_____	_____
Guidance Secretary	_____	_____	_____
Athletic Secretary	_____	_____	_____
High School Secretary/Copier	_____	_____	_____
Instructional Assistants	_____	_____	_____
Cafeteria Bookkeeper	_____	_____	_____
Cooks	_____	_____	_____
Lunchroom Assistants	_____	_____	_____
Recess Monitors	_____	_____	_____

**Bremen Public Schools  
Classified Salary Recommendation Form**

<b>Salaried Positions</b>	<b>% Increase</b>	<b>or</b>	<b>Hourly Increase</b>	<b>or</b>	<b>Annual Salary</b>
Grounds/Maintenance Custodian	_____		_____		_____
Bus Driver	_____		_____		_____
Crossing Guard	_____		_____		_____
Concession Manager	_____		_____		_____
Asst Concession Manager	_____		_____		_____



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Mrs. Michele Liverman  
*Payroll/Acct Associate*

## CORRECTIVE ACTION PLAN

### **FINDING 2016-002**

Contact Person Responsible for Corrective Action: Dr. Jim White  
Contact Phone Number: 574-546-3929

Views of Responsible Official: Concurrence with the finding

### Description of Corrective Action Plan:

The Superintendent and the Board of School Trustees have contracted with Neola to update all board policies. A Test Security Policy is included in this process.

Anticipated Completion Date: The update of board policies with Neola is anticipated to be complete by June 2018.

Stephanie Pittman  
(Signature)

Treasurer  
(Title)

12/4/2017  
(Date)



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Mrs. Michele Liverman  
Payroll/Acct Associate

## CORRECTIVE ACTION PLAN

### FINDING 2016-003

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

Views of Responsible Official: Concurrence with the finding

#### Description of Corrective Action Plan:

1. Activities Allowed or Un-allowed, Allowable Costs/Cost Principals: As a salaried employee, Hope Andrews, Food Service Director, will use the time keeping system K-Time to track hours and absences. Amy Stouder, Lunch Account Bookkeeper, will review and approve the time and absences prior to approval by Michele Liverman, Payroll/Acct Associate.
2. Eligibility: Physical applications for free and reduced-price meal benefits are input into the food service software by Jennifer Stine, K-8 Principal's Secretary. After the information is input in the food service software, Jennifer Stine will send the physical applications to the Administration Office for review by either Stephanie Pittman, Treasurer or Michele Liverman, Payroll/Acct Associate. Documentation of the review will be made on the physical application.
3. Program Income: Amy Stouder, Lunch Account Bookkeeper, will access reports from the food service software and submit the report to Stephanie Pittman, Treasurer. Stephanie Pittman, Treasurer will enter the appropriate amounts into the school corporation's financial software at the end of each month. After the month has been reconciled, Stephanie Pittman, Treasurer will send summary reports to Hope Andrews, Food Service Director. Hope Andrews, Food Service Director, will review the reports and document the review on the reports.
4. Reporting: Amy Stouder, Lunch Account Bookkeeper, will prepare the reimbursement request. Hope Andrews, Food Service Director, will review the reports and document the review on the reports. Stephanie Pittman, Treasurer, will reconcile the reimbursement submission with the receipt of the funds.

Anticipated Completion Date: The processes are developed and will be implemented immediately.

Stephanie Pittman  
(Signature)

Treasurer  
(Title)

12/4/2017  
(Date)

#### OTHER REPORTS

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