

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FREMONT COMMUNITY SCHOOLS
STEBEN COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
02/23/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brandon Penrod	01-01-14 to 05-31-16
	(Vacant)	06-01-16 to 10-16-16
	Shayne Tresenriter	10-17-16 to 12-31-18
Superintendent of Schools	Loraine Vaughn	07-01-14 to 06-30-16
	Dr. William Stitt (interim)	07-01-16 to 09-26-16
	Dr. William Stitt	09-27-16 to 06-30-18
President of the School Board	Sheri Thomson	01-01-14 to 12-31-15
	Marty McNeal	01-01-16 to 12-31-17
	Gary Baker	01-01-18 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE FREMONT COMMUNITY SCHOOLS, STEUBEN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Fremont Community 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 Payables and Receivables, 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 February 7, 2018, 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 solely 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 effectiveness of the School Corporation's 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

February 7, 2018



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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 FREMONT COMMUNITY SCHOOLS, STEUBEN 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 Fremont Community 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 February 7, 2018, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Fremont Community 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

February 7, 2018

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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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FREMONT COMMUNITY 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			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 282,686	\$ 6,259,351	\$ 5,885,871	\$ (25,572)	\$ 630,594	\$ 5,906,825	\$ 5,683,056	\$ 605	\$ 854,968
Referendum Tax Levy	-	-	-	-	-	1,233,831	358,702	-	875,129
Debt Service	976,740	1,464,439	1,636,065	14,812	819,926	1,597,517	1,675,963	-	741,480
Retirement/Severance Bond Debt Service	395,743	371,633	534,843	-	232,533	364,639	368,825	-	228,347
Capital Projects	830,305	1,735,223	1,165,138	(525,000)	875,390	1,969,013	987,937	(536,878)	1,319,588
School Transportation	582,218	1,169,301	829,914	(198,752)	722,853	1,050,452	742,537	(132,925)	897,843
School Bus Replacement	31,961	42,182	-	-	74,143	-	-	-	74,143
Rainy Day	869,871	3,611	751,014	725,000	847,468	50,085	319,140	725,000	1,303,413
Retirement/Severance Bond	(12,775)	-	(2,098)	12,775	2,098	-	-	-	2,098
Construction	3,430,004	34,857	2,102,078	-	1,362,783	61	655,945	-	706,899
GEO Bond 2014	-	-	1,039,253	1,990,000	950,747	35,000	923,718	-	62,029
2016 GO Bond	-	-	-	-	-	-	39,823	1,992,000	1,952,177
2016 Lease Rental Bond	-	-	-	-	-	-	35,573	990,000	954,427
School Lunch	(18,140)	438,940	421,146	-	(346)	435,513	396,247	-	38,920
Textbook Rental	203,683	95,765	49,535	885	250,798	90,781	55,527	-	286,052
Self-Insurance	265,569	22,169	287,705	-	33	-	33	-	-
Levy Excess	13,755	3,321	-	-	17,076	-	-	(17,076)	-
Educational License Plates	(198)	75	-	199	76	75	-	-	151
Early Intervention Grant	3,195	-	-	-	3,195	-	-	-	3,195
Extra-Curricular Activities	9,029	-	7,026	6,212	8,215	-	15	400	8,600
Formative Assessment	-	-	-	-	-	6,065	6,065	-	-
P.L. 221 Professional Development	(1,590)	-	-	1,590	-	-	-	-	-
Non-English Speaking Programs	5,224	-	-	-	5,224	-	-	-	5,224
School Technology	11,373	28,676	12,705	-	27,344	28,366	22,226	-	33,484
Extra-Curricular Employee Payment	82	1,876	2,720	-	(762)	915	2,652	1,193	(1,306)
Day Care Program	(113,753)	1,800	-	-	(111,953)	-	-	-	(111,953)
Head Start Indirect Costs	-	180,952	20,816	(22,549)	137,587	57,110	39,090	-	155,607
Title I 2011-2012	(8,281)	-	-	8,281	-	-	-	-	-
Title I 2013-2014	(13,907)	6,955	12,286	19,238	-	-	-	-	-
Title I 2014-2015	-	48,159	101,632	-	(53,473)	41,692	9,922	-	(21,703)
Title I 2015-2016	-	-	-	-	-	33,764	107,637	-	(73,873)
Head Start 2012-2013	22,202	-	-	-	22,202	-	-	-	22,202
Head Start 2013-2014	24,980	590,548	607,094	(8,434)	-	-	-	-	-
Head Start 2014-2015	-	704,234	703,205	-	1,029	489,643	473,660	(17,012)	-
Head Start 2015-2016	-	-	-	-	-	659,044	705,501	-	(46,457)
Head Start Food Service	9,232	83,052	93,482	8,434	7,236	89,674	112,071	17,012	1,851
National Science Foundation, Title IV, 2002-2003	(4,687)	-	-	4,687	-	-	-	-	-
Title II 2010-2011	8,704	834	834	-	8,704	-	-	-	8,704
Title II 2013-2015	-	28,786	28,786	-	-	-	-	-	-
Title II 2014-2016	-	-	-	-	-	-	3,810	-	(3,810)
Summer Food Program	837	2,074	3,482	-	(571)	4,458	4,104	-	(217)
Clearing	9,711	2,083,859	2,077,719	-	15,851	1,980,382	1,970,593	-	25,640
Totals	\$ 7,813,773	\$ 15,402,672	\$ 18,372,251	\$ 2,011,806	\$ 6,856,000	\$ 16,124,905	\$ 15,700,372	\$ 3,022,319	\$ 10,302,852

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

FREMONT COMMUNITY 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.

FREMONT COMMUNITY 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:

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

FREMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

FREMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

FREMONT COMMUNITY 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.

Note 7. Negative Disbursement

The financial statement contains a disbursement which appears as a negative entry. This is a result of an error made in the prior period and was corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is partially a result of the funds being set up for reimbursable federal grants. The reimbursements for expenditures for these grants made by the School Corporation were not received by the end of the fiscal year. Other funds with deficit cash balances were the result of disbursements in excess of receipts.

FREMONT COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Fremont Community Schools Improvement 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 2015 and 2016 totaled \$256,770 and \$257,313, respectively. This lease was paid in full during the audit period.

The School Corporation entered into a capital lease for a \$2,000,000 Mortgage Bond with Fremont School Building Corporation (the lessor) on May 25, 2016. 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 proceeds of the bonds will be used for paying the costs of renovation of and improvements to school facilities, including safety and security improvements and the purchase of the leased property. Lease payments during the years 2015 and 2016 totaled \$0. The lease payments begin on July 15, 2017.

Note 10. Subsequent Event

The School Corporation issued \$2,000,000 in General Obligation Bonds on May 16, 2017. The proceeds of the bonds will be used to pay for the expenses related to replacement of rooftop HVAC units at the high school and elementary school and the issuance of the bonds.

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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.

FREMONT COMMUNITY 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	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 282,686	\$ -	\$ 976,740	\$ 395,743	\$ 830,305	\$ 582,218	\$ 31,961	\$ 869,871	\$ (12,775)
Receipts:									
Local sources	42,165	-	1,464,439	371,633	1,726,295	1,166,411	42,182	3,611	-
Intermediate sources	12	-	-	-	-	-	-	-	-
State sources	6,217,174	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	8,928	2,890	-	-	-
Total receipts	6,259,351	-	1,464,439	371,633	1,735,223	1,169,301	42,182	3,611	-
Disbursements:									
Instruction	3,927,854	-	-	-	-	-	-	435,959	-
Support services	1,834,346	-	-	-	624,933	829,580	-	315,055	(2,098)
Noninstructional services	123,671	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	394,440	334	-	-	-
Debt service	-	-	1,636,065	534,843	145,765	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,885,871	-	1,636,065	534,843	1,165,138	829,914	-	751,014	(2,098)
Excess (deficiency) of receipts over disbursements	373,480	-	(171,626)	(163,210)	570,085	339,387	42,182	(747,403)	2,098
Other financing sources (uses):									
Proceeds of long-term debt	-	-	15,697	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	21,301	-	-	-	-	1,248	-	725,000	12,775
Transfers out	(46,873)	-	(885)	-	(525,000)	(200,000)	-	-	-
Total other financing sources (uses)	(25,572)	-	14,812	-	(525,000)	(198,752)	-	725,000	12,775
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	347,908	-	(156,814)	(163,210)	45,085	140,635	42,182	(22,403)	14,873
Cash and investments - ending	\$ 630,594	\$ -	\$ 819,926	\$ 232,533	\$ 875,390	\$ 722,853	\$ 74,143	\$ 847,468	\$ 2,098

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Construction	GEO Bond 2014	2016 GO Bond	2016 Lease Rental Bond	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 3,430,004	\$ -	\$ -	\$ -	\$ (18,140)	\$ 203,683	\$ 265,569	\$ 13,755	\$ (198)
Receipts:									
Local sources	34,857	-	-	-	202,325	62,855	21,519	3,321	-
Intermediate sources	-	-	-	-	-	-	-	-	75
State sources	-	-	-	-	236,315	32,910	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	300	-	650	-	-
Total receipts	34,857	-	-	-	438,940	95,765	22,169	3,321	75
Disbursements:									
Instruction	-	-	-	-	-	-	175,643	-	-
Support services	410,020	38,962	-	-	300	49,535	35,162	-	-
Noninstructional services	-	-	-	-	419,316	-	-	-	-
Facilities acquisition and construction	1,692,058	1,000,291	-	-	1,530	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	76,900	-	-
Total disbursements	2,102,078	1,039,253	-	-	421,146	49,535	287,705	-	-
Excess (deficiency) of receipts over disbursements	(2,067,221)	(1,039,253)	-	-	17,794	46,230	(265,536)	3,321	75
Other financing sources (uses):									
Proceeds of long-term debt	-	1,990,000	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	885	-	-	199
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	1,990,000	-	-	-	885	-	-	199
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,067,221)	950,747	-	-	17,794	47,115	(265,536)	3,321	274
Cash and investments - ending	\$ 1,362,783	\$ 950,747	\$ -	\$ -	\$ (346)	\$ 250,798	\$ 33	\$ 17,076	\$ 76

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Early Intervention Grant	Extra- Curricular Activities	Formative Assessment	P.L. 221 Professional Development	Non-English Speaking Programs	School Technology	Extra-Curricular Employee Payment	Day Care Program	Head Start Indirect Costs
Cash and investments - beginning	\$ 3,195	\$ 9,029	\$ -	\$ (1,590)	\$ 5,224	\$ 11,373	\$ 82	\$ (113,753)	\$ -
Receipts:									
Local sources	-	-	-	-	-	28,676	1,876	1,800	180,952
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	28,676	1,876	1,800	180,952
Disbursements:									
Instruction	-	6,393	-	-	-	-	2,720	-	-
Support services	-	633	-	-	-	12,705	-	-	20,816
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	7,026	-	-	-	12,705	2,720	-	20,816
Excess (deficiency) of receipts over disbursements	-	(7,026)	-	-	-	15,971	(844)	1,800	160,136
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	6,212	-	-	-	-	-	-	-
Transfers in	-	-	-	1,590	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(22,549)
Total other financing sources (uses)	-	6,212	-	1,590	-	-	-	-	(22,549)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(814)	-	1,590	-	15,971	(844)	1,800	137,587
Cash and investments - ending	\$ 3,195	\$ 8,215	\$ -	\$ -	\$ 5,224	\$ 27,344	\$ (762)	\$ (111,953)	\$ 137,587

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Title I 2011-2012	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Head Start 2012-2013	Head Start 2013-2014	Head Start 2014-2015	Head Start 2015-2016
Cash and investments - beginning	\$ (8,281)	\$ (13,907)	\$ -	\$ -	\$ 22,202	\$ 24,980	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	234	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	6,955	48,159	-	-	590,548	704,000	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	6,955	48,159	-	-	590,548	704,234	-
Disbursements:								
Instruction	-	12,286	101,632	-	-	607,094	703,205	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	12,286	101,632	-	-	607,094	703,205	-
Excess (deficiency) of receipts over disbursements	-	(5,331)	(53,473)	-	-	(16,546)	1,029	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	8,281	19,238	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(8,434)	-	-
Total other financing sources (uses)	8,281	19,238	-	-	-	(8,434)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,281	13,907	(53,473)	-	-	(24,980)	1,029	-
Cash and investments - ending	\$ -	\$ -	\$ (53,473)	\$ -	\$ 22,202	\$ -	\$ 1,029	\$ -

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Head Start Food Service	National Science Foundation, Title IV, 2002-2003	Title II 2010-2011	Title II 2013-2015	Title II 2014-2016	Summer Food Program	Clearing	Totals
Cash and investments - beginning	\$ 9,232	\$ (4,687)	\$ 8,704	\$ -	\$ -	\$ 837	\$ 9,711	\$ 7,813,773
Receipts:								
Local sources	-	-	-	-	-	-	-	5,355,151
Intermediate sources	-	-	-	-	-	-	-	87
State sources	83,052	-	-	-	-	-	-	6,569,451
Federal sources	-	-	834	28,786	-	2,074	-	1,381,356
Other receipts	-	-	-	-	-	-	2,083,859	2,096,627
Total receipts	83,052	-	834	28,786	-	2,074	2,083,859	15,402,672
Disbursements:								
Instruction	93,482	-	-	25,241	-	-	-	6,091,509
Support services	-	-	834	3,545	-	-	-	4,174,328
Noninstructional services	-	-	-	-	-	3,482	-	546,469
Facilities acquisition and construction	-	-	-	-	-	-	-	3,088,653
Debt service	-	-	-	-	-	-	-	2,316,673
Nonprogrammed charges	-	-	-	-	-	-	2,077,719	2,154,619
Total disbursements	93,482	-	834	28,786	-	3,482	2,077,719	18,372,251
Excess (deficiency) of receipts over disbursements	(10,430)	-	-	-	-	(1,408)	6,140	(2,969,579)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	2,005,697
Sale of capital assets	-	-	-	-	-	-	-	6,212
Transfers in	8,434	4,687	-	-	-	-	-	803,638
Transfers out	-	-	-	-	-	-	-	(803,741)
Total other financing sources (uses)	8,434	4,687	-	-	-	-	-	2,011,806
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,996)	4,687	-	-	-	(1,408)	6,140	(957,773)
Cash and investments - ending	\$ 7,236	\$ -	\$ 8,704	\$ -	\$ -	\$ (571)	\$ 15,851	\$ 6,856,000

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 630,594	\$ -	\$ 819,926	\$ 232,533	\$ 875,390	\$ 722,853	\$ 74,143	\$ 847,468	\$ 2,098
Receipts:									
Local sources	20,776	1,233,831	1,597,517	364,639	1,752,094	1,047,715	-	50,085	-
Intermediate sources	13	-	-	-	-	-	-	-	-
State sources	5,886,036	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	216,919	2,737	-	-	-
Total receipts	5,906,825	1,233,831	1,597,517	364,639	1,969,013	1,050,452	-	50,085	-
Disbursements:									
Instruction	3,827,789	241,423	-	-	-	-	-	126,063	-
Support services	1,708,029	117,279	500	-	553,963	741,619	-	193,077	-
Noninstructional services	126,684	-	-	-	-	-	-	-	-
Facilities acquisition and construction	20,154	-	-	-	433,974	918	-	-	-
Debt service	400	-	1,675,463	368,825	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,683,056	358,702	1,675,963	368,825	987,937	742,537	-	319,140	-
Excess (deficiency) of receipts over disbursements	223,769	875,129	(78,446)	(4,186)	981,076	307,915	-	(269,055)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	605	-	-	-	38,122	-	-	-	-
Transfers in	-	-	-	-	-	17,075	-	725,000	-
Transfers out	-	-	-	-	(575,000)	(150,000)	-	-	-
Total other financing sources (uses)	605	-	-	-	(536,878)	(132,925)	-	725,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	224,374	875,129	(78,446)	(4,186)	444,198	174,990	-	455,945	-
Cash and investments - ending	\$ 854,968	\$ 875,129	\$ 741,480	\$ 228,347	\$ 1,319,588	\$ 897,843	\$ 74,143	\$ 1,303,413	\$ 2,098

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Construction	GEO Bond 2014	2016 GO Bond	2016 Lease Rental Bond	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 1,362,783	\$ 950,747	\$ -	\$ -	\$ (346)	\$ 250,798	\$ 33	\$ 17,076	\$ 76
Receipts:									
Local sources	61	35,000	-	-	209,805	60,385	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	75
State sources	-	-	-	-	225,408	30,396	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	300	-	-	-	-
Total receipts	61	35,000	-	-	435,513	90,781	-	-	75
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	334,666	5,976	39,535	6,286	300	55,527	-	-	-
Noninstructional services	-	-	-	-	384,364	-	-	-	-
Facilities acquisition and construction	321,279	917,742	288	29,287	11,583	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	33	-	-
Total disbursements	655,945	923,718	39,823	35,573	396,247	55,527	33	-	-
Excess (deficiency) of receipts over disbursements	(655,884)	(888,718)	(39,823)	(35,573)	39,266	35,254	(33)	-	75
Other financing sources (uses):									
Proceeds of long-term debt	-	-	1,992,000	990,000	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(17,076)	-
Total other financing sources (uses)	-	-	1,992,000	990,000	-	-	-	(17,076)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(655,884)	(888,718)	1,952,177	954,427	39,266	35,254	(33)	(17,076)	75
Cash and investments - ending	\$ 706,899	\$ 62,029	\$ 1,952,177	\$ 954,427	\$ 38,920	\$ 286,052	\$ -	\$ -	\$ 151

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Early Intervention Grant	Extra- Curricular Activities	Formative Assessment	P.L. 221 Professional Development	Non-English Speaking Programs	School Technology	Extra-Curricular Employee Payment	Day Care Program	Head Start Indirect Costs
Cash and investments - beginning	\$ 3,195	\$ 8,215	\$ -	\$ -	\$ 5,224	\$ 27,344	\$ (762)	\$ (111,953)	\$ 137,587
Receipts:									
Local sources	-	-	-	-	-	28,366	915	-	57,110
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	6,065	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	6,065	-	-	28,366	915	-	57,110
Disbursements:									
Instruction	-	15	6,065	-	-	-	2,652	-	-
Support services	-	-	-	-	-	22,226	-	-	38,142
Noninstructional services	-	-	-	-	-	-	-	-	948
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	15	6,065	-	-	22,226	2,652	-	39,090
Excess (deficiency) of receipts over disbursements	-	(15)	-	-	-	6,140	(1,737)	-	18,020
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	400	-	-	-	-	1,193	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	400	-	-	-	-	1,193	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	385	-	-	-	6,140	(544)	-	18,020
Cash and investments - ending	\$ 3,195	\$ 8,600	\$ -	\$ -	\$ 5,224	\$ 33,484	\$ (1,306)	\$ (111,953)	\$ 155,607

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title I 2011-2012	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Head Start 2012-2013	Head Start 2013-2014	Head Start 2014-2015	Head Start 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ (53,473)	\$ -	\$ 22,202	\$ -	\$ 1,029	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	595	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	41,692	33,764	-	-	489,048	659,044
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	41,692	33,764	-	-	489,643	659,044
Disbursements:								
Instruction	-	-	9,922	104,217	-	-	473,660	677,175
Support services	-	-	-	3,420	-	-	-	26,808
Noninstructional services	-	-	-	-	-	-	-	1,518
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	9,922	107,637	-	-	473,660	705,501
Excess (deficiency) of receipts over disbursements	-	-	31,770	(73,873)	-	-	15,983	(46,457)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(17,012)	-
Total other financing sources (uses)	-	-	-	-	-	-	(17,012)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	31,770	(73,873)	-	-	(1,029)	(46,457)
Cash and investments - ending	\$ -	\$ -	\$ (21,703)	\$ (73,873)	\$ 22,202	\$ -	\$ -	\$ (46,457)

FREMONT COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Head Start Food Service	National Science Foundation, Title IV, 2002-2003	Title II 2010-2011	Title II 2013-2015	Title II 2014-2016	Summer Food Program	Clearing	Totals
Cash and investments - beginning	\$ 7,236	\$ -	\$ 8,704	\$ -	\$ -	\$ (571)	\$ 15,851	\$ 6,856,000
Receipts:								
Local sources	-	-	-	-	-	-	-	6,458,894
Intermediate sources	-	-	-	-	-	-	-	88
State sources	89,674	-	-	-	-	-	-	6,237,579
Federal sources	-	-	-	-	-	4,458	-	1,228,006
Other receipts	-	-	-	-	-	-	1,980,382	2,200,338
Total receipts	89,674	-	-	-	-	4,458	1,980,382	16,124,905
Disbursements:								
Instruction	112,071	-	-	-	-	-	-	5,581,052
Support services	-	-	-	-	3,810	-	-	3,851,163
Noninstructional services	-	-	-	-	-	4,104	-	517,618
Facilities acquisition and construction	-	-	-	-	-	-	-	1,735,225
Debt service	-	-	-	-	-	-	-	2,044,688
Nonprogrammed charges	-	-	-	-	-	-	1,970,593	1,970,626
Total disbursements	112,071	-	-	-	3,810	4,104	1,970,593	15,700,372
Excess (deficiency) of receipts over disbursements	(22,397)	-	-	-	(3,810)	354	9,789	424,533
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	2,982,000
Sale of capital assets	-	-	-	-	-	-	-	40,320
Transfers in	17,012	-	-	-	-	-	-	759,087
Transfers out	-	-	-	-	-	-	-	(759,088)
Total other financing sources (uses)	17,012	-	-	-	-	-	-	3,022,319
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,385)	-	-	-	(3,810)	354	9,789	3,446,852
Cash and investments - ending	\$ 1,851	\$ -	\$ 8,704	\$ -	\$ (3,810)	\$ (217)	\$ 25,640	\$ 10,302,852

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FREMONT COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 390,248</u>	<u>\$ 145,844</u>

FREMONT COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Fremont School Building Corporation	Fremont Middle School Improvements	\$ <u>232,979</u>	5/25/2016	1/15/2026

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Pension Bonds of 2014	\$ 690,000	\$ 366,894
General obligation bonds	General Obligation Bonds of 2013	335,000	337,094
General obligation bonds	General Obligation Bonds of 2014A	1,685,000	1,011,419
General obligation bonds	General Obligation Bonds of 2014B	1,980,000	121,150
General obligation bonds	General Obligation Bonds of 2016	<u>2,000,000</u>	<u>28,761</u>
Totals		<u>\$ 6,690,000</u>	<u>\$ 1,865,318</u>

FREMONT COMMUNITY 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	\$ 270,775
Buildings	30,534,000
Improvements other than buildings	500,000
Machinery, equipment, and vehicles	4,249,006
Construction in progress	3,500,000
Books and other	<u>1,000,000</u>
Total capital assets	<u>\$ 40,053,781</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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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 FREMONT COMMUNITY SCHOOLS, STEUBEN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2016-003 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Program Income. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Child Nutrition Cluster regarding Program Income, described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

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 items 2016-004 and 2016-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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, 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 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

February 7, 2018

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.

FREMONT COMMUNITY 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 2014/2015	\$ -	\$ 34,732	\$ -	\$ -
			FY 2015/2016	-	-	-	35,206
Total - School Breakfast Program				-	34,732	-	35,206
National School Lunch Program	Indiana Department of Education	10.555					
			FY 2014/2015	-	196,978	-	-
			FY 2015/2016	-	-	-	185,360
Commodities			FY 2014/2015	-	31,389	-	-
			FY 2015/2016	-	-	-	29,726
Total - National School Lunch Program				-	228,367	-	215,086
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY 2014/2015	-	2,074	-	-
			FY 2015/2016	-	-	-	4,458
Total - Summer Food Service Program for Children				-	2,074	-	4,458
Total - Child Nutrition Cluster				-	265,173	-	254,750
Child and Adult Care Food Program	Indiana Department of Education	10.558					
			FY 2014/2015	-	83,052	-	-
			FY 2015/2016	-	-	-	89,674
Total - Child and Adult Care Food Program				-	83,052	-	89,674
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
			FY 2015/2016	-	-	-	11,904
Total - Child Nutrition Discretionary Grants Limited Availability				-	-	-	11,904
Total - Department of Agriculture				-	348,225	-	356,328
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
			14213-046-PN01	-	63	-	-
			14214-046-PN01	-	69,456	-	-
			14215-046-PN01	-	179,175	-	51,663
			14216-044-PN01	-	-	-	192,043
			99914-46-TA01	-	3,098	-	15
Total - Special Education_Grants to States				-	251,792	-	243,721

FREMONT COMMUNITY 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
Special Education_Preschool Grants	Indiana Department of Education	84.173	45715-046-PN01	-	11,435	-	-
			45716-044-PN01	-	-	-	11,474
Total - Special Education_Preschool Grants				-	11,435	-	11,474
Total - Special Education Cluster (IDEA)				-	263,227	-	255,195
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-7605	-	6,956	-	-
			15-7605	-	48,159	-	41,692
			16-7605	-	-	-	33,764
Total - Title I Grants to Local Educational Agencies				-	55,115	-	75,456
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	12-7605	-	834	-	-
				-	28,786	-	-
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	29,620	-	-
Total - Department of Education				-	347,962	-	330,651
<u>Department of Health and Human Services</u>							
Head Start	Direct Grant	93.600	05CH834901	-	590,548	-	-
			05CH834902	-	704,000	-	489,048
			05CH834903	-	-	-	659,044
Total - Head Start				-	1,294,548	-	1,148,092
Total - Department of Health and Human Services				-	1,294,548	-	1,148,092
Total federal awards expended				\$ -	\$ 1,990,735	\$ -	\$ 1,835,071

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

FREMONT COMMUNITY 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.

Note 3. *Special Education Cooperative*

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative) which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

FREMONT COMMUNITY 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 weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for Special Education Cluster (IDEA) and Head Start; Qualified for Child Nutrition Cluster
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>
93.600	Child Nutrition Cluster Special Education Cluster (IDEA) Head Start

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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2014-002.

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for government units (Gateway), which is a financial reporting system used to compile the School Corporation's SEFA. One employee prepared the federal award information entered into the Gateway without a control process in place to ensure its accuracy before submission.

Context

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$233,784 for fiscal year 2015 and overstated by \$1,116 for fiscal year 2016.
2. The Child and Adult Care Food Program expenditures were understated by \$83,052 for fiscal year 2015 and overstated by \$17,013 for fiscal year 2016.
3. The Child Nutrition Discretionary Grants Limited Availability expenditures were understated by \$11,904 for fiscal year 2016.
4. The Special Education Cluster (IDEA) expenditures were understated by \$263,227 for fiscal year 2015 and \$9,803 for fiscal year 2016.
5. The Title I Grants to Local Educational Agencies expenditures were understated by \$55,115 for fiscal year 2015.
6. The Head Start Direct Grants were understated by \$1,294,548 for fiscal year 2015 and overstated by \$595 for fiscal year 2016.

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

Criteria

The Indiana 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. . . .

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Child Nutrition Cluster - Internal Controls

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 2014/2015, FY 2015/2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting, Procurement
and Suspension and Debarment

Audit Finding: Material Weakness

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Reporting, and Procurement and Suspension and Debarment.

Cash Management (School Breakfast Program and National School Lunch Program only)

The School Corporation had not retained evidence that one individual was calculating a three months average of expenditures and another was approving the calculation.

Procurement

The School Corporation utilized an educational service center for Food Service bids. The educational service center administered the bidding process as well as verified that the vendors were not suspended or debarred. The educational service center made a recommendation to the School Corporation for the winning bids. However, there were no controls in place to ensure that the School Corporation and School Board formally approved the bids or awarded the contracts to the successful bidders. An oversight, review, or approval process had not been established.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports and the School Food Authority (SFA) Verification Collection Reports were accurate prior to submission. One person prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of properly designed and implemented 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. . . ."

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. A lack of segregation of duties within an internal control system could have also allowed noncompliance with 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, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-003

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014/2015, FY 2015/2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Qualified Opinion

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 Program Income compliance requirement. There were no procedures established to ensure that the receipts of the School Breakfast Program and National School Lunch Program were handled properly in accordance with the Program Income compliance requirement.

The School Corporation established a single fund, the School Lunch fund, for all activity or the food service programs. The School Corporation also maintained prepaid accounts for students. When prepaid funds were received, they were receipted with the program income into the School Lunch fund as revenue into a separate account set up for prepaid funds. However, when meals were purchased, they were not transferred from the prepaid account to the correct revenue account within the School Lunch fund.

Context

The School Corporation's procedures for recording revenues in the School Lunch fund prevented the ability to determine whether the School Corporation was in compliance with the Program Income compliance requirement.

The School Corporation had a lack of internal control over verifying the proper recording of daily cash receipts and a lack of control over the proper determination and posting of program income. The School Corporation did not design and implement an effective internal control to properly determine and post program income to the School Corporation's ledger.

Criteria

7 CFR 210.14(c) states:

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

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

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). . . ."

Cause

Management had not developed a system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit.

Effect

The failure to establish a system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit prevented the determination of the School Corporation's compliance with the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Program Income compliance requirement.

Views of Responsible Officials

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

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-046-PN01, 14214-046-PN01,
14215-046-PN01, 99914-46-TA01,
14216-046-PN01, 45715-046-PN01,
45716-044-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the Northeast Indiana Special Education Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide Special Education services to those in need. The Cooperative designated a Fiscal Agent, who was responsible for the accounting records of the Cooperative. The Fiscal Agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to Allowable Costs/Cost Principles.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Because the grant agreements were between the IDOE and each member of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements. The Fiscal Agent had not implemented adequate controls to ensure that Semi-Annual Certifications prepared were properly signed by the Special Education Director.

Context

The Semi-Annual Certifications were not all properly signed by the Special Education Director.

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. . . ."

FREMONT COMMUNITY 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). . . ."

OMB Circular A-87, Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the Cooperative and the participating school corporations in noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system allowed noncompliance with the compliance requirement and could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, review, 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, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

FINDING 2016-005

Subject: Head Start - Cash Management and Period of Performance

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Numbers and Years (or Other Identifying Numbers): 05CH834901, 05CH834902,
05CH834903

Pass-Through Entity: Direct

Compliance Requirements: Cash Management, Period of Performance

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2014-003.

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 Cash Management and Period of Performance compliance requirements.

Cash Management

The School Corporation had not established controls over the drawdowns or reimbursements. One employee was solely responsible for preparing and submitting all federal drawdowns or reimbursements. There was no segregation of duties, such as an oversight, review, or approval process.

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Period of Performance

The School Corporation had not established controls to ensure federal funds were obligated within the period of performance when requesting drawdowns or reimbursements. One employee was solely responsible for preparing and submitting all federal drawdowns or reimbursements. There was no segregation of duties, such as an oversight, review, or approval process.

Context

This was a systemic problem 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. . . ."

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

The School Corporation had not established and implemented an effective internal control system 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. A 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 program.

Questioned Costs

There were no questioned costs identified.

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-006

Subject: Head Start - Allowable Costs/Cost Principles - Time and Effort Reporting

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Numbers and Years (or Other Identifying Numbers): 05CH834901, 05CH834902,
05CH834903

Pass-Through Entity: Direct

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

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 Allowable Costs/Cost Principles compliance requirement. The School Corporation did not maintain Semi-Annual Certifications.

Context

The lack of controls and failure to maintain Semi-Annual Certifications were systemic problems 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. . . ."

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). . . ."

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-007

Subject: Head Start - Allowable Costs/Cost Principles - Indirect Costs

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Numbers and Years (or Other Identifying Numbers): 05CH834901, 05CH834902,
05CH834903

Pass-Through Entity: Direct

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

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 Allowable Costs/Cost Principles compliance requirement. The School Corporation began implementing indirect costs during fiscal year 2016, and there was no documented evidence of a review and approval process over the calculation of the indirect cost rate applied.

Context

The School Corporation had approval from the grantor agency to charge indirect costs, and the indirect costs charged were allowable. However, the lack of controls was a systemic problem, as indirect costs were applied from December 2015 through June 2016 without documentation of controls over the calculation of the indirect cost rate.

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). . . ."

FREMONT COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's Management establish and document controls, including segregation of duties, related to the grant agreement and the calculation of the indirect cost rate component of the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

Fremont Community Schools

Indiana Performance Qualified School District

Dr. William Stitt, Ed.D.
Superintendent
Shayne Tresenriter
Corporation Treasurer
Valerie Schmidt
Corporation Accounts Payable
Caleb Frederick
Corporation Technology Director
Linda McCarty
Corporation Secretary

Board of School Trustees

Gary Baker
Kimberly Bennett
Jill Cox
Anna Creager
Laura McLatcher
Marty McNeal
Jena Stuckey

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Brandon Penrod / Shayne Tresenriter

Contact Phone Number: 260-495-5005

Status of Audit Finding:

1. Cash and Investments: Bank reconciliations were not subjected to a review or approval.

The bank reconciliation is now reviewed and approved by the superintendent.

2. Receipts: The School Deputy Treasurer, writes receipts, posts receipts, prepares the deposit slips, and takes the deposit to the bank with the exception of the school lunch monies. For school lunch the Food Service Director collects each school's daily receipts, prepares the deposit slip, and takes the deposit to the bank.

The School Treasurer writes and posts receipts, prepares the deposit slips and takes the deposit to the bank. The Accounts Payable person now reviews the deposit and initials the deposit slips.

For school lunch the Food Service Director collects each school's daily receipts and together with the Middle School Cafeteria Manager prepares the daily receipts and deposit slip, both initial the deposit slip. The Food Service Director and/or the Middle School Cafeteria Manager takes the deposit to the bank.

3. Under reported receipts for FY 12-13 and FY 13-14 and underreported disbursements for FY 12-13 and FY 13-14.

The Fremont Community Schools' Superintendent and Treasurer are both working toward accurate accounting practices in all regards to be compliant with all guidelines.

FINDING 2014-002- PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Brandon Penrod / Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding:

Fremont Community Schools is working to understand and put into effect the correct reporting and accounting procedures for all SEFA funds.

The Fremont Community Head Start funds are reviewed and initialed each month by both the Head Start Director and FCS treasurer.

Title I is reviewed and initialed by both the Superintendent and Treasurer.

The Food Service program is reviewed and initialed by the Food Service Director and Middle School Cafeteria Manager.

The Special Education is reviewed by the Superintendent and the Special Education Co-op.

FINDING 2014-003- CASH MANAGEMENT, PERIOD OF AVAILABILITY AND REPORTING

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Health and Human Services
Contact Person Responsible for Corrective Action: Brandon Penrod / Shayne Tresenriter / Susan Swager
Contact Phone Number: 260-495-5005

Status of Audit Finding:

Managing the internal controls and establish an effective compliance with regards to the grant agreement requirements.

Cash Management, Reporting

The Head Start Director prepares and submits required reports. The FCS Treasurer and/or the FCS Superintendent now review and initial all required reports.

Period of Availability

The federal funds were requested before funds were spent. Federal funds are now spent and then requested (drawn down) after funds are spent. FCS Treasure reviews and initials requests.



(Signature)

TREASURER

(Title)

1-25-2018

(Date)

Fremont Community Schools

Indiana Performance Qualified School District

Dr. William Stitt, Ed.D.
Superintendent
Shayne Tresenriter
Corporation Treasurer
Valerie Schmidt
Corporation Accounts Payable
Caleb Frederick
Corporation Technology Director
Linda McCarty
Corporation Secretary

Board of School Trustees

Gary Baker
Kimberly Bennett
Jill Cox
Anna Creager
Laura McLatcher
Marty McNeal
Jena Stuckey

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Fremont Community Schools is in the process of correcting past SEFA information in Gateway. We now have a better understanding of how and what to report for SEFA and once the federal award information is prepared, a second employee will overlook the information for accuracy before it is reported in Gateway. Both employees will initial/sign the documentation. SEFA will be reported in a timely manner and before the deadlines.

Anticipated Completion Date: The past SEFA information correction should be complete by Friday, February 9, 2018. The SEFA will be completed and reviewed by 2 different employees.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Fremont Community Schools has fixed all aspects with the exception of having the Food Services Bids approved by the Board of School Trustees. The Board of School Trustees will approve the bids for the 2018/2019 school year when they are received.

Anticipated Completion Date: July 2018

FINDING 2016-003

Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: A system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit was not in place during the audit period. These systems were put in place July 1, 2016.

Anticipated Completion Date: Already completed.

FINDING 2016-004

Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: An effective internal control system was not in place with the Northeast Indiana Special Education Cooperative, which Fremont Community Schools is a member of.

Anticipated Completion Date: The Northeast Indiana Special Education Cooperative has taken care of this.

FINDING 2016-005

Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Cash drawdowns were not done according to guidelines.

Anticipated Completion Date: This has been corrected.

FINDING 2016-006

Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Time and Effort reporting was not maintained.

Anticipated Completion Date: Fremont Community Schools and FCS Head Start have started to maintain Time and Effort logs beginning in January 2018.

FINDING 2016-007

Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Indirect Costs were not implemented or maintained correctly

Anticipated Completion Date: Fremont Community Schools no longer uses Indirect Costs. This was corrected July 2016.



(Signature)

TREASURER

(Title)

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/>.