

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BREMEN PUBLIC SCHOOLS
MARSHALL COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/21/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephanie K. Pittman	07-01-16 to 06-30-19
Superintendent of Schools	Dr. James A. White	07-01-16 to 06-30-19
President of the School Board	Todd Stuckman Suzanne Ginter Brian Teall	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Bremen Public Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2019, 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 13, 2019



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Bremen Public Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 13, 2019, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 13, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

BREMEN PUBLIC SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 820,353	\$ 9,329,510	\$ 9,468,229	\$ 1,796	\$ 683,430	\$ 9,580,929	\$ 9,565,999	\$ 9,123	\$ 707,483
Debt Service	233,585	1,249,359	1,262,900	-	220,044	1,232,491	1,262,100	-	190,435
Retirement/Severance Bond Debt Service	22,460	135,482	137,085	-	20,857	134,656	135,210	-	20,303
Capital Projects	475,892	1,432,146	1,372,323	7,527	543,242	1,604,857	1,361,983	12,104	798,220
School Transportation	486,954	516,218	474,580	-	528,592	489,293	517,165	-	500,720
School Bus Replacement	60,711	110,862	-	-	171,573	142,063	153,800	-	159,836
Rainy Day	343,063	-	-	-	343,063	-	-	-	343,063
Retirement/Severance Bond	7,547	-	-	-	7,547	-	-	-	7,547
Construction	4,888	-	-	-	4,888	40,000	40,000	-	4,888
School Lunch	206,528	561,698	617,679	-	150,547	623,448	549,561	-	224,434
Textbook Rental	(64,026)	139,448	142,948	-	(67,526)	135,461	92,336	-	(24,401)
Repair and Replacement	2,600	-	-	-	2,600	16,007	8,669	-	9,938
Levy Excess	26,789	-	-	-	26,789	-	-	-	26,789
Child Care Program	1,596	950	-	-	2,546	-	-	-	2,546
Educational License Plates	263	94	-	-	357	75	-	-	432
Alternative Education	239	-	-	-	239	-	-	-	239
SAFE School Haven	90	-	-	-	90	-	-	-	90
Early Intervention Grant	4,398	-	-	-	4,398	-	-	-	4,398
Early Intervention Grant 16-17	-	6,801	-	-	6,801	-	6,801	-	-
Early Intervention Grant 17-18	-	-	-	-	-	6,353	-	-	6,353
Counseling Initiative Grant	-	30,000	5,571	-	24,429	349	21,494	-	3,284
Instructional Support	32	-	-	-	32	-	6	-	26
BPS Education Edowment	5,448	-	-	-	5,448	-	-	-	5,448
Special Education Donation	6,299	-	2,961	-	3,338	-	1,353	-	1,985
Psi Iota Xi Donation	2,226	-	-	-	2,226	-	27	-	2,199
HS 3D Printer Donation	1,702	-	-	-	1,702	-	-	-	1,702
Industrial Tech Grant	-	100,000	101,663	-	(1,663)	35,000	17,446	-	15,891
United Way Donation	-	-	-	-	-	500	-	-	500
Backpack Light Donation	-	-	-	-	-	1,000	1,000	-	-
Bunge Field Renovation Donations	-	-	-	-	-	500	-	-	500
MCCF Grant - MP3 Players	56	-	-	-	56	-	-	-	56
Middle School Special Education Grant	459	-	-	-	459	-	459	-	-
Pioneer Hi-Bred Grant	2,200	-	1,936	-	264	-	265	-	(1)
Formative Assessment	-	10,431	10,431	-	-	14,308	10,131	-	4,177
High Ability 2015-2016	742	-	742	-	-	-	-	-	-
High Ability 2016-2017	-	30,814	30,215	-	599	-	599	-	-
High Ability 2017-2018	-	-	-	-	-	30,570	30,060	-	510

BREMEN PUBLIC SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
Drug Free Communities	-	500	500	-	-	2,880	497	-	2,383
Medicaid Reimbursement	384	5,273	-	(3,388)	2,269	8,245	-	(7,231)	3,283
Non-English Speaking Programs	-	35,285	33,622	-	1,663	-	1,662	-	1
Non-English Speaking Prog 2015-2016	3,574	-	3,573	-	1	-	-	-	1
Non-English Speaking Prog 2017-2018	-	-	-	-	-	43,863	38,991	-	4,872
School Technology	-	8,468	4,440	-	4,028	11,010	7,000	-	8,038
Career and Technical Performance Grant	-	7,047	-	-	7,047	7,607	8,784	-	5,870
High Ability Competitive Grant 2016-2017	-	9,520	9,520	-	-	1,000	1,000	-	-
Science Telecommunications Grant	17	-	-	-	17	-	-	-	17
Title I 2015-2016	(7,017)	52,684	45,667	-	-	-	-	-	-
Title I 2016-2017	-	155,731	165,243	-	(9,512)	25,300	15,788	-	-
Title I 2017-2018	-	-	-	-	-	109,969	115,697	-	(5,728)
Federal Special Education School Age 2016-2017	-	220,073	231,614	-	(11,541)	63,578	53,265	-	(1,228)
Federal Special Education School Age 2017-2018	-	-	-	-	-	214,225	250,352	-	(36,127)
Federal Special Education School Age 2015-2016	(29,119)	45,080	15,961	-	-	-	-	-	-
Federal Special Education Preschool 2016-2017	-	5,661	6,198	-	(537)	1,747	1,347	-	(137)
Federal Special Education Preschool 2017-2018	-	-	-	-	-	5,391	5,929	-	(538)
Federal Special Education Preschool 2015-2016	(262)	389	127	-	-	-	-	-	-
Medicaid Reimbursement - Federal	12	9,681	839	-	8,854	14,420	1,427	-	21,847
21st Century Learning Center	-	-	-	-	-	-	1,362	-	(1,362)
Indiana Wellness Grant	130	-	-	-	130	-	-	-	130
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	18,611	27,145	-	(8,534)
Improving Teacher Quality, Title II, Part A 2014-2016	(4,643)	10,787	6,144	-	-	-	-	-	-
Improving Teacher Quality, Title II, Part A 2015-2017	-	17,296	17,784	-	(488)	13,851	13,363	-	-
Title III, Language Instruction 2014-2015	-	6,016	6,016	-	-	-	-	-	-
Title III, Language Instruction 2015-2016	(601)	3,076	6,968	-	(4,493)	9,501	5,008	-	-
Title III, Language Instruction 2016-2017	-	18,048	18,497	-	(449)	13,489	13,040	-	-
Title III, Language Instruction 2017-2018	-	-	-	-	-	13,956	14,676	-	(720)
Payroll Clearing	12,066	2,462,670	2,473,851	-	885	2,435,732	2,419,050	-	17,567
Prepaid Lunch	11,497	(502)	733	-	10,262	182,434	182,990	-	9,706
One to One Device	60,617	41,230	34,024	-	67,823	42,915	31,117	-	79,621
Background Check	(427)	1,493	1,695	-	(629)	908	1,315	-	(1,036)
Totals	\$ 2,699,322	\$ 16,769,319	\$ 16,712,279	\$ 5,935	\$ 2,762,297	\$ 17,328,492	\$ 16,987,269	\$ 13,996	\$ 3,117,516

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

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Most are the result of the timing with disbursements and receipts of federal funds as they operate on a reimbursement basis. Funds are required to be expended prior to the reimbursement. The Textbook Rental fund had deficit balances due to disbursements exceeding receipts. The Background Check fund had deficit cash balances due to the timing of reimbursements from other funds.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into capital leases with the Bremen Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments for the First Mortgage Refunding and Improvement Bonds Series 2015 during the years ended June 30, 2017, and June 30, 2018, totaled \$1,260,500 and \$1,260,500, respectively.

Note 9. *Other Postemployment Benefits*

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

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

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

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 820,353	\$ 233,585	\$ 22,460	\$ 475,892	\$ 486,954	\$ 60,711	\$ 343,063	\$ 7,547	\$ 4,888	\$ 206,528
Receipts:										
Local sources	47,483	1,249,359	135,482	1,422,924	512,077	110,862	-	-	-	243,479
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	9,280,901	-	-	8,816	-	-	-	-	-	6,744
Federal sources	-	-	-	-	-	-	-	-	-	311,475
Other receipts	1,126	-	-	406	4,141	-	-	-	-	-
Total receipts	9,329,510	1,249,359	135,482	1,432,146	516,218	110,862	-	-	-	561,698
Disbursements:										
Instruction	6,340,552	-	-	-	-	-	-	-	-	-
Support services	2,828,598	-	-	836,362	474,580	-	-	-	-	1
Noninstructional services	299,079	-	-	-	-	-	-	-	-	617,678
Facilities acquisition and construction	-	-	-	535,961	-	-	-	-	-	-
Debt service	-	1,262,900	137,085	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,468,229	1,262,900	137,085	1,372,323	474,580	-	-	-	-	617,679
Excess (deficiency) of receipts over disbursements	(138,719)	(13,541)	(1,603)	59,823	41,638	110,862	-	-	-	(55,981)
Other financing sources (uses):										
Sale of capital assets	300	-	-	7,527	-	-	-	-	-	-
Transfers in	1,496	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,796	-	-	7,527	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(136,923)	(13,541)	(1,603)	67,350	41,638	110,862	-	-	-	(55,981)
Cash and investments - ending	\$ 683,430	\$ 220,044	\$ 20,857	\$ 543,242	\$ 528,592	\$ 171,573	\$ 343,063	\$ 7,547	\$ 4,888	\$ 150,547

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Textbook Rental	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Early Intervention Grant 16-17	Early Intervention Grant 17-18
Cash and investments - beginning	\$ (64,026)	\$ 2,600	\$ 26,789	\$ 1,596	\$ 263	\$ 239	\$ 90	\$ 4,398	\$ -	\$ -
Receipts:										
Local sources	91,430	-	-	950	-	-	-	-	-	-
Intermediate sources	-	-	-	-	94	-	-	-	-	-
State sources	48,001	-	-	-	-	-	-	-	6,801	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	17	-	-	-	-	-	-	-	-	-
Total receipts	139,448	-	-	950	94	-	-	-	6,801	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	142,948	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	142,948	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(3,500)	-	-	950	94	-	-	-	6,801	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,500)	-	-	950	94	-	-	-	6,801	-
Cash and investments - ending	\$ (67,526)	\$ 2,600	\$ 26,789	\$ 2,546	\$ 357	\$ 239	\$ 90	\$ 4,398	\$ 6,801	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Counseling Initiative Grant	Instructional Support	BPS Education Endowment	Special Education Donation	Psi Iota Xi Donation	HS 3D Printer Donation	Industrial Tech Grant	United Way Donation	Backpack Light Donation	Bunge Field Renovation Donation
Cash and investments - beginning	\$ -	\$ 32	\$ 5,448	\$ 6,299	\$ 2,226	\$ 1,702	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	30,000	-	-	-	-	-	100,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	30,000	-	-	-	-	-	100,000	-	-	-
Disbursements:										
Instruction	-	-	-	2,961	-	-	-	-	-	-
Support services	5,571	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	101,663	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,571	-	-	2,961	-	-	101,663	-	-	-
Excess (deficiency) of receipts over disbursements	24,429	-	-	(2,961)	-	-	(1,663)	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,429	-	-	(2,961)	-	-	(1,663)	-	-	-
Cash and investments - ending	\$ 24,429	\$ 32	\$ 5,448	\$ 3,338	\$ 2,226	\$ 1,702	\$ (1,663)	\$ -	\$ -	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	MCCF Grant - MP3 Players	Middle School Special Education Grant	Pioneer Hi-Bred Grant	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs
Cash and investments - beginning	\$ 56	\$ 459	\$ 2,200	\$ -	\$ 742	\$ -	\$ -	\$ -	\$ 384	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	10,431	-	30,814	-	-	5,273	35,285
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	500	-	-	-
Total receipts	-	-	-	10,431	-	30,814	-	500	5,273	35,285
Disbursements:										
Instruction	-	-	892	-	742	30,215	-	-	-	33,181
Support services	-	-	1,044	10,431	-	-	-	500	-	441
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,936	10,431	742	30,215	-	500	-	33,622
Excess (deficiency) of receipts over disbursements	-	-	(1,936)	-	(742)	599	-	-	5,273	1,663
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(3,388)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(3,388)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,936)	-	(742)	599	-	-	1,885	1,663
Cash and investments - ending	\$ 56	\$ 459	\$ 264	\$ -	\$ -	\$ 599	\$ -	\$ -	\$ 2,269	\$ 1,663

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Non-English Speaking Prog 2015-2016	Non-English Speaking Prog 2017-2018	School Technology	Career and Technical Performance Grant	High Ability Competitive Grant 2016-2017	Science Telecommunications Grant	Title I 2015-2016	Title I 2016-2017	Title I 2017-2018	Federal Special Education School Age 2016-2017
Cash and investments - beginning	\$ 3,574	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ (7,017)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	8,468	7,047	9,520	-	-	-	-	-
Federal sources	-	-	-	-	-	-	52,684	155,731	-	220,073
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	8,468	7,047	9,520	-	52,684	155,731	-	220,073
Disbursements:										
Instruction	3,573	-	-	-	9,520	-	22,471	165,243	-	36,599
Support services	-	-	4,440	-	-	-	23,196	-	-	195,015
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,573	-	4,440	-	9,520	-	45,667	165,243	-	231,614
Excess (deficiency) of receipts over disbursements	(3,573)	-	4,028	7,047	-	-	7,017	(9,512)	-	(11,541)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,573)	-	4,028	7,047	-	-	7,017	(9,512)	-	(11,541)
Cash and investments - ending	\$ 1	\$ -	\$ 4,028	\$ 7,047	\$ -	\$ 17	\$ -	\$ (9,512)	\$ -	\$ (11,541)

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Federal Special Education School Age 2017-2018	Federal Special Education School Age 2015-2016	Federal Special Education Preschool 2016-2017	Federal Special Education Preschool 2017-2018	Federal Special Education Preschool 2015-2016	Medicaid Reimbursement - Federal	21st Century Learning Center	Indiana Wellness Grant	Teacher Quality, No Child Left, Title II, Part A	Teacher Quality, Title II, Part A 2014-2016
Cash and investments - beginning	\$ -	\$ (29,119)	\$ -	\$ -	\$ (262)	\$ 12	\$ -	\$ 130	\$ -	\$ (4,643)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	45,080	5,661	-	389	9,681	-	-	-	10,787
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	45,080	5,661	-	389	9,681	-	-	-	10,787
Disbursements:										
Instruction	-	3,998	378	-	127	-	-	-	-	-
Support services	-	11,963	5,820	-	-	839	-	-	-	6,144
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	15,961	6,198	-	127	839	-	-	-	6,144
Excess (deficiency) of receipts over disbursements	-	29,119	(537)	-	262	8,842	-	-	-	4,643
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	29,119	(537)	-	262	8,842	-	-	-	4,643
Cash and investments - ending	\$ -	\$ -	\$ (537)	\$ -	\$ -	\$ 8,854	\$ -	\$ 130	\$ -	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Teacher Quality, Title II, Part A 2015-2017	Title III, Language Instruction 2014-2015	Title III, Language Instruction 2015-2016	Title III, Language Instruction 2016-2017	Title III, Language Instruction 2017-2018	Payroll Clearing	Prepaid Lunch	One to One Device	Background Check	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (601)	\$ -	\$ -	\$ 12,066	\$ 11,497	\$ 60,617	\$ (427)	\$ 2,699,322
Receipts:										
Local sources	-	-	-	-	-	-	-	41,230	1,493	3,986,769
Intermediate sources	-	-	-	-	-	-	-	-	-	94
State sources	-	-	-	-	-	-	-	-	-	9,458,101
Federal sources	17,296	6,016	3,076	18,048	-	-	-	-	-	855,997
Other receipts	-	-	-	-	-	2,462,670	(502)	-	-	2,468,358
Total receipts	17,296	6,016	3,076	18,048	-	2,462,670	(502)	41,230	1,493	16,769,319
Disbursements:										
Instruction	-	6,016	5,828	17,966	-	-	-	-	-	6,680,262
Support services	17,784	-	1,140	531	-	-	-	-	-	4,567,348
Noninstructional services	-	-	-	-	-	-	-	34,024	1,695	952,476
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	637,624
Debt service	-	-	-	-	-	-	-	-	-	1,399,985
Nonprogrammed charges	-	-	-	-	-	2,473,851	733	-	-	2,474,584
Total disbursements	17,784	6,016	6,968	18,497	-	2,473,851	733	34,024	1,695	16,712,279
Excess (deficiency) of receipts over disbursements	(488)	-	(3,892)	(449)	-	(11,181)	(1,235)	7,206	(202)	57,040
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	7,827
Transfers in	-	-	-	-	-	-	-	-	-	1,496
Transfers out	-	-	-	-	-	-	-	-	-	(3,388)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	5,935
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(488)	-	(3,892)	(449)	-	(11,181)	(1,235)	7,206	(202)	62,975
Cash and investments - ending	\$ (488)	\$ -	\$ (4,493)	\$ (449)	\$ -	\$ 885	\$ 10,262	\$ 67,823	\$ (629)	\$ 2,762,297

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 683,430	\$ 220,044	\$ 20,857	\$ 543,242	\$ 528,592	\$ 171,573	\$ 343,063	\$ 7,547	\$ 4,888	\$ 150,547
Receipts:										
Local sources	61,804	1,232,491	134,656	1,595,953	481,745	142,063	-	-	-	239,603
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	9,515,873	-	-	-	-	-	-	-	-	6,787
Federal sources	-	-	-	-	-	-	-	-	-	376,842
Other receipts	3,252	-	-	8,904	7,548	-	-	-	40,000	216
Total receipts	9,580,929	1,232,491	134,656	1,604,857	489,293	142,063	-	-	40,000	623,448
Disbursements:										
Instruction	6,460,009	-	-	-	-	-	-	-	-	-
Support services	2,798,202	-	-	816,948	517,165	153,800	-	-	40,000	-
Noninstructional services	307,788	-	-	-	-	-	-	-	-	549,561
Facilities acquisition and construction	-	-	-	545,035	-	-	-	-	-	-
Debt service	-	1,262,100	135,210	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,565,999	1,262,100	135,210	1,361,983	517,165	153,800	-	-	40,000	549,561
Excess (deficiency) of receipts over disbursements	14,930	(29,609)	(554)	242,874	(27,872)	(11,737)	-	-	-	73,887
Other financing sources (uses):										
Sale of capital assets	-	-	-	12,104	-	-	-	-	-	-
Transfers in	9,123	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	9,123	-	-	12,104	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,053	(29,609)	(554)	254,978	(27,872)	(11,737)	-	-	-	73,887
Cash and investments - ending	\$ 707,483	\$ 190,435	\$ 20,303	\$ 798,220	\$ 500,720	\$ 159,836	\$ 343,063	\$ 7,547	\$ 4,888	\$ 224,434

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Textbook Rental	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	Alternative Education	SAFE School Haven	Early Intervention Grant	Early Intervention Grant 16-17	Early Intervention Grant 17-18
Cash and investments - beginning	\$ (67,526)	\$ 2,600	\$ 26,789	\$ 2,546	\$ 357	\$ 239	\$ 90	\$ 4,398	\$ 6,801	\$ -
Receipts:										
Local sources	85,962	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	75	-	-	-	-	-
State sources	49,499	-	-	-	-	-	-	-	-	6,353
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	16,007	-	-	-	-	-	-	-	-
Total receipts	135,461	16,007	-	-	75	-	-	-	-	6,353
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	6,801	-
Support services	92,336	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	8,669	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	92,336	8,669	-	-	-	-	-	-	6,801	-
Excess (deficiency) of receipts over disbursements	43,125	7,338	-	-	75	-	-	-	(6,801)	6,353
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	43,125	7,338	-	-	75	-	-	-	(6,801)	6,353
Cash and investments - ending	\$ (24,401)	\$ 9,938	\$ 26,789	\$ 2,546	\$ 432	\$ 239	\$ 90	\$ 4,398	\$ -	\$ 6,353

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Counseling Initiative Grant	Instructional Support	BPS Education Endowment	Special Education Donation	Psi Iota Xi Donation	HS 3D Printer Donation	Industrial Tech Grant	United Way Donation	Backpack Light Donation	Bunge Field Renovation Donation
Cash and investments - beginning	\$ 24,429	\$ 32	\$ 5,448	\$ 3,338	\$ 2,226	\$ 1,702	\$ (1,663)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	35,000	500	1,000	500
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	349	-	-	-	-	-	-	-	-	-
Total receipts	349	-	-	-	-	-	35,000	500	1,000	500
Disbursements:										
Instruction	-	6	-	1,353	-	-	16,261	-	1,000	-
Support services	21,494	-	-	-	27	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,185	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,494	6	-	1,353	27	-	17,446	-	1,000	-
Excess (deficiency) of receipts over disbursements	(21,145)	(6)	-	(1,353)	(27)	-	17,554	500	-	500
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,145)	(6)	-	(1,353)	(27)	-	17,554	500	-	500
Cash and investments - ending	\$ 3,284	\$ 26	\$ 5,448	\$ 1,985	\$ 2,199	\$ 1,702	\$ 15,891	\$ 500	\$ -	\$ 500

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	MCCF Grant - MP3 Players	Middle School Special Education Grant	Pioneer Hi-Bred Grant	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs
Cash and investments - beginning	\$ 56	\$ 459	\$ 264	\$ -	\$ -	\$ 599	\$ -	\$ -	\$ 2,269	\$ 1,663
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	14,308	-	-	30,570	-	8,245	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	2,880	-	-	-
Total receipts	-	-	-	14,308	-	-	30,570	2,880	8,245	-
Disbursements:										
Instruction	-	459	265	-	-	599	30,060	-	-	1,166
Support services	-	-	-	10,131	-	-	-	497	-	496
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	459	265	10,131	-	599	30,060	497	-	1,662
Excess (deficiency) of receipts over disbursements	-	(459)	(265)	4,177	-	(599)	510	2,383	8,245	(1,662)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(7,231)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(7,231)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(459)	(265)	4,177	-	(599)	510	2,383	1,014	(1,662)
Cash and investments - ending	\$ 56	\$ -	\$ (1)	\$ 4,177	\$ -	\$ -	\$ 510	\$ 2,383	\$ 3,283	\$ 1

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Non-English Speaking Prog 2015-2016	Non-English Speaking Prog 2017-2018	School Technology	Career and Technical Performance Grant	High Ability Competitive Grant 2016-2017	Science Telecommunications Grant	Title I 2015-2016	Title I 2016-2017	Title I 2017-2018	Federal Special Education School Age 2016-2017
Cash and investments - beginning	\$ 1	\$ -	\$ 4,028	\$ 7,047	\$ -	\$ 17	\$ -	\$ (9,512)	\$ -	\$ (11,541)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	43,863	11,010	7,607	1,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	25,300	109,969	63,578
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	43,863	11,010	7,607	1,000	-	-	25,300	109,969	63,578
Disbursements:										
Instruction	-	37,504	-	8,784	1,000	-	-	15,788	115,697	6,617
Support services	-	1,487	7,000	-	-	-	-	-	-	46,648
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	38,991	7,000	8,784	1,000	-	-	15,788	115,697	53,265
Excess (deficiency) of receipts over disbursements	-	4,872	4,010	(1,177)	-	-	-	9,512	(5,728)	10,313
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,872	4,010	(1,177)	-	-	-	9,512	(5,728)	10,313
Cash and investments - ending	\$ 1	\$ 4,872	\$ 8,038	\$ 5,870	\$ -	\$ 17	\$ -	\$ -	\$ (5,728)	\$ (1,228)

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Federal Special Education School Age 2017-2018	Federal Special Education School Age 2015-2016	Federal Special Education Preschool 2016-2017	Federal Special Education Preschool 2017-2018	Federal Special Education Preschool 2015-2016	Medicaid Reimbursement - Federal	21st Century Learning Center	Indiana Wellness Grant	Teacher Quality, No Child Left, Title II, Part A	Teacher Quality, Title II, Part A 2014-2016
Cash and investments - beginning	\$ -	\$ -	\$ (537)	\$ -	\$ -	\$ 8,854	\$ -	\$ 130	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	214,225	-	1,747	5,391	-	14,420	-	-	18,611	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	214,225	-	1,747	5,391	-	14,420	-	-	18,611	-
Disbursements:										
Instruction	63,698	-	191	105	-	-	64	-	-	-
Support services	186,654	-	1,156	5,824	-	1,427	-	-	27,145	-
Noninstructional services	-	-	-	-	-	-	1,298	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	250,352	-	1,347	5,929	-	1,427	1,362	-	27,145	-
Excess (deficiency) of receipts over disbursements	(36,127)	-	400	(538)	-	12,993	(1,362)	-	(8,534)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,127)	-	400	(538)	-	12,993	(1,362)	-	(8,534)	-
Cash and investments - ending	\$ (36,127)	\$ -	\$ (137)	\$ (538)	\$ -	\$ 21,847	\$ (1,362)	\$ 130	\$ (8,534)	\$ -

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Teacher Quality, Title II, Part A 2015-2017	Title III, Language Instruction 2014-2015	Title III, Language Instruction 2015-2016	Title III, Language Instruction 2016-2017	Title III, Language Instruction 2017-2018	Payroll Clearing	Prepaid Lunch	One to One Device	Background Check	Totals
Cash and investments - beginning	\$ (488)	\$ -	\$ (4,493)	\$ (449)	\$ -	\$ 885	\$ 10,262	\$ 67,823	\$ (629)	\$ 2,762,297
Receipts:										
Local sources	-	-	-	-	-	-	-	42,915	908	4,055,100
Intermediate sources	-	-	-	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	-	-	-	9,695,115
Federal sources	13,851	-	9,501	13,489	13,956	-	-	-	-	880,880
Other receipts	-	-	-	-	-	2,435,732	182,434	-	-	2,697,322
Total receipts	13,851	-	9,501	13,489	13,956	2,435,732	182,434	42,915	908	17,328,492
Disbursements:										
Instruction	-	-	5,008	13,040	14,156	-	-	-	-	6,799,631
Support services	13,363	-	-	-	251	-	-	-	-	4,742,051
Noninstructional services	-	-	-	-	269	-	-	31,117	1,315	891,348
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	554,889
Debt service	-	-	-	-	-	-	-	-	-	1,397,310
Nonprogrammed charges	-	-	-	-	-	2,419,050	182,990	-	-	2,602,040
Total disbursements	13,363	-	5,008	13,040	14,676	2,419,050	182,990	31,117	1,315	16,987,269
Excess (deficiency) of receipts over disbursements	488	-	4,493	449	(720)	16,682	(556)	11,798	(407)	341,223
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	12,104
Transfers in	-	-	-	-	-	-	-	-	-	9,123
Transfers out	-	-	-	-	-	-	-	-	-	(7,231)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	13,996
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	488	-	4,493	449	(720)	16,682	(556)	11,798	(407)	355,219
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (720)	\$ 17,567	\$ 9,706	\$ 79,621	\$ (1,036)	\$ 3,117,516

BREMEN PUBLIC SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Bremen Multi-School Building Corporation	First Mortgage Refunding and Improvement Bonds Series 2015	\$ 1,262,500	06/15/2015	06/30/2023
Bremen Multi-School Building Corporation	First Mortgage Bonds Series 2018	<u>66,500</u>	04/16/2018	12/31/2032
Total of annual lease payments		<u>\$ 1,329,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Refunding Bonds of 2012	<u>\$ 565,000</u>	<u>\$ 135,035</u>

BREMEN PUBLIC SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,185,900
Buildings	81,796,600
Improvements other than buildings	234,900
Machinery, equipment, and vehicles	<u>2,623,908</u>
Total capital assets	<u>\$ 85,841,308</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the Bremen Public Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 and 2018-002, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

BREMEN PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2017	\$ -	\$ 32,813	\$ -	\$ -
School Breakfast Program			FY 2018	-	-	-	36,977
Total - School Breakfast Program				-	32,813	-	36,977
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2017	-	265,543	-	-
School Lunch Program			FY 2018	-	-	-	323,791
Commodities			FY 2017, FY 2018	-	50,117	-	48,884
Total - National School Lunch Program				-	315,660	-	372,675
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program			FY 2017	-	13,119	-	-
Summer Food Service Program			FY 2018	-	-	-	16,074
Total - Summer Food Service Program for Children				-	13,119	-	16,074
Total - Child Nutrition Cluster				-	361,592	-	425,726
Total - Department of Agriculture				-	361,592	-	425,726
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education School Age 2015-16			14216-116-PN01	-	45,080	-	-
Special Education School Age 2016-17			14217-116-PN01	-	220,073	-	63,578
Special Education School Age 2017-18			18611-116-PN01	-	-	-	214,225
Total - Special Education Grants to States				-	265,153	-	277,803
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool 2015-16			45716-116-PN01	-	389	-	-
Special Education Preschool 2016-17			45717-116-PN01	-	5,661	-	1,747
			18619-116-PN01	-	-	-	5,391
Total - Special Education Preschool Grants				-	6,050	-	7,138
Total - Special Education Cluster (IDEA)				-	271,203	-	284,941

BREMEN PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2015-16			16-5480	-	52,684	-	-
Title I 2016-17			17-5480	-	155,731	-	25,300
Title I 2017-18			18-5480	-	-	-	109,969
Total - Title I Grants to Local Educational Agencies				-	208,415	-	135,269
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2014-16			01115-074-PN01	1,934	6,016	-	-
Title III 2015-17			01116-075-PN01	-	3,076	5,008	9,501
Title III 2016-17			01117-202-PN01	-	18,048	3,208	13,489
Title III 2017-19			01118-208-PN01	-	-	1,555	13,956
Total - English Language Acquisition State Grants				1,934	27,140	9,771	36,946
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II 2014-16			S367A140013	-	10,787	-	-
Title II 2015-17			S367A150015	-	17,296	-	13,851
Title II 2016-18			S367A160013	-	-	-	18,611
Total - Supporting Effective Instruction State Grants				-	28,083	-	32,462
Total - Department of Education				1,934	534,841	9,771	489,618
<u>Social Security Administration</u>							
Disability Insurance/SSI Cluster							
Social Security Disability Insurance	Direct Grant	96.001					
Medicaid Reimbursement			FY 2017	-	839	-	-
Medicaid Reimbursement			FY 2018	-	-	-	1,427
Total - Disability Insurance/SSI Cluster				-	839	-	1,427
Total - Social Security Administration				-	839	-	1,427
Total federal awards expended				\$ 1,934	\$ 897,272	\$ 9,771	\$ 916,771

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

BREMEN PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

BREMEN PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: School Breakfast Program and the National School Lunch Program - Internal Controls
 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 2017, FY 2018
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirements: Eligibility, Reporting
 Audit Finding: Material Weakness

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-003.

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility and Reporting compliance requirements.

Eligibility

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

Reporting

The School Corporation implemented controls which required the Food Service Director to review and approve the School Food Authority (SFA) Verification Collection Reports prepared by the School Lunch Account Assistant. However, there was no documentation of this process.

Context

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

Criteria

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 to ensure compliance with the compliance requirements listed above.

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 listed above. 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 programs.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the 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 2018-002

Subject: Child Nutrition Cluster - Equipment

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 2017, FY 2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

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 Equipment and Real Property Management compliance requirement. The School Corporation did not comply with requirements for managing equipment.

Property records for equipment did not include the source of funding or the percentage of federal participation in the cost. Additionally, no approval was obtained from the Indiana Department of Education for purchases over \$5,000.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

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). . . ."

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

2 CFR 200.313(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any disposition data including the date of disposal and sale price of the property. . . ."

2 CFR 200.439(b) states in part:

"The following rules of allowability must apply to equipment and other capital expenditures:
. . .

- (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Equipment and Real Property Management compliance requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective internal control system to ensure compliance with the grant agreement and the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Administration Office

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Dr. Jim White
Superintendent

Mrs. Stephanie Pittman
Treasurer

Ms. Terri Biddle
Supt Sec./Deputy Treas

Mrs. Michele Liverman
Payroll/Acct Associate

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2014-2015

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

Contact Person Responsible for Corrective Action: Stephanie Pittman

Contact Phone Number: 574-546-3929

Status of Audit Finding:

Beginning with the 2017-2018 school year, the process outlined in the Corrective Action Plan for Finding 2016-001 was implemented.

For certified salaries, the Master Contract was approved by the Board of School Trustees at a public meeting. Salaries were calculated and entered into the accounting system by the Treasurer. The entries into the accounting system were reviewed by the Payroll Associate. The report from the accounting system was initialed by the Payroll Associate.

For classified salaries, the Treasurer and the Superintendent prepared a Classified Salary Recommendation Form. This Form was approved by the Board of School Trustees at a public meeting.

Stephanie Pittman
(Signature)

Treasurer
(Title)

1/7/2019
(Date)

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2014-2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: NA
Contact Person Responsible for Corrective Action: Stephanie Pittman
Contact Phone Number: 574-546-3929

Status of Audit Finding:

On July 6, 2018, the Board of School Trustees adopted new policies authored by Neola. Included in the policies is Policy Number 2623.01 – Test Security Provisions for Statewide Assessments.

Stephanie Pittman
(Signature)

Treasurer
(Title)

1/7/2019
(Date)

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2014-2015

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

Contact Person Responsible for Corrective Action: Stephanie Pittman

Contact Phone Number: 574-546-3929

Status of Audit Finding:

1. **Activities Allowed or Un-allowed, Allowable Costs/Cost Principals:** The Corrective Action Plan called for the Food Service to use the time keeping system to track hours and absences. This process has not been implemented at this time. The Food Service Director has no other duties aside from the management of the School Lunch Program. I question the validity of this finding due to the fact that there are no other duties for the Food Service Director and that any paid time for absences would still fall under allowable costs.
2. **Eligibility:** Beginning in August 2018, the Treasurer reviewed the entries into the food service software, made an electronic notation of the review and also initialed the paper application.
3. **Program Income:** Beginning in the winter of 2017-18, the Food Service Director reviewed and initialed the financial reports provided by the Treasurer.
4. **Reporting:** The Food Service Director reviews the reimbursement submission and sends an initialed copy to the Treasurer. The Treasurer then compares the reimbursement submission to the amount of reimbursement received. This process began in November of 2017.

Stephanie Pittman
(Signature)

Treasurer
(Title)

1/7/2019
(Date)

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



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CORRECTIVE ACTION PLAN

FINDING 2018-001

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

Views of Responsible Official: Concurrence with the finding

Description of Corrective Action Plan:

Eligibility – Physical applications for free and reduced-price meals benefits are submitted to the Elementary/Middle School Office. The Principal's Secretary is responsible for the entry of the data into the student management system. Once the data is entered, the application is sent to the Corporation Treasurer for review. The Corporation Treasurer compares the data on the physical application with the data entered into the student management system. The Corporation Treasurer then initials the physical application and electronically approves the application in the student management system.

Reporting – The Verification Collection Reports are completed by the Elementary/Middle School Principal's Secretary. The Elementary/Middle School Assistant Principal's Secretary reviews the report and documents the review.

Anticipated Completion Date:

Eligibility - The review was put in place in August 2018 when free and reduced-price meal applications were submitted for the 2018-2019 school year.

Reporting – The review was put in place for the 2018-2019 school year. The report for the 2018-2019 school year has been reviewed.

Stephanie Pittman
(Signature)

Treasurer
(Title)

2/7/2019
(Date)



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Payroll/Acct Associate

CORRECTIVE ACTION PLAN

FINDING 2018-002

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

Views of Responsible Official: Concurrence with the finding.

Description of Corrective Action Plan:

The property records will be updated to reflect the Federal participation in the purchase of equipment for the Food Service Department.

The Food Service Director was made aware of the requirement for approval from the Indiana Department of Education for purchases over \$5,000. The request for approval will be a part of the procurement process.

Anticipated Completion Date:

Property records will be updated by June 30, 2019.

The request for approval process is already in place and was completed for a purchase in the fall of 2018.

Stephanie Pittman
(Signature)

Treasurer
(Title)

2/7/2019
(Date)

OTHER REPORTS

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