

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
STEUBEN COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/28/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-29
Schedule of Payables and Receivables	31
Schedule of Leases and Debt	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	36-37
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	40-41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Findings and Questioned Costs	43-47
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	50-52
Corrective Action Plan	53-54
Other Reports.....	55

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant) Shayne Tresenriter	06-01-16 to 10-16-16 10-17-16 to 12-31-19
Superintendent of Schools	Dr. William Stitt (interim) Dr. William Stitt	07-01-16 to 09-26-16 09-27-16 to 06-30-19
President of the School Board	Marty McNeal Gary Baker	01-01-16 to 12-31-17 01-01-18 to 12-31-19



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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, 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 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 March 19, 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

March 19, 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 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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 19, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

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

March 19, 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.

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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, 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	\$ 854,968	\$ 5,939,957	\$ 5,270,029	\$ 2,334	\$ 1,527,230	\$ 6,197,190	\$ 5,572,215	\$ 18,707	\$ 2,170,912
Referendum Tax Levy	875,128	2,212,834	1,535,965	-	1,551,997	2,218,306	1,744,698	-	2,025,605
Debt Service	741,481	1,380,245	1,544,924	-	576,802	1,418,456	1,610,753	-	384,505
Retirement/Severance Bond Debt Service	228,346	312,794	551,213	-	(10,073)	164,029	184,725	-	(30,769)
Capital Projects	1,319,592	1,714,410	983,791	18,288	2,068,499	1,784,538	1,451,467	-	2,401,570
School Transportation	897,842	1,066,806	765,478	-	1,199,170	943,374	1,026,755	-	1,115,789
School Bus Replacement	74,144	146,484	121,110	-	99,518	570,440	283,043	-	386,915
Rainy Day	1,303,411	-	32,922	-	1,270,489	-	154,153	-	1,116,336
Retirement/Severance Bond	2,098	-	-	-	2,098	-	-	(2,098)	-
Construction	706,900	-	308,761	-	398,139	5,400	293,723	-	109,816
GEO Bond 2014	62,029	-	52,923	-	9,106	-	9,106	-	-
2016 GO Bond	1,952,177	-	1,952,177	-	-	-	-	-	-
2016 Lease Rental Bond	954,427	192	815,042	-	139,577	200	135,671	-	4,106
2017 GO Bond	-	-	2,750	2,006,939	2,004,189	-	1,678,258	-	325,931
School Lunch	38,921	414,261	391,401	1,483	63,264	448,858	420,922	-	91,200
Textbook Rental	286,051	90,745	120,733	-	256,063	105,619	83,416	-	278,266
Self-Insurance	-	(620)	-	-	(620)	-	-	620	-
Levy Excess	-	-	-	-	-	-	-	-	-
Educational License Plates	150	56	-	-	206	75	-	-	281
Early Intervention Grant	3,195	4,717	2,619	-	5,293	-	-	-	5,293
Extra-Curricular Activities	8,598	-	12,542	24,586	20,642	-	20,852	31,202	30,992
Miscellaneous Programs	-	-	7,268	30,000	22,732	695	22,803	-	624
Formative Assessment	-	-	-	-	-	-	-	-	-
P.L. 221 Professional Development	-	-	5,761	-	(5,761)	-	-	5,761	-
Non-English Speaking Programs	5,224	-	-	-	5,224	-	150	-	5,074
School Technology	33,485	22,325	11,430	-	44,380	19,290	-	-	63,670
Career and Technical Performance Grant	-	3,256	-	-	3,256	-	-	-	3,256
Performance Based Awards	-	-	-	-	-	28,482	28,435	-	47
Extra-Curricular Employee Payment	(1,304)	2,189	2,370	-	(1,485)	4,308	2,831	-	(8)
Day Care Program	(111,953)	-	-	-	(111,953)	-	-	111,953	-
Head Start Indirect Costs	155,607	-	(1,831)	-	157,438	-	-	(157,438)	-
Title I 2014-2015	(21,704)	-	-	-	(21,704)	-	-	21,704	-
Title I 2015-2016	(73,874)	55,751	12,356	-	(30,479)	-	-	30,479	-
Title I 2016-2017	-	74,710	102,469	-	(27,759)	42,504	14,745	-	-
Title I 2017-2018	-	-	-	-	-	49,018	94,529	-	(45,511)
Head Start 2017-2018	-	-	-	-	-	885,866	990,051	(40,701)	(144,886)
Head Start 2012-2013	22,202	-	-	-	22,202	-	-	-	22,202
Head Start 2015-2016	(46,456)	556,834	502,284	(8,551)	(457)	-	-	-	(457)
Head Start 2016-2017	-	690,115	820,168	-	(130,053)	746,864	616,811	-	-
Head Start Food Service	1,852	83,282	102,882	8,568	(9,180)	127,282	165,699	40,701	(6,896)
Title II 2010-2011	8,705	29,587	-	-	38,292	-	-	(29,587)	8,705
Title II 2014-2016	-	28,829	-	-	28,829	-	-	-	28,829
Title II 2015-2017	(3,810)	-	-	-	(3,810)	-	-	3,810	-
Summer Food Program	(216)	5,574	5,216	-	142	9,980	9,330	-	792
Cafeteria Clearing	-	155,527	147,873	-	7,654	148,342	126,994	-	29,002
Payroll Clearing	25,641	1,992,328	1,988,680	-	29,289	2,088,754	2,092,779	-	25,264
Totals	\$ 10,302,857	\$ 16,983,188	\$ 18,171,306	\$ 2,083,647	\$ 11,198,386	\$ 18,007,870	\$ 18,834,914	\$ 35,113	\$ 10,406,455

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 Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is the result of the correction or errors from prior periods. The errors made in the prior periods were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, negative receipts and disbursements were 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 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 Corporation*

The School Corporation has entered into a capital lease with Fremont School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2017 and 2018, totaled \$46,500 and \$122,500, respectively.

Note 10. *Subsequent Events*

The School Corporation issued \$995,000 in General Obligation bonds on October 15, 2018. The proceeds of the bonds will be used to pay for the expenses related to the renovation of, and improvement to, school facilities throughout the School Corporation, including equipment, technology, site improvements, 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 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.

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, 2017

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 854,968	\$ 875,128	\$ 741,481	\$ 228,346	\$ 1,319,592	\$ 897,842	\$ 74,144	\$ 1,303,411	\$ 2,098	\$ 706,900
Receipts:										
Local sources	33,289	2,212,834	1,380,245	312,794	1,712,089	1,064,734	146,484	-	-	-
Intermediate sources	22	-	-	-	-	-	-	-	-	-
State sources	5,906,646	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	2,321	2,072	-	-	-	-
Total receipts	5,939,957	2,212,834	1,380,245	312,794	1,714,410	1,066,806	146,484	-	-	-
Disbursements:										
Instruction	3,513,621	870,488	-	-	-	-	-	-	-	-
Support services	1,561,406	665,477	-	-	582,869	762,015	121,110	32,922	-	198,673
Noninstructional services	126,226	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	68,776	-	-	-	400,922	3,463	-	-	-	110,088
Debt service	-	-	1,544,924	551,213	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,270,029	1,535,965	1,544,924	551,213	983,791	765,478	121,110	32,922	-	308,761
Excess (deficiency) of receipts over disbursements	669,928	676,869	(164,679)	(238,419)	730,619	301,328	25,374	(32,922)	-	(308,761)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	2,334	-	-	-	18,288	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,334	-	-	-	18,288	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	672,262	676,869	(164,679)	(238,419)	748,907	301,328	25,374	(32,922)	-	(308,761)
Cash and investments - ending	\$ 1,527,230	\$ 1,551,997	\$ 576,802	\$ (10,073)	\$ 2,068,499	\$ 1,199,170	\$ 99,518	\$ 1,270,489	\$ 2,098	\$ 398,139

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, 2017

	GEO Bond 2014	2016 GO Bond	2016 Lease Rental Bond	2017 GO Bond	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant
Cash and investments - beginning	\$ 62,029	\$ 1,952,177	\$ 954,427	\$ -	\$ 38,921	\$ 286,051	\$ -	\$ -	\$ 150	\$ 3,195
Receipts:										
Local sources	-	-	192	-	194,370	61,362	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	56	-
State sources	-	-	-	-	219,591	29,383	-	-	-	4,717
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	300	-	(620)	-	-	-
Total receipts	-	-	192	-	414,261	90,745	(620)	-	56	4,717
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	2,619
Support services	-	-	339,850	2,750	300	120,733	-	-	-	-
Noninstructional services	-	-	-	-	383,619	-	-	-	-	-
Facilities acquisition and construction	52,923	1,952,177	475,192	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	7,482	-	-	-	-	-
Total disbursements	52,923	1,952,177	815,042	2,750	391,401	120,733	-	-	-	2,619
Excess (deficiency) of receipts over disbursements	(52,923)	(1,952,177)	(814,850)	(2,750)	22,860	(29,988)	(620)	-	56	2,098
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	2,006,939	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	1,500	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(17)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	2,006,939	1,483	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(52,923)	(1,952,177)	(814,850)	2,004,189	24,343	(29,988)	(620)	-	56	2,098
Cash and investments - ending	\$ 9,106	\$ -	\$ 139,577	\$ 2,004,189	\$ 63,264	\$ 256,063	\$ (620)	\$ -	\$ 206	\$ 5,293

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, 2017

	Extra- Curricular Activities	Miscellaneous Programs	Formative Assessment	P.L. 221 Professional Development	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Extra- Curricular Employee Payment
Cash and investments - beginning	\$ 8,598	\$ -	\$ -	\$ -	\$ 5,224	\$ 33,485	\$ -	\$ -	\$ (1,304)
Receipts:									
Local sources	-	-	-	-	-	13,857	-	-	2,189
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	8,468	-	-	-
Federal sources	-	-	-	-	-	-	3,256	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	22,325	3,256	-	2,189
Disbursements:									
Instruction	3,783	-	-	5,761	-	-	-	-	2,370
Support services	8,759	7,268	-	-	-	11,430	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,542	7,268	-	5,761	-	11,430	-	-	2,370
Excess (deficiency) of receipts over disbursements	(12,542)	(7,268)	-	(5,761)	-	10,895	3,256	-	(181)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	24,586	30,000	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	24,586	30,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,044	22,732	-	(5,761)	-	10,895	3,256	-	(181)
Cash and investments - ending	\$ 20,642	\$ 22,732	\$ -	\$ (5,761)	\$ 5,224	\$ 44,380	\$ 3,256	\$ -	\$ (1,485)

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, 2017

	Day Care Program	Head Start Indirect Costs	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title I 2017-2018	Head Start 2017-2018	Head Start 2012-2013	Head Start 2015-2016
Cash and investments - beginning	\$ (111,953)	\$ 155,607	\$ (21,704)	\$ (73,874)	\$ -	\$ -	\$ -	\$ 22,202	\$ (46,456)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	1,729
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	55,751	74,710	-	-	-	555,105
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	55,751	74,710	-	-	-	556,834
Disbursements:									
Instruction	-	-	-	12,356	95,631	-	-	-	493,581
Support services	-	(1,736)	-	-	6,838	-	-	-	7,701
Noninstructional services	-	(95)	-	-	-	-	-	-	1,002
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	(1,831)	-	12,356	102,469	-	-	-	502,284
Excess (deficiency) of receipts over disbursements	-	1,831	-	43,395	(27,759)	-	-	-	54,550
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(8,551)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(8,551)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,831	-	43,395	(27,759)	-	-	-	45,999
Cash and investments - ending	\$ (111,953)	\$ 157,438	\$ (21,704)	\$ (30,479)	\$ (27,759)	\$ -	\$ -	\$ 22,202	\$ (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, 2017

	Head Start 2016-2017	Head Start Food Service	Title II 2010-2011	Title II 2014-2016	Title II 2015-2017	Summer Food Program	Cafeteria Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ 1,852	\$ 8,705	\$ -	\$ (3,810)	\$ (216)	\$ -	\$ 25,641	\$ 10,302,857
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,136,168
Intermediate sources	-	-	-	-	-	-	-	-	78
State sources	-	83,282	-	-	-	-	-	-	6,252,087
Federal sources	690,115	-	29,587	28,829	-	5,574	-	-	1,442,927
Other	-	-	-	-	-	-	155,527	1,992,328	2,151,928
Total receipts	690,115	83,282	29,587	28,829	-	5,574	155,527	1,992,328	16,983,188
Disbursements:									
Instruction	791,691	102,882	-	-	-	-	-	-	5,894,783
Support services	26,470	-	-	-	-	-	-	-	4,454,835
Noninstructional services	2,007	-	-	-	-	5,216	-	-	517,975
Facilities acquisition and construction	-	-	-	-	-	-	-	-	3,063,541
Debt service	-	-	-	-	-	-	-	-	2,096,137
Nonprogrammed charges	-	-	-	-	-	-	147,873	1,988,680	2,144,035
Total disbursements	820,168	102,882	-	-	-	5,216	147,873	1,988,680	18,171,306
Excess (deficiency) of receipts over disbursements	(130,053)	(19,600)	29,587	28,829	-	358	7,654	3,648	(1,188,118)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,006,939
Sale of capital assets	-	-	-	-	-	-	-	-	76,708
Transfers in	-	8,568	-	-	-	-	-	-	8,568
Transfers out	-	-	-	-	-	-	-	-	(8,568)
Total other financing sources (uses)	-	8,568	-	-	-	-	-	-	2,083,647
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(130,053)	(11,032)	29,587	28,829	-	358	7,654	3,648	895,529
Cash and investments - ending	\$ (130,053)	\$ (9,180)	\$ 38,292	\$ 28,829	\$ (3,810)	\$ 142	\$ 7,654	\$ 29,289	\$ 11,198,386

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, 2018

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 1,527,230	\$ 1,551,997	\$ 576,802	\$ (10,073)	\$ 2,068,499	\$ 1,199,170	\$ 99,518	\$ 1,270,489	\$ 2,098	\$ 398,139
Receipts:										
Local sources	65,328	2,218,306	1,418,456	164,029	1,784,538	940,742	570,440	-	-	5,400
Intermediate sources	23	-	-	-	-	-	-	-	-	-
State sources	6,131,839	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,632	-	-	-	-
Total receipts	6,197,190	2,218,306	1,418,456	164,029	1,784,538	943,374	570,440	-	-	5,400
Disbursements:										
Instruction	3,868,042	1,235,904	-	-	-	-	-	-	-	-
Support services	1,548,249	508,794	-	-	607,943	800,219	283,043	154,153	-	162,555
Noninstructional services	131,674	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	24,250	-	-	-	843,524	226,536	-	-	-	131,168
Debt service	-	-	1,610,753	184,725	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,572,215	1,744,698	1,610,753	184,725	1,451,467	1,026,755	283,043	154,153	-	293,723
Excess (deficiency) of receipts over disbursements	624,975	473,608	(192,297)	(20,696)	333,071	(83,381)	287,397	(154,153)	-	(288,323)
Other financing sources (uses):										
Sale of capital assets	3,912	-	-	-	-	-	-	-	-	-
Transfers in	77,169	-	-	-	-	-	-	-	-	-
Transfers out	(62,374)	-	-	-	-	-	-	-	(2,098)	-
Total other financing sources (uses)	18,707	-	-	-	-	-	-	-	(2,098)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	643,682	473,608	(192,297)	(20,696)	333,071	(83,381)	287,397	(154,153)	(2,098)	(288,323)
Cash and investments - ending	\$ 2,170,912	\$ 2,025,605	\$ 384,505	\$ (30,769)	\$ 2,401,570	\$ 1,115,789	\$ 386,915	\$ 1,116,336	\$ -	\$ 109,816

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, 2018

	GEO Bond 2014	2016 GO Bond	2016 Lease Rental Bond	2017 GO Bond	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant
Cash and investments - beginning	\$ 9,106	\$ -	\$ 139,577	\$ 2,004,189	\$ 63,264	\$ 256,063	\$ (620)	\$ -	\$ 206	\$ 5,293
Receipts:										
Local sources	-	-	200	-	199,049	73,039	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	75	-
State sources	-	-	-	-	249,509	32,580	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	300	-	-	-	-	-
Total receipts	-	-	200	-	448,858	105,619	-	-	75	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	1,678,258	-	83,416	-	-	-	-
Noninstructional services	-	-	-	-	420,922	-	-	-	-	-
Facilities acquisition and construction	9,106	-	135,671	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,106	-	135,671	1,678,258	420,922	83,416	-	-	-	-
Excess (deficiency) of receipts over disbursements	(9,106)	-	(135,471)	(1,678,258)	27,936	22,203	-	-	75	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	620	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	620	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,106)	-	(135,471)	(1,678,258)	27,936	22,203	620	-	75	-
Cash and investments - ending	\$ -	\$ -	\$ 4,106	\$ 325,931	\$ 91,200	\$ 278,266	\$ -	\$ -	\$ 281	\$ 5,293

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, 2018

	Extra- Curricular Activities	Miscellaneous Programs	Formative Assessment	P.L. 221 Professional Development	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Extra- Curricular Employee Payment
Cash and investments - beginning	\$ 20,642	\$ 22,732	\$ -	\$ (5,761)	\$ 5,224	\$ 44,380	\$ 3,256	\$ -	\$ (1,485)
Receipts:									
Local sources	-	695	-	-	-	-	-	-	4,308
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	19,290	-	28,482	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	695	-	-	-	19,290	-	28,482	4,308
Disbursements:									
Instruction	13,534	-	-	-	150	-	-	28,435	2,831
Support services	7,318	22,803	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	20,852	22,803	-	-	150	-	-	28,435	2,831
Excess (deficiency) of receipts over disbursements	(20,852)	(22,108)	-	-	(150)	19,290	-	47	1,477
Other financing sources (uses):									
Sale of capital assets	31,202	-	-	-	-	-	-	-	-
Transfers in	-	-	-	5,761	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	31,202	-	-	5,761	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,350	(22,108)	-	5,761	(150)	19,290	-	47	1,477
Cash and investments - ending	\$ 30,992	\$ 624	\$ -	\$ -	\$ 5,074	\$ 63,670	\$ 3,256	\$ 47	\$ (8)

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, 2018

	Day Care Program	Head Start Indirect Costs	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title I 2017-2018	Head Start 2017-2018	Head Start 2012-2013	Head Start 2015-2016
Cash and investments - beginning	\$ (111,953)	\$ 157,438	\$ (21,704)	\$ (30,479)	\$ (27,759)	\$ -	\$ -	\$ 22,202	\$ (457)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	42,504	49,018	885,866	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	42,504	49,018	885,866	-	-
Disbursements:									
Instruction	-	-	-	-	21,583	91,629	961,787	-	-
Support services	-	-	-	-	(6,838)	2,900	26,302	-	-
Noninstructional services	-	-	-	-	-	-	1,962	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	14,745	94,529	990,051	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	27,759	(45,511)	(104,185)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	111,953	-	21,704	30,479	-	-	-	-	-
Transfers out	-	(157,438)	-	-	-	-	(40,701)	-	-
Total other financing sources (uses)	111,953	(157,438)	21,704	30,479	-	-	(40,701)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	111,953	(157,438)	21,704	30,479	27,759	(45,511)	(144,886)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (45,511)	\$ (144,886)	\$ 22,202	\$ (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, 2018

	Head Start 2016-2017	Head Start Food Service	Title II 2010-2011	Title II 2014-2016	Title II 2015-2017	Summer Food Program	Cafeteria Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ (130,053)	\$ (9,180)	\$ 38,292	\$ 28,829	\$ (3,810)	\$ 142	\$ 7,654	\$ 29,289	\$ 11,198,386
Receipts:									
Local sources	50	-	-	-	-	-	-	-	7,444,580
Intermediate sources	-	-	-	-	-	-	-	-	98
State sources	-	126,817	-	-	-	-	-	-	6,588,517
Federal sources	746,814	-	-	-	-	9,980	-	-	1,734,182
Other	-	465	-	-	-	-	148,342	2,088,754	2,240,493
Total receipts	746,864	127,282	-	-	-	9,980	148,342	2,088,754	18,007,870
Disbursements:									
Instruction	603,360	165,699	-	-	-	-	-	-	6,992,954
Support services	12,452	-	-	-	-	-	-	-	5,891,567
Noninstructional services	999	-	-	-	-	9,330	-	-	564,887
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,370,255
Debt service	-	-	-	-	-	-	-	-	1,795,478
Nonprogrammed charges	-	-	-	-	-	-	126,994	2,092,779	2,219,773
Total disbursements	616,811	165,699	-	-	-	9,330	126,994	2,092,779	18,834,914
Excess (deficiency) of receipts over disbursements	130,053	(38,417)	-	-	-	650	21,348	(4,025)	(827,044)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	35,114
Transfers in	-	40,701	-	-	3,810	-	-	-	292,197
Transfers out	-	-	(29,587)	-	-	-	-	-	(292,198)
Total other financing sources (uses)	-	40,701	(29,587)	-	3,810	-	-	-	35,113
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	130,053	2,284	(29,587)	-	3,810	650	21,348	(4,025)	(791,931)
Cash and investments - ending	\$ -	\$ (6,896)	\$ 8,705	\$ 28,829	\$ -	\$ 792	\$ 29,002	\$ 25,264	\$ 10,406,455

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FREMONT COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 376,647</u>	<u>\$ 192</u>

FREMONT COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Fremont School Building Corporation	Fremont Middle School Improvements	\$ 149,000	05/25/16	01/15/26
Sterling National Bank	Solar Equipment Lease Purchase Agreement	<u>293,653</u>	04/05/17	04/01/37
Totals		<u>\$ 442,653</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	GO Bonds of 2014B	\$ 1,755,000	\$ 286,700
General obligation bonds	GO Bonds of 2016	1,605,000	811,500
General obligation bonds	GO Bonds of 2017	<u>1,855,000</u>	<u>259,275</u>
Totals		<u>\$ 5,215,000</u>	<u>\$ 1,357,475</u>

FREMONT COMMUNITY 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	\$ 270,775
Buildings	30,534,000
Improvements other than buildings	4,000,000
Machinery, equipment, and vehicles	4,230,000
Construction in progress	1,000,000
Books and other	<u>1,000,000</u>
Total capital assets	<u>\$ 41,034,775</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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 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 each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

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

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

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 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 2018-002, that we consider to be a material weakness.

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
Paul D. Joyce, CPA
State Examiner

March 19, 2019

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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.

FREMONT COMMUNITY 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					
			FY 2016/2017	\$ -	\$ 30,342	\$ -	\$ -
			FY 2017/2018	-	-	-	37,894
Total - School Breakfast Program				-	30,342	-	37,894
National School Lunch Program	Indiana Department of Education	10.555					
			FY 2016/2017	-	184,461	-	-
Commodities			FY 2016/2017	-	37,777	-	-
			FY 2017/2018	-	-	-	206,944
Commodities			FY 2017/2018	-	-	-	37,953
Total - National School Lunch Program				-	222,238	-	244,897
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY 2016/2017	-	5,573	-	-
			FY 2017/2018	-	-	-	9,980
Total - Summer Food Service Program for Children				-	5,573	-	9,980
Total - Child Nutrition Cluster				-	258,153	-	292,771
Child and Adult Care Food Program	Indiana Department of Education	10.558					
			FY 2016/2017	-	83,282	-	-
			FY 2017/2018	-	-	-	126,817
Total - Child and Adult Care Food Program				-	83,282	-	126,817
Total - Department of Agriculture				-	341,435	-	419,588
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14216-044-PN01	-	41,875	-	-
			14217-044-PN01	-	201,440	-	34,039
			18611-044-PN01	-	-	-	203,193
Total - Special Education Grants to States				-	243,315	-	237,232

FREMONT COMMUNITY 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
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45717-044-PN01	-	11,668	-	-
			18619-044-PN01	-	-	-	11,549
Total - Special Education Preschool Grants				-	11,668	-	11,549
Total - Special Education Cluster (IDEA)				-	254,983	-	248,781
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			16-7605	-	55,751	-	-
			17-7605	-	74,710	-	42,504
			18-7605	-	-	-	49,018
Total - Title I Grants to Local Education Agencies				-	130,461	-	91,522
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			14-7605	-	29,587	-	-
			15-7605	-	28,829	-	-
Total - Supporting Effective Instruction State Grants				-	58,416	-	-
Total - Department of Education				-	443,860	-	340,303
<u>Department of Health and Human Services</u>							
Head Start	Direct Grant	93.600					
			05CH834903	-	555,105	-	-
			05CH834904	-	690,115	-	746,814
			05CH834905	-	-	-	885,866
Total - Head Start				-	1,245,220	-	1,632,680
Total - Department of Health and Human Services				-	1,245,220	-	1,632,680
Total - federal awards expended				\$ -	\$ 2,030,515	\$ -	\$ 2,392,571

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, 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.

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 SEFA 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
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
93.600	Child Nutrition Cluster Head Start	Unmodified Unmodified

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

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

Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

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).

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

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units, which is a financial reporting system used to compile the School Corporation's SEFA. There was no evidence of a control process in place to ensure the accuracy of the information prior to submission.

Context

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$37,778 and \$41,570 for fiscal years 2016-2017 and 2017-2018, respectively.
2. The Child and Adult Care Food Program expenditures were overstated by \$8,568 for fiscal year 2016-2017 and understated by \$26,691 for fiscal year 2017-2018.
3. The Special Education Cluster (IDEA) expenditures were overstated by \$19,123 and \$231,131 for fiscal years 2016-2017 and 2017-2018, respectively.
4. The Title I Grants to Local Educational Agencies expenditures were understated by \$13,247 for fiscal year 2016-2017 and overstated by \$19,093 for fiscal year 2017-2018.
5. The Supporting Effective Instruction State Grants expenditures were understated by \$43,327 for fiscal year 2016-2017 and overstated by \$21,589 for fiscal year 2017-2018.
6. The Head Start Grants were overstated by \$1,729 for fiscal year 2016-2017 and understated by \$195,700 for fiscal year 2017-2018.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

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. . . .

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

Without a proper system of internal controls 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 that 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 2018-002

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016/2017, FY 2017/2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-002 from the immediately prior audit.

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 Procurement and Suspension and Debarment compliance requirement.

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.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(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 compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the 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 programs.

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 requirement listed above.

Views of Responsible Officials

For the reviews of responsible officials, refer to the Corrective Action Plan, which is a 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
Shelby Miller
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 2016-001

Fiscal year in which the finding initially occurred: 2016
Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding:

SEFA Grants are prepared by one employee then overlooked and verified by a second employee. Both employees initial/sign documentation.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding:

Internal Controls are in place with segregation of duties. Nancy Swager, cafeteria director calculates 3 month average and cafeteria annual financial reports. Tonya Wall and/or Shayne Tresenriter verifies reports.

Nancy Swager submits AFR, Tonya Wall and/or Shayne verifies. Shayne Tresenriter prints AFR from computer.

School Board of Trustees approves food bids.

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding:

Starting in July 2016 a pre-payment fund (8400) was set up for all cafeteria pre-payments to be receipted into. At the end of each month, all pre-paid expenditures from the month are reimbursed to the cafeteria fund (0800) from Fund 8400.
Nancy Swager calculates from cafeteria software the dollar amount of pre-paid lunches. Tonya Wall verifies. Shayne Tresenriter verifies and a check is cut by Shelby Miller with Board of School Trustees approval to receipt into Fund 0800.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding:

The North East Indiana Special Education Co-op took care of this.

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2016
Federal Grantor Agency, if direct: Department of Health and Human Services
Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding:

Susan Swager, Head Start director calculates Draw Downs from month end expenditure reports that are prepared by Shayne Tresenriter at the end of each month. The expenditures were approved by the Board of School Trustees at their monthly meeting.
An electronic funds payment is made to Fremont Community Schools' bank account from Health and Human Services.
Susan Swager, Shayne Tresenriter and/or William Stitt initial/sign all documentation.

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2016
Federal Grantor Agency, if direct: Department of Health and Human Services
Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding

Time and Effort logs are being maintained. Started January 2018.

FINDING 2016-007

Fiscal year in which the finding initially occurred: 2016
Federal Grantor Agency, if direct: Department of Health and Human Services
Contact Person Responsible for Corrective Action: Shayne Tresenriter
Contact Phone Number: 260-495-5005

Status of Audit Finding

There are no Indirect Costs as of July 2016.


(Signature)

TREASURER
(Title)

2-11-2019
(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).)

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 2018-001

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 now has a better understanding of the internal controls process. 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. We will now print all reports for SEFA from Gateway and both will sign the reports. A copy of the signed reports will be kept on file.

Anticipated Completion Date: We will start this process with the next SEFA reporting.

FINDING 2018-002

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 will have the school food bids approved by the Board of School Trustees as soon as the bids are finalized.

Anticipated Completion Date: July 2019

Steph J. ...
(Signature)

TREASURER
(Title)

3-15-2019
(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/>.