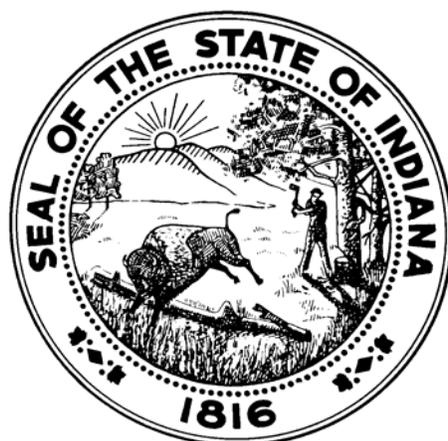


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
TOWN OF FREMONT  
STEUBEN COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
09/19/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary K. Parsons	01-01-04 to 12-31-07
President of the Town Council	Loretta S. Smart	01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FREMONT, STEUBEN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Fremont (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 3, 2006

TOWN OF FREMONT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ 361,443	\$ 652,114	\$ 908,875	\$ 104,682
Motor Vehicle Highway	33,353	53,420	20,878	65,895
Local Road and Street	3,000	12,874	2,321	13,553
Park and Recreation	6,780	7,720	11,359	3,141
Law Enforcement Continuing Education	16,941	827	760	17,008
Riverboat Revenue Sharing	10,724	10,695	-	21,419
Record Perpetuation	27,853	9,718	1,102	36,469
Fire Department	-	268,556	177,084	91,472
Trash Collections	72,118	32,079	28,675	75,522
Police Grants	605	435	-	1,040
Police Donations	2,789	100	1,365	1,524
Park and Recreation Donations	15,684	3,032	10,270	8,446
Park Community Foundation	83	-	-	83
Comprehensive Plan Grant	(3,029)	3,029	-	-
Sidewalk Promissory Note	224	-	-	224
Levy Excess	34,205	-	34,205	-
Health Insurance Deductible	41,066	-	7,579	33,487
Cumulative Capital Improvement	29,204	6,329	-	35,533
Cumulative Capital Development	12,328	36,478	31,587	17,219
CEDIT	155,613	73,770	197,051	32,332
Redevelopment Commission-Metaldyne	-	1,500,000	1,154,200	345,800
Capital Grants	6,542	8,166	605	14,103
<b>Proprietary Funds:</b>				
Water Utility - Operating	221,389	336,849	380,242	177,996
Water Utility - Bond and Interest	65,228	43,200	-	108,428
Water Utility - Customer Deposit	22,865	6,375	2,283	26,957
Water Utility - Construction	127,675	-	-	127,675
Wastewater Utility - Operating	692,241	634,208	564,783	761,666
Wastewater Utility - Bond and Interest	288,318	186,072	210,737	263,653
Wastewater Utility - Customer Deposit	-	2,100	-	2,100
Wastewater Utility - Construction	40,746	-	35,950	4,796
Wastewater Utility - Improvement	21,073	-	-	21,073
Wastewater Utility - Plant Expansion	52,098	88,413	46,892	93,619
Wastewater Utility - Harbor Cove Maintenance	5,000	-	-	5,000
<b>Fiduciary Funds:</b>				
Payroll	9,027	571,752	572,772	8,007
User Fee	(12,901)	27,485	14,584	-
Court Costs Due County	71,895	70,007	70,007	71,895
Town Court	20,821	911,826	908,812	23,835
Construction Deposit	13,300	15,535	13,000	15,835
Vistula Valley Recapture	500	-	-	500
NSBES Recapture	7,074	4,000	3,000	8,074
<b>Totals</b>	<u>\$ 2,473,875</u>	<u>\$ 5,577,164</u>	<u>\$ 5,410,978</u>	<u>\$ 2,640,061</u>

The accompanying notes are an integral part of the schedules.

TOWN OF FREMONT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005  
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 104,682	\$ 1,482,221	\$ 952,094	\$ 634,809
Motor Vehicle Highway	65,895	52,237	92,768	25,364
Local Road and Street	13,553	12,871	15,996	10,428
Park and Recreation	3,141	29,454	9,088	23,507
Law Enforcement Continuing Education	17,008	848	1,662	16,194
Riverboat	21,419	10,694	-	32,113
Record Perpetuation	36,469	11,341	31,930	15,880
Fire Department	91,472	170,589	183,382	78,679
Trash Collections	75,522	52,785	68,908	59,399
Police Grants	1,040	-	-	1,040
Police Donations	1,524	1,353	971	1,906
Park and Recreation Donations	8,446	2,775	-	11,221
Park Community Foundation	83	-	-	83
Sidewalk Promissory Note	224	-	-	224
Levy Excess	-	18,618	-	18,618
Health Insurance Deductible	33,487	-	3,812	29,675
Clearing Account	-	34,393	34,347	46
Lease Rental Payment	-	85,786	44,375	41,411
Cumulative Capital Improvement	35,533	5,243	-	40,776
Cumulative Capital Development	17,219	115,125	31,823	100,521
CEDIT	32,332	66,601	75,465	23,468
Redevelopment Commission-Metaldyne	345,800	-	48,167	297,633
Capital Grants	14,103	-	-	14,103
Town Hall Project	-	76,000	1,043	74,957
<b>Proprietary Funds:</b>				
Water Utility - Operating	177,996	518,045	430,432	265,609
Water Utility - Bond and Interest	108,428	49,200	85,592	72,036
Water Utility - Customer Deposit	26,957	6,791	4,387	29,361
Water Utility - Construction	127,675	-	-	127,675
Wastewater Utility - Operating	761,666	776,426	1,154,596	383,496
Wastewater Utility - Bond and Interest	263,653	197,511	169,911	291,253
Wastewater Utility - Customer Deposit	2,100	8,550	1,535	9,115
Wastewater Utility - Construction	4,796	-	-	4,796
Wastewater Utility - Improvement	21,073	-	-	21,073
Wastewater Utility - Plant Expansion	93,619	3,686	-	97,305
Wastewater Utility - Harbor Cove Maintenance	5,000	-	-	5,000
<b>Fiduciary Funds:</b>				
Payroll	8,007	654,805	630,673	32,139
User Fee	-	16,830	16,827	3
Court Costs Due County	71,895	79,669	79,669	71,895
Town Court	23,835	1,024,326	1,019,993	28,168
Construction Deposit	15,835	10,500	8,500	17,835
Vistula Valley Recapture	500	-	-	500
NSBES Recapture	8,074	3,000	4,000	7,074
<b>Totals</b>	<u>\$ 2,640,061</u>	<u>\$ 5,578,273</u>	<u>\$ 5,201,946</u>	<u>\$ 3,016,388</u>

The accompanying notes are an integral part of the schedules.

TOWN OF FREMONT  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - PROPRIETARY FUNDS  
As Of And For The Years Ended December 31, 2004 And 2005

	Water Utility		Wastewater Utility	
	2004	2005	2004	2005
Operating receipts:				
Measured receipts	\$ 241,726	\$ 287,037	\$ 571,157	\$ 583,482
Penalties	2,283	2,822	11,894	15,521
Fire protection receipts	44,426	57,873	-	-
Connection receipts	7,980	6,460	92,900	7,500
Other	19,427	21,100	4,468	24,383
Total operating receipts	<u>315,842</u>	<u>375,292</u>	<u>680,419</u>	<u>630,886</u>
Operating disbursements:				
Capital improvements	32,982	-	135,762	409,039
Salaries and wages	95,849	107,657	139,563	134,398
Employee pensions and benefits	49,773	42,080	62,043	70,952
Purchased power	18,969	19,195	52,364	45,666
Material and supplies	22,565	24,155	17,469	31,703
Chemicals	5,218	6,163	8,054	9,658
Contractual services	24,122	28,979	35,468	79,647
Insurance disbursements	7,991	12,414	8,471	14,236
Transportation expense	5,299	4,350	6,703	8,971
Other	24,710	28,582	7,805	15,225
Total operating disbursements	<u>287,478</u>	<u>273,575</u>	<u>473,702</u>	<u>819,495</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>28,364</u>	<u>101,717</u>	<u>206,717</u>	<u>(188,609)</u>
Nonoperating receipts (disbursements):				
Interest and investment receipts	2,936	3,604	6,203	14,828
Debt service principal	(20,000)	(21,000)	(103,000)	(109,000)
Debt service interest	(11,493)	(33,099)	(62,757)	(60,911)
Miscellaneous receipts	6,375	6,790	16,448	19,730
Miscellaneous disbursements	(2,283)	(4,387)	(11,180)	(15,907)
Total nonoperating receipts and disbursements	<u>(24,465)</u>	<u>(48,092)</u>	<u>(154,286)</u>	<u>(151,260)</u>
Excess (deficiency) of receipts over (under) disbursements and nonoperating receipts and disbursements	3,899	53,625	52,431	(339,869)
Cash basis fund balance - beginning	<u>437,157</u>	<u>441,056</u>	<u>1,099,476</u>	<u>1,151,907</u>
Cash basis fund balance - ending	<u>\$ 441,056</u>	<u>\$ 494,681</u>	<u>\$ 1,151,907</u>	<u>\$ 812,038</u>

The accompanying notes are an integral part of the schedules.

TOWN OF FREMONT  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, general administrative services, and water and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF FREMONT  
NOTES TO SCHEDULES  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent 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 PERF Board, most requirements of the system, and give the Town 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The Town has entered into various debts such as bonds for wastewater construction and improvements; a loan for water utility improvements; capital leases for fire trucks; Town Hall Construction; and TIF Improvements for Metaldyne Corporation. The outstanding principal at December 31, 2005, was \$1,229,000, \$615,748, \$66,062, \$1,305,000, and \$1,500,000, respectively.

Note 8. Subsequent Event

The Town is planning an Industrial Roadway and Dedicated Sanitary Sewer Project at an estimated cost of \$3.3 million. The project is expected to be financed by grants and wastewater utility revenue bonds.

TOWN OF FREMONT  
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2006, with Mary K. Parsons, Clerk-Treasurer; and Loretta S. Smart, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.