

B37978

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

EXAMINATION REPORT

OF

TOWN OF FREMONT

STEBEN COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
12/06/2010

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--------------------------------------|-------------------------------------|--|
| Clerk-Treasurer | Mary K. Parsons | 01-01-08 to 12-31-11 |
| President of the Town Council | Loretta S. Smart C. Steven Brown | 01-01-08 to 12-31-09 01-01-10 to 12-31-10 |
| Town Manager | Christopher A. Snyder | 01-01-08 to 12-31-10 |
| Superintendent of Water Utility | Steven P. Gard | 01-01-08 to 12-31-10 |
| Superintendent of Wastewater Utility | James C. Humbarger | 01-01-08 to 12-31-10 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Fremont (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 29, 2010

TOWN OF FREMONT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

| | Cash and Investments 01-01-08 | Receipts | Disbursements | Cash and Investments 12-31-08 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 399,360 | \$ 950,849 | \$ 903,661 | \$ 446,548 |
| Motor Vehicle Highway | 19,953 | 46,138 | 56,218 | 9,873 |
| Local Road and Street | 6,056 | 11,639 | 17,052 | 643 |
| Park and Recreation | 22,441 | 23,229 | 13,194 | 32,476 |
| Law Enforcement Continuing Education | 18,098 | 1,514 | 60 | 19,552 |
| Riverboat | 53,481 | 10,639 | - | 64,120 |
| Rainy Day | 11,908 | 1,478 | - | 13,386 |
| Records Perpetuation | 36,720 | 18,942 | 8,405 | 47,257 |
| Fire Department | 173,296 | 329,790 | 223,966 | 279,120 |
| Trash Collections | 7,749 | 55,242 | 57,751 | 5,240 |
| Memory Tree Program | - | 972 | 400 | 572 |
| Police Donations | 2,407 | 100 | 279 | 2,228 |
| Park and Recreation Donations | 9,706 | - | - | 9,706 |
| Fire Special Donation | 3,791 | 4,425 | 4,046 | 4,170 |
| Health Insurance Deductible | 19,706 | 772 | 3,874 | 16,604 |
| Lease Rental Payment | 4,571 | 97,892 | 94,275 | 8,188 |
| Redevelopment Commission Sinking-Metaldyne | - | 7,810 | - | 7,810 |
| Redevelopment Commission Allocation-Metaldyne | 4,509 | 14,142 | - | 18,651 |
| Redevelopment Commission Project-Metaldyne | 869 | - | - | 869 |
| Major Moves Construction | 40,350 | 411,859 | 43,426 | 408,783 |
| Capital Grants | 8,041 | - | 8,041 | - |
| IEDC State By Pass Grant | 14,269 | 44,500 | 58,769 | - |
| Grant for Downtown Plan | - | 45,371 | 45,371 | - |
| EDA By Pass Grant | - | 1,307,750 | 1,307,750 | - |
| Town Hall Project | 64,079 | - | 2,725 | 61,354 |
| Tax Incremental Financing | 39,194 | 95,340 | - | 134,534 |
| Cumulative Capital Improvement | 5,957 | 5,515 | - | 11,472 |
| Cumulative Capital Development | 1,377 | 70,837 | 72,214 | - |
| CEDIT | 67,171 | 75,371 | 42,984 | 99,558 |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 373,674 | 505,555 | 470,135 | 409,094 |
| Water Utility - Debt Service Reserve | - | 55,035 | - | 55,035 |
| Water Utility - SRF Loan | 75,882 | 55,200 | 107,690 | 23,392 |
| Water Utility - Customer Deposit | 33,695 | 5,650 | 3,990 | 35,355 |
| Water Utility - Construction | 127,675 | - | - | 127,675 |
| Wastewater Utility - Operating | 331,960 | 948,276 | 856,386 | 423,850 |
| Wastewater Utility - Bond and Interest | 231,528 | 225,376 | 209,259 | 247,645 |
| Wastewater Utility - Sewer Line Maintenance | 5,000 | - | - | 5,000 |
| Wastewater Utility - Customer Deposit | 16,300 | 5,750 | 3,250 | 18,800 |
| Wastewater Utility - Construction | 264,172 | - | 207,854 | 56,318 |
| Wastewater Utility - Improvement | 21,073 | - | - | 21,073 |
| Wastewater Utility - Plant Expansion | 127,997 | 45,055 | - | 173,052 |
| Fiduciary Funds: | | | | |
| Payroll | 12,192 | 741,176 | 741,525 | 11,843 |
| User Fee | 3 | 31,699 | 31,702 | - |
| Court Costs Due County | - | 135,520 | 135,520 | - |
| Town Court | 49,310 | 1,773,883 | 1,765,430 | 57,763 |
| Construction Deposit | 14,335 | 2,500 | 3,000 | 13,835 |
| Recapture Vistula Valley | 500 | - | - | 500 |
| NSBES Recapture | 7,074 | - | - | 7,074 |
| Clearing Account | 8 | 8,441 | 7,708 | 741 |
| Levy Excess | 18,618 | - | 18,618 | - |
| Totals | \$ 2,746,055 | \$ 8,171,232 | \$ 7,526,528 | \$ 3,390,759 |

The accompanying notes are an integral part of the financial information.

TOWN OF FREMONT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009
(Continued)

| | Cash and Investments 01-01-09 | Receipts | Disbursements | Cash and Investments 12-31-09 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 446,548 | \$ 1,215,138 | \$ 930,313 | \$ 731,373 |
| Motor Vehicle Highway | 9,873 | 45,246 | 50,886 | 4,233 |
| Local Road and Street | 643 | 10,362 | 10,679 | 326 |
| Park and Recreation | 32,476 | 21,234 | 16,532 | 37,178 |
| Law Enforcement Continuing Education | 19,552 | 1,025 | 4,150 | 16,427 |
| Riverboat | 64,120 | 10,613 | - | 74,733 |
| Rainy Day | 13,386 | 8,444 | - | 21,830 |
| Records Perpetuation | 47,257 | 21,299 | 5,380 | 63,176 |
| Fire Department | 279,120 | 346,437 | 332,663 | 292,894 |
| Trash Collections | 5,240 | 90,229 | 86,185 | 9,284 |
| Memory Tree Program | 572 | 2,470 | 2,203 | 839 |
| Police Donation | 2,228 | - | - | 2,228 |
| Park and Recreation Donation | 9,706 | 25 | - | 9,731 |
| Fire Special Donation | 4,170 | 2,650 | 3,592 | 3,228 |
| Downtown Revitalization Donation | - | 10,000 | - | 10,000 |
| Health Insurance Deductible | 16,604 | - | 2,715 | 13,889 |
| Lease Rental Payment | 8,188 | 132,078 | 93,500 | 46,766 |
| Redevelopment Commission Sinking-Metaldyne | 7,810 | 5,585 | - | 13,395 |
| Redevelopment Commission Allocation-Metaldyne | 18,651 | 8,599 | 27,250 | - |
| Redevelopment Commission Project-Metaldyne | 869 | - | - | 869 |
| Major Moves Construction | 408,783 | 250,387 | - | 659,170 |
| Town Hall Project | 61,354 | - | - | 61,354 |
| Tax Incremental Financing | 134,534 | 203,417 | 26,328 | 311,623 |
| Cumulative Capital Improvement | 11,472 | 5,201 | - | 16,673 |
| Cumulative Capital Development | - | 94,840 | 55,410 | 39,430 |
| LOIT | - | 73,336 | - | 73,336 |
| CEDIT | 99,558 | 78,705 | 34,402 | 143,861 |
| Proprietary Funds: | | | | |
| Water Utility - Operating | 409,094 | 490,812 | 476,914 | 422,992 |
| Water Utility - Debt Service Reserve | 55,035 | - | - | 55,035 |
| Water Utility - SRF Loan | 23,392 | 55,200 | 52,447 | 26,145 |
| Water Utility - Customer Deposit | 35,355 | 5,200 | 3,993 | 36,562 |
| Water Utility - Construction | 127,675 | - | - | 127,675 |
| Wastewater Utility - Operating | 423,850 | 917,577 | 949,367 | 392,060 |
| Wastewater Utility - Bond and Interest | 247,645 | 228,420 | 214,084 | 261,981 |
| Wastewater Utility - Sewer Line Maintenance | 5,000 | - | - | 5,000 |
| Wastewater Utility - Customer Deposit | 18,800 | 5,550 | 3,650 | 20,700 |
| Wastewater Utility - Construction | 56,318 | - | - | 56,318 |
| Wastewater Utility - Improvement | 21,073 | - | - | 21,073 |
| Wastewater Utility - Plant Expansion | 173,052 | 15,582 | - | 188,634 |
| Fiduciary Funds: | | | | |
| Payroll | 11,843 | 792,592 | 790,594 | 13,841 |
| User Fee | - | 39,900 | 39,900 | - |
| Court Costs Due County | - | 148,479 | 148,479 | - |
| Town Court | 57,763 | 1,844,531 | 1,841,503 | 60,791 |
| Construction Deposit | 13,835 | 1,000 | 500 | 14,335 |
| Recapture Vistula Valley | 500 | - | - | 500 |
| NSBES Recapture | 7,074 | - | - | 7,074 |
| Clearing Account | 741 | 9,420 | 9,186 | 975 |
| Totals | \$ 3,390,759 | \$ 7,191,583 | \$ 6,212,805 | \$ 4,369,537 |

The accompanying notes are an integral part of the financial information.

TOWN OF FREMONT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban development and housing.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

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 FINANCIAL INFORMATION
(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.

TOWN OF FREMONT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 531,654 |
| Infrastructure | 9,992,723 |
| Buildings | 1,432,264 |
| Improvements other than buildings | 264,241 |
| Machinery and equipment | <u>1,113,940</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 13,334,822</u> |

| <u>Primary Government</u> | <u>Ending Balance</u> |
|---|---------------------------|
| Business-type activities: | |
| Water Utility: | |
| Capital assets, not being depreciated: | |
| Land | \$ 600 |
| Buildings | 155,444 |
| Improvements other than buildings | 2,338,458 |
| Machinery and equipment | <u>355,592</u> |
| Total Water Utility capital assets | <u>2,850,094</u> |
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | 134,789 |
| Buildings | 506,025 |
| Improvements other than buildings | 4,975,274 |
| Machinery and equipment | <u>643,161</u> |
| Total Wastewater Utility capital assets | <u>6,259,249</u> |
| Total business-type activities, capital assets not being depreciated | <u>\$ 9,109,343</u> |

TOWN OF FREMONT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------------------|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| Town Hall Lease | \$ 1,150,000 | \$ 46,187 |
| Fire Trucks | <u>395,524</u> | <u>62,361</u> |
| Total governmental activities debt | <u>\$ 1,545,524</u> | <u>\$ 108,548</u> |
| Business-type activities: | | |
| Water Utility: | | |
| Notes and loans payable: | | |
| SRF Water Tower Loan | <u>\$ 477,748</u> | <u>\$ 53,074</u> |
| Wastewater Utility: | | |
| Revenue bonds: | | |
| Sewage Works Refunding Bonds of 2004 | 700,000 | 138,320 |
| Sewage Works Revenue Bonds of 2006 | <u>995,000</u> | <u>75,246</u> |
| Total Wastewater Utility | <u>1,695,000</u> | <u>213,566</u> |
| Total business-type activities debt | <u>\$ 2,172,748</u> | <u>\$ 266,640</u> |

TOWN OF FREMONT
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2010, with Mary K. Parsons, Clerk-Treasurer; C. Steven Brown, President of the Town Council; and Christopher A. Snyder, Town Manager. Our examination disclosed no material items that warrant comment at this time.