

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

FREMONT COMMUNITY SCHOOLS  
STEBEN COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
02/14/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-4
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 .....	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	9
Notes to Financial Statement .....	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	16-25
Schedule of Leases and Debt .....	26
Schedule of Capital Assets .....	27
Audit Results and Comments: Overdrawn Fund Balances .....	28
Appropriations .....	28
Transportation Fund Expenditures – Utility and Telephone Services .....	28
Fund Transfers .....	29
Fundraiser Internal Controls .....	29
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	32-33
Schedule of Expenditures of Federal Awards .....	36
Notes to Schedule of Expenditures of Federal Awards .....	37
Schedule of Findings and Questioned Costs .....	38
Exit Conference .....	39
Official Response .....	40

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shayne Tresenriter	07-01-10 to 06-30-13
Business Manager	Richard Wirtz	07-01-12 to 06-30-13
Superintendent of Schools	Ben Roederer Loraine Vaughn	07-01-10 to 06-30-12 07-01-12 to 06-30-13
President of the School Board	Tim Knoblauch	07-01-10 to 06-30-13



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Fremont Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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, 2010 to June 30, 2012.

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 July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated December 19, 2012, 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 to describe the scope of our testing of internal control over financial

INDEPENDENT AUDITOR'S REPORT  
(Continued)

reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports 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.

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

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 19, 2012



**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](http://www.in.gov/sboa)

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 the financial statement of the Fremont Community Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated December 19, 2012. 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.

Internal Control Over Financial Reporting

Management of the School Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

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 entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the School Corporation's management, members of the School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 19, 2012

## FINANCIAL STATEMENT

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.

(This page intentionally left blank.)

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 1,050,069	\$ 7,354,882	\$ 7,578,294	\$ -	\$ 826,657	\$ 7,554,512	\$ 7,404,347	\$ (174,412)	\$ 802,410
Debt Service	778,645	1,738,261	2,437,362	-	79,544	1,734,594	1,807,609	217,351	223,880
Retirement/Severance Bond Debt Service	185,031	353,475	495,864	-	42,642	359,727	360,850	(161,506)	(119,987)
Capital Projects	731,885	1,451,311	1,754,348	-	428,848	1,393,045	1,736,894	343,509	428,508
School Transportation	1,193,626	1,047,768	1,044,426	(104,761)	1,092,207	1,082,619	1,023,891	(461,719)	689,216
School Bus Replacement	129,619	-	89,867	-	39,752	121,837	169,860	744	(7,527)
Special Education Preschool	23,816	-	27,125	3,309	-	-	-	-	-
Rainy Day	-	-	-	-	-	-	-	500,000	500,000
Retirement/Severance Bond	14,617	-	8,769	-	5,848	-	10,775	-	(4,927)
School Lunch	30,258	446,417	430,191	-	46,484	476,693	569,686	-	(46,509)
Textbook Rental	106,360	127,203	85,484	-	148,079	122,376	172,598	-	97,857
Self-Insurance	16,453	2,857,081	2,366,298	-	507,236	2,606,436	2,986,104	-	127,568
Levy Excess	-	33,511	-	-	33,511	2,230	-	(33,511)	2,230
Educational License Plates	(1,055)	150	185	2,249	1,159	113	1,526	-	(254)
Early Intervention Grant	3,195	-	-	-	3,195	-	-	-	3,195
Gifts	3,210	15,475	5,419	-	13,266	8,837	13,987	-	8,116
P.L. 221 Professional Development	12,767	-	3,344	-	9,423	-	2,073	-	7,350
Latchkey Program	(4,284)	-	115	4,399	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	5,861	-	1,165	-	4,696	528	-	-	5,224
School Technology	6,538	2,020	2,632	(6,538)	(612)	4,932	-	-	4,320
Extra-Curricular Activities	-	901	858	-	43	1,909	1,409	-	543
Day Care Program	(212,916)	107,796	74,710	32,330	(147,500)	74,655	58,320	-	(131,165)
Title I 2008-09	30,942	-	-	(30,942)	-	-	-	-	-
Title I 2009-10	(14,769)	-	10,154	24,923	-	-	-	-	-
Title I 2010-11	-	74,824	132,746	67,694	9,772	-	13,615	3,843	-
Title I 2011-12	-	-	-	-	-	83,135	74,547	(3,843)	4,745
Innovative Education Program Strategies, Title V, Part A	703	-	703	-	-	-	-	-	-
ICI 99	(5)	-	-	5	-	-	-	-	-
Head Start 2008-09	52,920	-	-	(52,920)	-	-	-	-	-
Head Start 2009-10	(103,746)	535,770	447,565	13,770	(1,771)	1,771	-	-	-
Head Start 2010-11	-	711,809	806,302	-	(94,493)	490,529	396,036	-	-
Head Start 2011-12	-	-	-	-	-	687,480	761,678	-	(74,198)
Head Start Food Service	15,941	84,269	92,033	6,820	14,997	92,867	86,286	-	21,578
National Science Foundation, Title IV, Part A	244	-	1,313	1,069	-	449	1,024	256	(319)
Improving Teaching Quality, Title II, Part A	(8,568)	-	44,727	31,977	(21,318)	47,338	16,275	-	9,745
Fiscal Stabilization	-	(3,500)	-	3,500	-	-	-	-	-
Title I (ARRA)	(9,537)	12,000	5,205	2,742	-	-	-	-	-
Special Education - Part B (ARRA)	16,086	25,691	118,274	374	(76,123)	81,877	8,920	3,166	-
Head Start (ARRA)	635	10,287	10,922	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	233,457	-	(233,457)	-
Payroll	468,164	5,137,433	5,426,777	-	178,820	5,063,594	5,148,967	-	93,447
<b>Totals</b>	<b>\$ 4,522,705</b>	<b>\$ 22,124,834</b>	<b>\$ 23,503,177</b>	<b>\$ -</b>	<b>\$ 3,144,362</b>	<b>\$ 22,327,540</b>	<b>\$ 22,827,277</b>	<b>\$ 421</b>	<b>\$ 2,645,046</b>

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, 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 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. Receipts are recorded when received and disbursements are recorded when paid.

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 which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include 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 which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations, and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

*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:

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money 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 which includes money 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 money 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 money 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 March 1 (lien date) 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, 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 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 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  
1 North Capital Street, 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. Teacher's Retirement Fund*

*Plan Description*

The Indiana Teacher's 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  
1 North Capital Street, 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.

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

**Note 7. Subsequent Event – Bond Issue**

On October 29, 2012, the School Board approved issuing \$2,000,000 in general obligation bonds for the purpose of financing improvements related to an energy savings contract.

### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are 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 supplementary 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, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,050,069	\$ 778,645	\$ 185,031	\$ 731,885	\$ 1,193,626	\$ 129,619	\$ 23,816	\$ -	\$ 14,617
Receipts:									
Local sources	243,647	1,738,261	353,475	1,419,303	1,047,712	-	-	-	-
Intermediate sources	26	-	-	-	-	-	-	-	-
State sources	7,073,060	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	38,149	-	-	32,008	56	-	-	-	-
Total receipts	<u>7,354,882</u>	<u>1,738,261</u>	<u>353,475</u>	<u>1,451,311</u>	<u>1,047,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	5,969,821	-	-	-	-	-	27,125	-	8,769
Support services	1,447,774	135	-	1,050,086	1,031,830	89,867	-	-	-
Noninstructional services	148,951	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	580,990	-	-	-	-	-
Debt services	-	2,437,227	495,864	123,272	-	-	-	-	-
Nonprogrammed charges	11,748	-	-	-	12,596	-	-	-	-
Total disbursements	<u>7,578,294</u>	<u>2,437,362</u>	<u>495,864</u>	<u>1,754,348</u>	<u>1,044,426</u>	<u>89,867</u>	<u>27,125</u>	<u>-</u>	<u>8,769</u>
Excess (deficiency) of receipts over disbursements	<u>(223,412)</u>	<u>(699,101)</u>	<u>(142,389)</u>	<u>(303,037)</u>	<u>3,342</u>	<u>(89,867)</u>	<u>(27,125)</u>	<u>-</u>	<u>(8,769)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	3,309	-	-
Transfers out	-	-	-	-	(104,761)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,761)</u>	<u>-</u>	<u>3,309</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(223,412)</u>	<u>(699,101)</u>	<u>(142,389)</u>	<u>(303,037)</u>	<u>(101,419)</u>	<u>(89,867)</u>	<u>(23,816)</u>	<u>-</u>	<u>(8,769)</u>
Cash and investments - ending	<u>\$ 826,657</u>	<u>\$ 79,544</u>	<u>\$ 42,642</u>	<u>\$ 428,848</u>	<u>\$ 1,092,207</u>	<u>\$ 39,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,848</u>

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, 2011  
 (Continued)

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	Gifts	P.L. 221 Professional Development	Latchkey Program
Cash and investments - beginning	\$ 30,258	\$ 106,360	\$ 16,453	\$ -	\$ (1,055)	\$ 3,195	\$ 3,210	\$ 12,767	\$ (4,284)
Receipts:									
Local sources	219,872	83,507	2,857,081	33,511	150	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	215,898	43,696	-	-	-	-	-	-	-
Federal sources	10,347	-	-	-	-	-	-	-	-
Other	300	-	-	-	-	-	15,475	-	-
Total receipts	446,417	127,203	2,857,081	33,511	150	-	15,475	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	185	-	5,419	3,344	-
Support services	300	85,484	-	-	-	-	-	-	-
Noninstructional services	429,891	-	-	-	-	-	-	-	115
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,366,298	-	-	-	-	-	-
Total disbursements	430,191	85,484	2,366,298	-	185	-	5,419	3,344	115
Excess (deficiency) of receipts over disbursements	16,226	41,719	490,783	33,511	(35)	-	10,056	(3,344)	(115)
Other financing sources (uses):									
Transfers in	-	-	-	-	2,249	-	-	-	4,399
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,249	-	-	-	4,399
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,226	41,719	490,783	33,511	2,214	-	10,056	(3,344)	4,284
Cash and investments - ending	\$ 46,484	\$ 148,079	\$ 507,236	\$ 33,511	\$ 1,159	\$ 3,195	\$ 13,266	\$ 9,423	\$ -

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, 2011  
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Extra-Curricular Activities	Day Care Program	Title I 2008-09	Title I 2009-10	Title I 2010-11	Title I 2011-12
Cash and investments - beginning	\$ 5,861	\$ 6,538	\$ -	\$ (212,916)	\$ 30,942	\$ (14,769)	\$ -	\$ -
Receipts:								
Local sources	-	-	901	107,796	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	2,020	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	74,824	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	2,020	901	107,796	-	-	74,824	-
Disbursements:								
Current:								
Instruction	1,165	-	800	-	-	10,154	132,746	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	58	74,710	-	-	-	-
Facilities acquisition and construction	-	2,632	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,165	2,632	858	74,710	-	10,154	132,746	-
Excess (deficiency) of receipts over disbursements	(1,165)	(612)	43	33,086	-	(10,154)	(57,922)	-
Other financing sources (uses):								
Transfers in	-	-	-	32,330	-	55,865	92,617	-
Transfers out	-	(6,538)	-	-	(30,942)	(30,942)	(24,923)	-
Total other financing sources (uses)	-	(6,538)	-	32,330	(30,942)	24,923	67,694	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,165)	(7,150)	43	65,416	(30,942)	14,769	9,772	-
Cash and investments - ending	\$ 4,696	\$ (612)	\$ 43	\$ (147,500)	\$ -	\$ -	\$ 9,772	\$ -

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, 2011  
 (Continued)

	Innovative Education Program Strategies, Title V, Part A	ICI 99	Head Start 2008-09	Head Start 2009-10	Head Start 2010-11	Head Start 2011-12	Head Start Food Service	National Science Foundation Title IV, Part A
Cash and investments - beginning	\$ 703	\$ (5)	\$ 52,920	\$ (103,746)	\$ -	\$ -	\$ 15,941	\$ 244
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	84,269	-
Federal sources	-	-	-	535,770	692,910	-	-	-
Other	-	-	-	-	18,899	-	-	-
Total receipts	-	-	-	535,770	711,809	-	84,269	-
Disbursements:								
Current:								
Instruction	-	-	-	447,565	806,302	-	92,033	-
Support services	703	-	-	-	-	-	-	1,313
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	703	-	-	447,565	806,302	-	92,033	1,313
Excess (deficiency) of receipts over disbursements	(703)	-	-	88,205	(94,493)	-	(7,764)	(1,313)
Other financing sources (uses):								
Transfers in	-	5	-	52,920	-	-	6,820	1,069
Transfers out	-	-	(52,920)	(39,150)	-	-	-	-
Total other financing sources (uses)	-	5	(52,920)	13,770	-	-	6,820	1,069
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(703)	5	(52,920)	101,975	(94,493)	-	(944)	(244)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,771)	\$ (94,493)	\$ -	\$ 14,997	\$ -

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, 2011  
 (Continued)

	Improving Teaching Quality Title II, Part A	Fiscal Stabilization	Title I (ARRA)	Special Education Part B (ARRA)	Head Start (ARRA)	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ (8,568)	\$ -	\$ (9,537)	\$ 16,086	\$ 635	\$ -	\$ 468,164	\$ 4,522,705
Receipts:								
Local sources	-	-	-	-	-	-	-	8,105,216
Intermediate sources	-	-	-	-	-	-	-	26
State sources	-	-	-	-	-	-	-	7,418,943
Federal sources	-	(3,500)	12,000	25,691	10,287	-	-	1,358,329
Other	-	-	-	-	-	-	5,137,433	5,242,320
Total receipts	-	(3,500)	12,000	25,691	10,287	-	5,137,433	22,124,834
Disbursements:								
Current:								
Instruction	39,853	-	5,205	118,274	10,922	-	-	7,679,682
Support services	4,874	-	-	-	-	-	-	3,712,366
Noninstructional services	-	-	-	-	-	-	-	653,725
Facilities acquisition and construction	-	-	-	-	-	-	-	583,622
Debt services	-	-	-	-	-	-	-	3,056,363
Nonprogrammed charges	-	-	-	-	-	-	5,426,777	7,817,419
Total disbursements	44,727	-	5,205	118,274	10,922	-	5,426,777	23,503,177
Excess (deficiency) of receipts over disbursements	(44,727)	(3,500)	6,795	(92,583)	(635)	-	(289,344)	(1,378,343)
Other financing sources (uses):								
Transfers in	31,977	3,500	2,742	374	-	-	-	290,176
Transfers out	-	-	-	-	-	-	-	(290,176)
Total other financing sources (uses)	31,977	3,500	2,742	374	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,750)	-	9,537	(92,209)	(635)	-	(289,344)	(1,378,343)
Cash and investments - ending	\$ (21,318)	\$ -	\$ -	\$ (76,123)	\$ -	\$ -	\$ 178,820	\$ 3,144,362

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, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 826,657	\$ 79,544	\$ 42,642	\$ 428,848	\$ 1,092,207	\$ 39,752	\$ -	\$ -	\$ 5,848
Receipts:									
Local sources	198,751	1,734,594	359,727	1,390,127	1,082,491	121,837	-	-	-
Intermediate sources	14	-	-	-	-	-	-	-	-
State sources	6,750,747	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	605,000	-	-	-	-	-	-	-	-
Other	-	-	-	2,918	128	-	-	-	-
Total receipts	7,554,512	1,734,594	359,727	1,393,045	1,082,619	121,837	-	-	-
Disbursements:									
Current:									
Instruction	5,784,396	-	-	-	-	-	-	-	10,775
Support services	1,482,012	682	-	1,232,391	1,019,637	169,860	-	-	-
Noninstructional services	125,730	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	504,503	-	-	-	-	-
Debt services	-	1,806,927	360,850	-	-	-	-	-	-
Nonprogrammed charges	12,209	-	-	-	4,254	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	7,404,347	1,807,609	360,850	1,736,894	1,023,891	169,860	-	-	10,775
Excess (deficiency) of receipts over disbursements	150,165	(73,015)	(1,123)	(343,849)	58,728	(48,023)	-	-	(10,775)
Other financing sources (uses):									
Sale of capital assets	421	-	-	-	-	-	-	-	-
Transfers in	359,235	217,351	-	343,509	164,059	744	-	500,000	-
Transfers out	(534,068)	-	(161,506)	-	(625,778)	-	-	-	-
Total other financing sources (uses)	(174,412)	217,351	(161,506)	343,509	(461,719)	744	-	500,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,247)	144,336	(162,629)	(340)	(402,991)	(47,279)	-	500,000	(10,775)
Cash and investments - ending	\$ 802,410	\$ 223,880	\$ (119,987)	\$ 428,508	\$ 689,216	\$ (7,527)	\$ -	\$ 500,000	\$ (4,927)

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, 2012  
 (Continued)

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	Gifts	P.L. 221 Professional Development	Latchkey Program
Cash and investments - beginning	\$ 46,484	\$ 148,079	\$ 507,236	\$ 33,511	\$ 1,159	\$ 3,195	\$ 13,266	\$ 9,423	\$ -
Receipts:									
Local sources	216,727	84,892	2,606,436	2,230	113	-	8,837	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	242,822	37,484	-	-	-	-	-	-	-
Federal sources	16,844	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	300	-	-	-	-	-	-	-	-
Total receipts	476,693	122,376	2,606,436	2,230	113	-	8,837	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	1,526	-	13,987	2,073	-
Support services	300	172,598	-	-	-	-	-	-	-
Noninstructional services	464,386	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,486,104	-	-	-	-	-	-
Interfund loans	105,000	-	500,000	-	-	-	-	-	-
Total disbursements	569,686	172,598	2,986,104	-	1,526	-	13,987	2,073	-
Excess (deficiency) of receipts over disbursements	(92,993)	(50,222)	(379,668)	2,230	(1,413)	-	(5,150)	(2,073)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(33,511)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(33,511)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(92,993)	(50,222)	(379,668)	(31,281)	(1,413)	-	(5,150)	(2,073)	-
Cash and investments - ending	\$ (46,509)	\$ 97,857	\$ 127,568	\$ 2,230	\$ (254)	\$ 3,195	\$ 8,116	\$ 7,350	\$ -

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, 2012  
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Extra-Curricular Activities	Day Care Program	Title I 2008-09	Title I 2009-10	Title I 2010-11	Title I 2011-12
Cash and investments - beginning	\$ 4,696	\$ (612)	\$ 43	\$ (147,500)	\$ -	\$ -	\$ 9,772	\$ -
Receipts:								
Local sources	-	-	1,909	74,655	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	528	4,932	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	83,135
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	528	4,932	1,909	74,655	-	-	-	83,135
Disbursements:								
Current:								
Instruction	-	-	1,315	-	-	-	13,615	74,547
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	94	58,320	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,409	58,320	-	-	13,615	74,547
Excess (deficiency) of receipts over disbursements	528	4,932	500	16,335	-	-	(13,615)	8,588
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	3,843	-
Transfers out	-	-	-	-	-	-	-	(3,843)
Total other financing sources (uses)	-	-	-	-	-	-	3,843	(3,843)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	528	4,932	500	16,335	-	-	(9,772)	4,745
Cash and investments - ending	\$ 5,224	\$ 4,320	\$ 543	\$ (131,165)	\$ -	\$ -	\$ -	\$ 4,745

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, 2012  
 (Continued)

	Innovative Education Program Strategies, Title V, Part A	ICI 99	Head Start 2008-09	Head Start 2009-10	Head Start 2010-11	Head Start 2011-12	Head Start Food Service	National Science Foundation Title IV, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,771)	\$ (94,493)	\$ -	\$ 14,997	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	92,867	-
Federal sources	-	-	-	1,771	490,529	687,480	-	449
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	1,771	490,529	687,480	92,867	449
Disbursements:								
Current:								
Instruction	-	-	-	-	396,036	761,678	86,286	-
Support services	-	-	-	-	-	-	-	1,024
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	396,036	761,678	86,286	1,024
Excess (deficiency) of receipts over disbursements	-	-	-	1,771	94,493	(74,198)	6,581	(575)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	256
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	256
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	1,771	94,493	(74,198)	6,581	(319)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (74,198)	\$ 21,578	\$ (319)

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, 2012  
 (Continued)

	Improving Teaching Quality Title II, Part A	Fiscal Stabilization	Title I (ARRA)	Special Education Part B (ARRA)	Head Start (ARRA)	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ (21,318)	\$ -	\$ -	\$ (76,123)	\$ -	\$ -	\$ 178,820	\$ 3,144,362
Receipts:								
Local sources	-	-	-	-	-	-	-	7,883,326
Intermediate sources	-	-	-	-	-	-	-	14
State sources	-	-	-	-	-	-	-	7,129,380
Federal sources	47,338	-	-	81,877	-	233,457	-	1,642,880
Interfund loans	-	-	-	-	-	-	-	605,000
Other	-	-	-	-	-	-	5,063,594	5,066,940
Total receipts	47,338	-	-	81,877	-	233,457	5,063,594	22,327,540
Disbursements:								
Current:								
Instruction	8,499	-	-	8,920	-	-	-	7,163,653
Support services	7,776	-	-	-	-	-	-	4,086,280
Noninstructional services	-	-	-	-	-	-	-	648,530
Facilities acquisition and construction	-	-	-	-	-	-	-	504,503
Debt services	-	-	-	-	-	-	-	2,167,777
Nonprogrammed charges	-	-	-	-	-	-	5,148,967	7,651,534
Interfund loans	-	-	-	-	-	-	-	605,000
Total disbursements	16,275	-	-	8,920	-	-	5,148,967	22,827,277
Excess (deficiency) of receipts over disbursements	31,063	-	-	72,957	-	233,457	(85,373)	(499,737)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	421
Transfers in	-	-	-	3,166	-	-	-	1,592,163
Transfers out	-	-	-	-	-	(233,457)	-	(1,592,163)
Total other financing sources (uses)	-	-	-	3,166	-	(233,457)	-	421
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,063	-	-	76,123	-	-	(85,373)	(499,316)
Cash and investments - ending	\$ 9,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,447	\$ 2,645,046

FREMONT COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2012

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Team Building	\$ 830,000	\$ 255,225
Middle School Building	700,000	714,525
Bonds payable:		
General obligation bonds:		
Pension Liability	<u>1,740,000</u>	<u>365,550</u>
Total governmental activities debt	<u>\$ 3,270,000</u>	<u>\$ 1,335,300</u>

FREMONT COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2012

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 270,775
Buildings	29,975,500
Improvements other than buildings	1,129,000
Machinery and equipment	1,994,729
 Total governmental activities, capital assets not being depreciated	 \$ 33,370,004

FREMONT COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN FUND BALANCES**

The fund balances of the following funds were overdrawn as of June 30, 2011 and 2012. A similar comment appeared in prior Report B38555.

Fund	Balance 06-30-11	Balance 06-30-12
Retirement/Severance Bond Debt Service	\$ -	\$ (119,987)
School Bus Replacement	-	(7,527)
Retirement/Severance Bond	-	(4,927)
School Lunch	-	(46,509)
Educational License Plates	-	(254)
School Technology	(612)	-
Day Care Program	(147,500)	(131,165)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Amount
Capital Projects	2011	\$ 97,809
School Transportation	2011	71,955

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**TRANSPORTATION FUND EXPENDITURES – UTILITY AND TELEPHONE SERVICES**

Portions of the utility services for buildings of the School Corporation were paid from the Transportation Fund and were not related expenses of the Transportation Fund. For the fiscal years ended June 30, 2011 and 2012, the School Corporation paid \$23,126 and \$26,343, respectively, from the Transportation Fund for nontransportation related expenses. A similar comment appeared in prior Reports B34484 and B38555.

The School Transportation Fund, designated Fund Number 0410 in the prescribed accounting system is required by IC 20-40-6 for each public school corporation in Indiana, including school townships. The School Transportation Fund is to be the exclusive fund used to record all receipts and disbursements of the school corporation for the payment of costs attributable to the transportation of school children to and from school. The cost of transportation listed in IC 20-40-6-6 sections (1) through (7) shall be paid from the School Transportation Fund. (Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations, Chapter 3)

FREMONT COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

**FUND TRANSFERS**

The School Corporation made transfers from the Transportation Fund (\$104,761) and School Technology Fund (\$6,538) in the year ending June 30, 2011, and the General Fund (\$3,422) in the year ending June 30, 2012, to various other funds for the purpose of eliminating negative fund balances. The School Board did not approve resolutions authorizing these transfers.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**FUNDRAISER INTERNAL CONTROLS (Applies to Fremont High School)**

The controls over the receipting, recording, and accounting for a pie fundraiser sale conducted by the High School were insufficient. A detailed listing of the number of pies sold by student and the amount of collections each student remitted was not maintained. The pies were not maintained in a secure location. When comparing total pies available for sale to collections for pies sold, and to the remaining pies, there was an unexplained difference. Due to the lack of proper control procedures, we could not determine if the pies were unaccounted for or if pie collections were unaccounted for. Calculated possible pie sales were \$5,350. Only \$3,725 was remitted to the Extra-Curricular Treasurer for deposit resulting in \$1,625 in unaccounted for pie sales. Responsibility for the unaccounted pie sales could not be established due to a lack of proper control procedures.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

(This page intentionally left blank.)

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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Fremont Community Schools (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the 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, 2010 to June 30, 2012.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance 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, 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 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, members of the School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 19, 2012

(This page intentionally left blank.)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 25,061	\$ 29,346
National School Lunch Program	10.555		219,496	243,487
Summer Food Service Program for Children	10.559		<u>10,347</u>	<u>16,844</u>
Total for cluster			<u>254,904</u>	<u>289,677</u>
Child and Adult Care Food Program	10.558		<u>84,269</u>	<u>92,867</u>
Total for federal grantor agency			<u>339,173</u>	<u>382,544</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		10-7605	9,600	-
		11-7605	70,024	-
		12-7605	<u>-</u>	<u>83,135</u>
Total for program			<u>79,624</u>	<u>83,135</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>12,000</u>	<u>-</u>
Total for cluster			<u>91,624</u>	<u>83,135</u>
Pass-Through DeKalb County Eastern Community School District				
Special Education Cluster (IDEA)				
ARRA - Special Education Grants to States, Recovery Act	84.391		<u>118,274</u>	<u>5,382</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities State Grants				
	84.186		<u>-</u>	<u>449</u>
Improving Teacher Quality State Grants				
	84.367		<u>-</u>	<u>33,889</u>
		FY 10/11	<u>-</u>	<u>13,449</u>
		FY 11/12	<u>-</u>	<u>13,449</u>
Total for program			<u>-</u>	<u>47,338</u>
Education Jobs Fund	84.410		<u>-</u>	<u>233,457</u>
Total for federal grantor agency			<u>209,898</u>	<u>369,761</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Grant				
Head Start Cluster				
Head Start	93.600			
		05CH4191/45	588,690	-
		05CH4191/46	692,910	476,822
		05CH4191/47	<u>-</u>	<u>687,480</u>
Total for program			<u>1,281,600</u>	<u>1,164,302</u>
ARRA - Head Start, Recovery Act	93.708	05CH4191/01	<u>10,287</u>	<u>-</u>
Total for federal grantor agency			<u>1,291,887</u>	<u>1,164,302</u>
Total federal awards expended			<u>\$ 1,840,958</u>	<u>\$ 1,916,607</u>

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 includes the federal grant activity of the Fremont Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
National School Lunch Program	10.553	\$ 32,328	\$ 35,128

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 Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

Child Nutrition Cluster  
Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

FREMONT COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2012, with Loraine Vaughn, Superintendent of Schools; Richard Wirtz, Business Manager; Shayne Tresenriter, Treasurer; and Tim Knoblauch, President of the School Board. The Official Response has been made a part of this report and may be found on page 40.

# Fremont Community Schools

1100 W. TOLEDO STREET  
P.O. BOX 665  
FREMONT, IN 46737  
260-495-5005  
FAX: 260-495-9798  
fremonteagles.org

**Loraine K. Vaughn**  
*Superintendent*  
**Richard Wirtz**  
*Business Manager*  
**Shayne Tresenriter**  
*Corporation Treasurer*  
**Linda McCarty**  
*Corporation Secretary*

**Board of School Trustees**  
Peggy Bailey  
Donna Hanna  
Tim Knoblauch  
Hope Korte  
Cindy Saltzman  
Christine Seiler  
Sheri Thomson

December 21, 2012

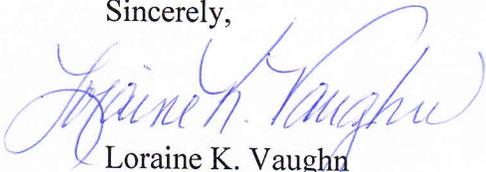
State Board of Accounts  
302 West Washington Street  
Room E4128  
Indianapolis, IN 46204-2769

Unit Examined: Fremont Community Schools  
Period Examined: July 1, 2010 to June 30, 2012  
Date of Conference: December 19, 2012

Thank you for the opportunity to respond to the State Auditor's report received on December 19, 2012.

Actions to reform Fremont Community Schools' financial stability have been under way since new administrative leadership began July 1, 2012. We wish for you to recognize that significant improvements are being made or are in process to improve our fiscal responsibility and accounting measures. We recognize there is room to improve and remain committed to continuing on the regulatory improvement path.

Sincerely,



Loraine K. Vaughn  
Superintendent  
Fremont Community Schools

“Where Excellence Soars”