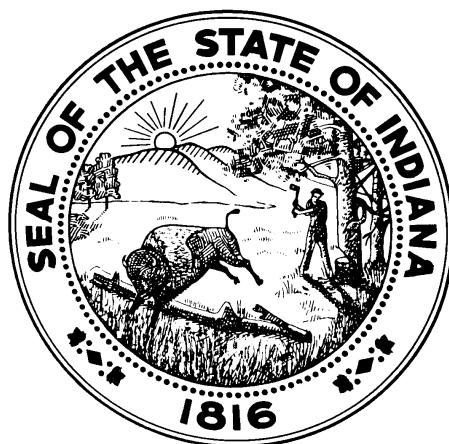


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF  
FREMONT COMMUNITY SCHOOLS  
STEUBEN COUNTY, INDIANA  
July 1, 2006 to June 30, 2008



**FILED**  
06/25/2009



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shayne Tresenriter	07-01-06 to 6-30-09
Superintendent of Schools	Ben J. Roederer	07-01-06 to 6-30-09
President of the School Board	Tim Knoblauch	07-01-06 to 6-30-09



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fremont Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 3, 2009, 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 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 3, 2009



**STATE OF INDIANA**  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fremont Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated June 3, 2009. 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

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 opinions on the financial statements, 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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 statements are 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, and 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

June 3, 2009

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net Disbursement and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,055,280	\$ -	\$ 26,897	\$ (6,028,383)
Support services	2,290,131	259,589	255,488	(1,775,054)
Community services	303,758	-	-	(303,758)
Nonprogrammed charges	3,201,949	-	-	(3,201,949)
Debt service	<u>6,659,896</u>	<u>-</u>	<u>-</u>	<u>(6,659,896)</u>
 Total government	 <u>\$ 18,511,014</u>	 <u>\$ 259,589</u>	 <u>\$ 282,385</u>	 <u>(17,969,040)</u>
 General receipts:				
Property taxes				4,924,166
Other local sources				1,050,232
State aid				1,688,252
Bonds and loans				7,829,297
Grants and contributions not restricted to specific programs				1,552,869
Sale of property, adjustments, and refunds				31,999
Investment earnings				<u>129,541</u>
 Total general receipts				 <u>17,206,356</u>
 Change in net assets				 (762,684)
 Net assets - beginning				 <u>3,782,668</u>
 Net assets - ending				 <u>\$ 3,019,984</u>
 <u>Assets</u>				
Cash and investments				\$ 2,999,872
Restricted assets:				
Cash and investments				<u>20,112</u>
 Total assets				 <u>\$ 3,019,984</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 103,354
Other purposes				(83,242)
Unrestricted				<u>2,999,872</u>
 Total net assets				 <u>\$ 3,019,984</u>

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

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net Disbursement and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,525,543	\$ -	\$ 104,061	\$ (6,421,482)
Support services	2,558,537	283,587	256,350	(2,018,600)
Community services	317,964	-	-	(317,964)
Nonprogrammed charges	2,476,541	-	-	(2,476,541)
Debt service	8,901,895	-	-	(8,901,895)
	<u>\$ 20,780,480</u>	<u>\$ 283,587</u>	<u>\$ 360,411</u>	<u>(20,136,482)</u>
Total government				
General receipts:				
Property taxes				10,639,452
Other local sources				1,541,650
State aid				1,158,161
Bonds and loans				6,655,377
Grants and contributions not restricted to specific programs				1,283,284
Sale of property, adjustments, and refunds				22,849
Investment earnings				110,297
				<u>21,411,070</u>
Total general receipts				21,411,070
Change in net assets				1,274,588
Net assets - beginning				<u>3,019,984</u>
Net assets - ending				<u>\$ 4,294,572</u>
<u>Assets</u>				
Cash and investments				\$ 4,070,449
Restricted assets:				
Cash and investments				<u>224,123</u>
Total assets				<u>\$ 4,294,572</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 235,680
Other purposes				(11,557)
Unrestricted				<u>4,070,449</u>
Total net assets				<u>\$ 4,294,572</u>

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

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 3,079,585	\$ 519,131	\$ 1,083,535	\$ 805,067	\$ 115,396	\$ 760,732	\$ 6,363,446
Intermediate sources	83	-	-	-	-	-	83
State sources	1,714,657	-	-	-	-	283,321	1,997,978
Federal sources	-	-	-	-	-	1,525,528	1,525,528
Bonds and loans	4,844,447	517,054	1,096,480	1,204,114	-	167,202	7,829,297
Sale of property, adjustments and refunds	7,772	861	-	-	-	23,366	31,999
<b>Total receipts</b>	<b>9,646,544</b>	<b>1,037,046</b>	<b>2,180,015</b>	<b>2,009,181</b>	<b>115,396</b>	<b>2,760,149</b>	<b>17,748,331</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	4,733,361	-	-	-	-	1,321,920	6,055,281
Support services	1,259,485	678,703	-	1,417,456	48,325	590,528	3,994,497
Community services	108,218	-	-	-	-	195,540	303,758
Nonprogrammed charges	1,231,312	108,913	-	-	-	5,031	1,345,256
Debt services	2,757,834	454,765	2,331,543	752,304	-	363,450	6,659,896
<b>Total disbursements</b>	<b>10,090,210</b>	<b>1,242,381</b>	<b>2,331,543</b>	<b>2,169,760</b>	<b>48,325</b>	<b>2,476,469</b>	<b>18,358,688</b>
Excess (deficiency) of receipts over disbursements	(443,666)	(205,335)	(151,528)	(160,579)	67,071	283,680	(610,357)
<b>Other financing sources (uses):</b>							
Transfers in	102,446	15,687	29,835	23,054	1,004	235,488	407,514
Transfers out	(9,811)	(1,822)	(13,913)	(2,678)	(116)	(379,174)	(407,514)
<b>Total other financing sources (uses)</b>	<b>92,635</b>	<b>13,865</b>	<b>15,922</b>	<b>20,376</b>	<b>888</b>	<b>(143,686)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(351,031)	(191,470)	(135,606)	(140,203)	67,959	139,994	(610,357)
Cash and investments - beginning	2,320,969	616,884	239,137	579,507	179,413	(222,327)	3,713,583
Cash and investments - ending	<u>\$ 1,969,938</u>	<u>\$ 425,414</u>	<u>\$ 103,531</u>	<u>\$ 439,304</u>	<u>\$ 247,372</u>	<u>\$ (82,333)</u>	3,103,226
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							(83,242)
Net assets of governmental activities							<u>\$ 3,019,984</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,969,938	\$ 425,414	\$ -	\$ 439,304	\$ 247,372	\$ (82,156)	\$ 2,999,872
Restricted assets:							
Cash and investments	-	-	103,531	-	-	(177)	103,354
<b>Total cash and investment assets - ending</b>	<u>\$ 1,969,938</u>	<u>\$ 425,414</u>	<u>\$ 103,531</u>	<u>\$ 439,304</u>	<u>\$ 247,372</u>	<u>\$ (82,333)</u>	<u>\$ 3,103,226</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 103,531	\$ -	\$ -	\$ (177)	\$ 103,354
Unrestricted	1,969,938	425,414	-	439,304	247,372	(82,156)	2,999,872
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,969,938</u>	<u>\$ 425,414</u>	<u>\$ 103,531</u>	<u>\$ 439,304</u>	<u>\$ 247,372</u>	<u>\$ (82,333)</u>	<u>\$ 3,103,226</u>

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

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>							
Local sources	\$ 6,522,449	\$ 1,069,080	\$ 2,219,410	\$ 1,644,957	\$ 191,801	\$ 927,124	\$ 12,574,821
Intermediate sources	165	-	-	-	-	-	165
State sources	1,260,762	-	-	-	-	276,298	1,537,060
Federal sources	-	-	-	-	-	1,264,796	1,264,796
Bonds and loans	4,225,539	470,185	771,234	924,155	-	264,264	6,655,377
Sale of property, adjustments and refunds	10,989	-	540	-	-	11,320	22,849
<b>Total receipts</b>	<b>12,019,904</b>	<b>1,539,265</b>	<b>2,991,184</b>	<b>2,569,112</b>	<b>191,801</b>	<b>2,743,802</b>	<b>22,055,068</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	5,042,476	-	-	-	-	1,483,067	6,525,543
Support services	1,367,902	743,740	12,993	1,485,241	224,820	575,942	4,410,638
Community services	114,268	-	-	-	-	203,696	317,964
Nonprogrammed charges	630,169	57,719	-	-	-	8,237	696,125
Debt services	4,216,270	352,100	2,930,448	875,673	-	527,404	8,901,895
<b>Total disbursements</b>	<b>11,371,085</b>	<b>1,153,559</b>	<b>2,943,441</b>	<b>2,360,914</b>	<b>224,820</b>	<b>2,798,346</b>	<b>20,852,165</b>
Excess (deficiency) of receipts over disbursements	648,819	385,706	47,743	208,198	(33,019)	(54,544)	1,202,903
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	18,060	18,060
Transfers out	-	-	-	-	-	(18,060)	(18,060)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	648,819	385,706	47,743	208,198	(33,019)	(54,544)	1,202,903
Cash and investments - beginning	1,969,938	425,414	103,531	439,304	247,372	(82,333)	3,103,226
Cash and investments - ending	<u>\$ 2,618,757</u>	<u>\$ 811,120</u>	<u>\$ 151,274</u>	<u>\$ 647,502</u>	<u>\$ 214,353</u>	<u>\$ (136,877)</u>	4,306,129
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							(11,557)
Net assets of governmental activities							<u>\$ 4,294,572</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,618,757	\$ 811,120	\$ -	\$ 647,502	\$ 214,353	\$ (221,283)	\$ 4,070,449
Restricted assets:							
Cash and investments	-	-	151,274	-	-	84,406	235,680
<b>Total cash and investment assets - ending</b>	<u>\$ 2,618,757</u>	<u>\$ 811,120</u>	<u>\$ 151,274</u>	<u>\$ 647,502</u>	<u>\$ 214,353</u>	<u>\$ (136,877)</u>	<u>\$ 4,306,129</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 151,274	\$ -	\$ -	\$ 84,406	\$ 235,680
Unrestricted	2,618,757	811,120	-	647,502	214,353	(221,283)	4,070,449
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,618,757</u>	<u>\$ 811,120</u>	<u>\$ 151,274</u>	<u>\$ 647,502</u>	<u>\$ 214,353</u>	<u>\$ (136,877)</u>	<u>\$ 4,306,129</u>

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

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2007

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 1,704,366
Operating disbursements:	
Insurance claims and expense	1,856,693
Change in net assets	(152,327)
Cash and investment fund balance - beginning	69,085
Cash and investment fund balance - ending	\$ (83,242)
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ (83,242)
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ (83,242)

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

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2008

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 1,852,101
Operating disbursements:	
Insurance claims and expense	1,780,416
Change in net assets	71,685
Cash and investment fund balance - beginning	(83,242)
Cash and investment fund balance - ending	\$ (11,557)
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ (11,557)
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ (11,557)

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

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	Pension Trust Fund	Agency Funds
Deductions:		
Benefits	\$ 190,412	
Cash and investment fund balance - beginning	248,363	
Cash and investment fund balance - ending	\$ 57,951	\$ 237,510
Net assets:		
Cash and investments	\$ 57,951	
Total net assets - cash and investment basis held in trust	\$ 57,951	

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

FREMONT COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Fund	Agency Funds
Additions:		
Contributions:		
Employer	\$ 221	
Deductions:		
Benefits	32,820	
Deficiency of total additions over total deductions	(32,599)	
Cash and investment fund balance - beginning	57,951	
Cash and investment fund balance - ending	\$ 25,352	\$ 240,131
Net assets:		
Cash and investments	\$ 25,352	
Total net assets - cash and investment basis held in trust	\$ 25,352	

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

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: Fremont Community Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Jointly Governed Organization

The School Corporation is a participant with other interested school corporations in DeKalb, LaGrange, Noble, and Steuben Counties in a joint venture to operate the Four County Area Vocational Cooperative (Co-op) which was created to provide vocational instruction for children. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Garrett-Keyser-Butler Community School District, 801 Houston St., Garrett, IN 46738.

The School Corporation is a participant with other interested school corporations in DeKalb, LaGrange, Noble, and Steuben Counties in a joint venture to operate the Northeast Indiana Special Education Cooperative (Co-op) which was created to provide programs and services for children with exceptional needs. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from DeKalb County Eastern Community School District, 300 E. Washington St., Butler, IN 46721.

The School Corporation is a participant with other interested school corporations in LaGrange and Steuben Counties in a joint venture to operate the Educational Opportunity Center Cooperative (Co-op) which was created to provide alternative means to achieve high school credit. The School Corporation is obligated by contract to remit an amount annually based upon the number of students attending to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Metropolitan School District of Steuben County, 400 S. Martha St., Angola, IN 46703.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The internal service fund services the risk of loss related to employee health claims. An excess policy through commercial insurance covers individual claims in excess of \$60,000 per family per year.

The pension trust funds account for the activities of the retirees, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the School Corporation as an agent for other governments and private organizations, and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Self-Insurance	\$ 83,242	\$ 11,557
School Lunch	6,416	33,885
Education License Plate Fee	1,542	1,354
Latchkey Program	2,628	2,836
Day Care Program	307,307	302,701
Anti-Drug Abuse	94	-
ICI 99	2,336	-
Title II 2002	90	-
Head Start 07-08	-	82,352
Head Start Food Service	64,186	40,519
Title IV, Part A 2002-2003	732	96
Severance/Pension Bond	177	-

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$4,560,058. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Other governmental funds	\$ 9,811	\$ -
Transportation Operating	Other governmental funds	1,822	-
Debt Service	Other governmental funds	13,913	-
Capital Projects	Other governmental funds	2,678	-
School Bus Replacement	Other governmental funds	116	-
Other governmental funds	General Fund	102,446	-
	Transportation Operating	15,687	-
	Debt Service	29,835	-
	Capital Projects	23,054	-
	School Bus Replacement	1,004	-
	Other governmental funds	<u>207,148</u>	<u>18,060</u>
Totals		<u>\$ 407,514</u>	<u>\$ 18,060</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk are. Risk financing is not utilized for the other risks of loss.

Group Health Insurance (Medical Benefits to Employees)

The School Corporation's Self Insurance Fund, an internal services fund, services the risk of loss related to employee health claims. An excess policy through commercial insurance covers individual claims in excess of \$60,000 per family per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past year. Amounts are paid into the fund by all insurance funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporations

The School Corporation has entered into capital leases with Fremont Community School Improvement Building Corporation and Fremont Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors has been determined to be related parties of the School Corporation. Lease payments during the years 2007 and 2008 totaled \$1,912,301 and \$1,655,648, respectively.

C. Other Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provided postemployment medical insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retired from the School Corporation prior to September 1, 2003, on or after attaining age fifty-five until the age of sixty-five with at least ten years of service. Currently, three retirees remain who met these eligibility requirements. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the audit period, disbursements of \$23,982 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation 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 the 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 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 member's 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. The 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

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 114,032
Interest on net pension obligation	(6,827)
Adjustment to annual required contribution	7,780
Annual pension cost	114,985
Contributions made	108,720
Increase in net pension obligation	6,265
Net pension obligation, beginning of year	(94,165)
Net pension obligation, end of year	\$ (87,900)

	PERF
Contribution rates:	
School Corporation	7.25%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 102,743	95%	\$ (113,889)
	06-30-07	121,081	84%	(94,165)
	06-30-08	114,985	95%	(87,900)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

FREMONT COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

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.

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$135,132, \$122,439, and \$121,111, respectively. The School Corporation actually contributed 100%, of the required contributions for each of the fiscal years, respectively.

FREMONT COMMUNITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,510,614	\$ 1,762,926	\$ (252,312)	86%	\$ 1,604,655	(16%)
07-01-07	1,744,008	1,919,474	(175,466)	91%	1,526,908	(11%)
07-01-08	1,708,591	1,891,039	(182,448)	90%	1,548,168	(12%)

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate Fee	Early Intervention
<b>Receipts:</b>						
Local sources	\$ 8,126	\$ 241,408	\$ 100,333	\$ -	\$ 38	\$ -
State sources	9,986	164,285	16,656	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	250	-	-	-	-
<b>Total receipts</b>	<b>18,112</b>	<b>405,943</b>	<b>116,989</b>	<b>-</b>	<b>38</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	-
Support services	-	384,255	130,912	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>384,255</b>	<b>130,912</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>18,112</b>	<b>21,688</b>	<b>(13,923)</b>	<b>-</b>	<b>38</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	250	-	10,447	21,737	-	-
Transfers out	(29)	-	-	(161,294)	-	-
<b>Total other financing sources (uses)</b>	<b>221</b>	<b>-</b>	<b>10,447</b>	<b>(139,557)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>18,333</b>	<b>21,688</b>	<b>(3,476)</b>	<b>(139,557)</b>	<b>38</b>	<b>-</b>
Cash and investments - beginning	(12,500)	(28,104)	48,997	139,557	(1,580)	3,243
<b>Cash and investments - ending</b>	<b>\$ 5,833</b>	<b>\$ (6,416)</b>	<b>\$ 45,521</b>	<b>\$ -</b>	<b>\$ (1,542)</b>	<b>\$ 3,243</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 5,833	\$ (6,416)	\$ 45,521	\$ -	\$ (1,542)	\$ 3,243
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 5,833</b>	<b>\$ (6,416)</b>	<b>\$ 45,521</b>	<b>\$ -</b>	<b>\$ (1,542)</b>	<b>\$ 3,243</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,833	(6,416)	45,521	-	(1,542)	3,243
<b>Total cash and investment fund balance - ending</b>	<b>\$ 5,833</b>	<b>\$ (6,416)</b>	<b>\$ 45,521</b>	<b>\$ -</b>	<b>\$ (1,542)</b>	<b>\$ 3,243</b>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	P.L. 221 Professional Development	Latchkey Program	Non English Speaking	School Technology	Day Care Program	Title I 2005/2006
<b>Receipts:</b>						
Local sources	\$ -	\$ 18,027	\$ -	\$ -	\$ 190,076	\$ -
State sources	17,225	-	622	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<u>17,225</u>	<u>18,027</u>	<u>622</u>	<u>-</u>	<u>190,076</u>	<u>-</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	13,176	1,013	-	-	27,885	23,485
Support services	-	-	-	-	-	1,000
Community services	-	15,324	-	-	180,216	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>13,176</u>	<u>16,337</u>	<u>-</u>	<u>-</u>	<u>208,101</u>	<u>24,485</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>4,049</u>	<u>1,690</u>	<u>622</u>	<u>-</u>	<u>(18,025)</u>	<u>(24,485)</u>
<b>Other financing sources (uses):</b>						
Transfers in	12,000	-	-	-	-	235
Transfers out	-	-	-	-	-	(235)
<b>Total other financing sources (uses)</b>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>16,049</u>	<u>1,690</u>	<u>622</u>	<u>-</u>	<u>(18,025)</u>	<u>(24,485)</u>
<b>Cash and investments - beginning</b>	<u>13,368</u>	<u>(4,318)</u>	<u>380</u>	<u>6,538</u>	<u>(289,282)</u>	<u>31,805</u>
<b>Cash and investments - ending</b>	<u>\$ 29,417</u>	<u>\$ (2,628)</u>	<u>\$ 1,002</u>	<u>\$ 6,538</u>	<u>\$ (307,307)</u>	<u>\$ 7,320</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 29,417	\$ (2,628)	\$ 1,002	\$ 6,538	\$ (307,307)	\$ 7,320
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 29,417</u>	<u>\$ (2,628)</u>	<u>\$ 1,002</u>	<u>\$ 6,538</u>	<u>\$ (307,307)</u>	<u>\$ 7,320</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>29,417</u>	<u>(2,628)</u>	<u>1,002</u>	<u>6,538</u>	<u>(307,307)</u>	<u>7,320</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 29,417</u>	<u>\$ (2,628)</u>	<u>\$ 1,002</u>	<u>\$ 6,538</u>	<u>\$ (307,307)</u>	<u>\$ 7,320</u>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title I 2006/2007	Title I 2004/2005	Title V Part A	Title VI 2000/2001	Anti-Drug Abuse	ICI 99
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	70,104	-	5,779	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
<b>Total receipts</b>	<b>70,104</b>	<b>-</b>	<b>5,779</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	63,088	-	557	-	-	-
Support services	-	-	4,294	-	94	2,150
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>63,088</b>	<b>-</b>	<b>4,851</b>	<b>-</b>	<b>94</b>	<b>2,150</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>7,016</b>	<b>-</b>	<b>928</b>	<b>-</b>	<b>(94)</b>	<b>(2,150)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	235	-	11,978	-	-
Transfers out	(235)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(235)</b>	<b>235</b>	<b>-</b>	<b>11,978</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>6,781</b>	<b>235</b>	<b>928</b>	<b>11,978</b>	<b>(94)</b>	<b>(2,150)</b>
Cash and investments - beginning	-	(235)	4,502	(11,978)	-	(186)
<b>Cash and investments - ending</b>	<b>\$ 6,781</b>	<b>\$ -</b>	<b>\$ 5,430</b>	<b>\$ -</b>	<b>\$ (94)</b>	<b>\$ (2,336)</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 6,781	\$ -	\$ 5,430	\$ -	\$ (94)	\$ (2,336)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 6,781</b>	<b>\$ -</b>	<b>\$ 5,430</b>	<b>\$ -</b>	<b>\$ (94)</b>	<b>\$ (2,336)</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,781	-	5,430	-	(94)	(2,336)
<b>Total cash and investment fund balance - ending</b>	<b>\$ 6,781</b>	<b>\$ -</b>	<b>\$ 5,430</b>	<b>\$ -</b>	<b>\$ (94)</b>	<b>\$ (2,336)</b>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title II 2002	Title II 00-01	Head Start 04/05	Head Start 05/06	Head Start 06/07
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	644,333	765,389
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>644,333</b>	<b>765,389</b>
Disbursements:					
Current:					
Instruction	35	-	-	329,870	775,419
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>329,870</b>	<b>775,419</b>
Excess (deficiency) of receipts over disbursements	(35)	-	-	314,463	(10,030)
Other financing sources (uses):					
Transfers in	4,341	-	41,994	-	90,949
Transfers out	-	-	-	(132,842)	(27,386)
<b>Total other financing sources (uses)</b>	<b>4,341</b>	<b>-</b>	<b>41,994</b>	<b>(132,842)</b>	<b>63,563</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,306	-	41,994	181,621	53,533
Cash and investments - beginning	(4,396)	42	(41,994)	(181,621)	-
Cash and investments - ending	<u>\$ (90)</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,533</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (90)	\$ 42	\$ -	\$ -	\$ 53,533
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ (90)</u></b>	<b><u>\$ 42</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 53,533</u></b>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(90)	42	-	-	53,533
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ (90)</u></b>	<b><u>\$ 42</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 53,533</u></b>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Head Start FY 98	Head Start Food Service	Title IV, Part A 2002/2003	Class Size Reduction	Title II, Part A 2002/2003
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	74,547	-	-	-
Federal sources	-	-	6,267	-	33,656
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>74,547</u>	<u>6,267</u>	<u>-</u>	<u>33,656</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	82,126	2,155	-	3,111
Support services	-	-	4,421	-	14,098
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>-</u>	<u>82,126</u>	<u>6,576</u>	<u>-</u>	<u>17,209</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>-</u>	<u>(7,579)</u>	<u>(309)</u>	<u>-</u>	<u>16,447</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	27,386	3,686	3,232	-
Transfers out	(101)	-	-	-	(53,237)
<b>Total other financing sources (uses)</b>	<u>(101)</u>	<u>27,386</u>	<u>3,686</u>	<u>3,232</u>	<u>(53,237)</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>(101)</u>	<u>19,807</u>	<u>3,377</u>	<u>3,232</u>	<u>(36,790)</u>
Cash and investments - beginning	101	(83,993)	(4,109)	(3,232)	83,194
Cash and investments - ending	<u>\$ -</u>	<u>\$ (64,186)</u>	<u>\$ (732)</u>	<u>\$ -</u>	<u>\$ 46,404</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ (64,186)	\$ (732)	\$ -	\$ 46,404
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ (64,186)</u>	<u>\$ (732)</u>	<u>\$ -</u>	<u>\$ 46,404</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	(64,186)	(732)	-	46,404
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ (64,186)</u>	<u>\$ (732)</u>	<u>\$ -</u>	<u>\$ 46,404</u>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title II, Part D 2002/2003	Severance/ Pension Bond	Gifts	Construction	Totals
Receipts:					
Local sources	\$ -	\$ 192,222	\$ 10,502	\$ -	\$ 760,732
State sources	-	-	-	-	283,321
Federal sources	-	-	-	-	1,525,528
Bonds and loans	-	167,202	-	-	167,202
Sale of property, adjustments and refunds	-	-	-	23,116	23,366
	<u>-</u>	<u>359,424</u>	<u>10,502</u>	<u>23,116</u>	<u>2,760,149</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	1,321,920
Support services	1,914	-	-	47,390	590,528
Community services	-	-	-	-	195,540
Nonprogrammed charges	-	-	5,031	-	5,031
Debt services	-	363,450	-	-	363,450
	<u>1,914</u>	<u>363,450</u>	<u>5,031</u>	<u>47,390</u>	<u>2,476,469</u>
Excess (deficiency) of receipts over disbursements	<u>(1,914)</u>	<u>(4,026)</u>	<u>5,471</u>	<u>(24,274)</u>	<u>283,680</u>
Other financing sources (uses):					
Transfers in	-	7,018	-	-	235,488
Transfers out	-	(3,815)	-	-	(379,174)
	<u>-</u>	<u>3,203</u>	<u>-</u>	<u>-</u>	<u>(143,686)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,914)</u>	<u>(823)</u>	<u>5,471</u>	<u>(24,274)</u>	<u>139,994</u>
Cash and investments - beginning	<u>3,620</u>	<u>646</u>	<u>5,195</u>	<u>104,013</u>	<u>(222,327)</u>
Cash and investments - ending	<u>\$ 1,706</u>	<u>\$ (177)</u>	<u>\$ 10,666</u>	<u>\$ 79,739</u>	<u>\$ (82,333)</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 1,706	\$ -	\$ 10,666	\$ 79,739	\$ (82,156)
Restricted assets:					
Cash and investments	<u>-</u>	<u>(177)</u>	<u>-</u>	<u>-</u>	<u>(177)</u>
Total cash and investment assets - ending	<u>\$ 1,706</u>	<u>\$ (177)</u>	<u>\$ 10,666</u>	<u>\$ 79,739</u>	<u>\$ (82,333)</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ (177)	\$ -	\$ -	\$ (177)
Unrestricted	<u>1,706</u>	<u>-</u>	<u>10,666</u>	<u>79,739</u>	<u>(82,156)</u>
Total cash and investment fund balance - ending	<u>\$ 1,706</u>	<u>\$ (177)</u>	<u>\$ 10,666</u>	<u>\$ 79,739</u>	<u>\$ (82,333)</u>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate Fee	Early Intervention	P.L. 221 Professional Development	Latchkey Program
<b>Receipts:</b>							
Local sources	\$ 14,339	\$ 244,125	\$ 103,953	\$ 188	\$ -	\$ -	\$ 6,318
State sources	1,471	141,963	34,836	-	-	17,017	6,555
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	300	-	-	-	-	-
<b>Total receipts</b>	<u>15,810</u>	<u>386,388</u>	<u>138,789</u>	<u>188</u>	<u>-</u>	<u>17,017</u>	<u>12,873</u>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	14,292	-	-	-	-	16,879	428
Support services	2,200	413,857	98,010	-	-	-	-
Community services	-	-	-	-	-	-	12,653
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>16,492</u>	<u>413,857</u>	<u>98,010</u>	<u>-</u>	<u>-</u>	<u>16,879</u>	<u>13,081</u>
Excess (deficiency) of receipts over disbursements	<u>(682)</u>	<u>(27,469)</u>	<u>40,779</u>	<u>188</u>	<u>-</u>	<u>138</u>	<u>(208)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(682)</u>	<u>(27,469)</u>	<u>40,779</u>	<u>188</u>	<u>-</u>	<u>138</u>	<u>(208)</u>
Cash and investments - beginning	<u>5,833</u>	<u>(6,416)</u>	<u>45,521</u>	<u>(1,542)</u>	<u>3,243</u>	<u>29,417</u>	<u>(2,628)</u>
Cash and investments - ending	<u>\$ 5,151</u>	<u>\$ (33,885)</u>	<u>\$ 86,300</u>	<u>\$ (1,354)</u>	<u>\$ 3,243</u>	<u>\$ 29,555</u>	<u>\$ (2,836)</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 5,151	\$ (33,885)	\$ 86,300	\$ (1,354)	\$ 3,243	\$ 29,555	\$ (2,836)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 5,151</u>	<u>\$ (33,885)</u>	<u>\$ 86,300</u>	<u>\$ (1,354)</u>	<u>\$ 3,243</u>	<u>\$ 29,555</u>	<u>\$ (2,836)</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,151	(33,885)	86,300	(1,354)	3,243	29,555	(2,836)
<b>Total cash and investment fund balance - ending</b>	<u>\$ 5,151</u>	<u>\$ (33,885)</u>	<u>\$ 86,300</u>	<u>\$ (1,354)</u>	<u>\$ 3,243</u>	<u>\$ 29,555</u>	<u>\$ (2,836)</u>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Non English Speaking	School Technology	Day Care Program	Title I 2005/2006	Title I 2006/2007	Title I 2007/2008	Title V Part A
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 208,719	\$ -	\$ -	\$ -	\$ -
State sources	1,460	-	-	-	-	-	-
Federal sources	-	-	-	-	-	78,620	1,802
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	194	-	-	-	-	-	-
<b>Total receipts</b>	<b>1,654</b>	<b>-</b>	<b>208,719</b>	<b>-</b>	<b>-</b>	<b>78,620</b>	<b>1,802</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	13,260	-	8,135	75,633	-
Support services	-	-	-	-	-	45	2,810
Community services	-	-	190,853	-	-	190	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>204,113</b>	<b>-</b>	<b>8,135</b>	<b>75,868</b>	<b>2,810</b>
Excess (deficiency) of receipts over disbursements	1,654	-	4,606	-	(8,135)	2,752	(1,008)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	1,354	5,966	-
Transfers out	-	-	-	(7,320)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,320)</b>	<b>1,354</b>	<b>5,966</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,654	-	4,606	(7,320)	(6,781)	8,718	(1,008)
Cash and investments - beginning	1,002	6,538	(307,307)	7,320	6,781	-	5,430
<b>Cash and investments - ending</b>	<b>\$ 2,656</b>	<b>\$ 6,538</b>	<b>\$ (302,701)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,718</b>	<b>\$ 4,422</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,656	\$ 6,538	\$ (302,701)	\$ -	\$ -	\$ 8,718	\$ 4,422
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 2,656</b>	<b>\$ 6,538</b>	<b>\$ (302,701)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,718</b>	<b>\$ 4,422</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,656	6,538	(302,701)	-	-	8,718	4,422
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,656</b>	<b>\$ 6,538</b>	<b>\$ (302,701)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,718</b>	<b>\$ 4,422</b>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Anti-Drug Abuse	ICI 99	Title II 2002	Title II 00-01	Head Start 06/07	Head Start 07/08	Head Start Food Service
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	72,996
Federal sources	-	7,129	-	-	461,338	678,857	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	826	10,000
<b>Total receipts</b>	<b>-</b>	<b>7,129</b>	<b>-</b>	<b>-</b>	<b>461,338</b>	<b>679,683</b>	<b>82,996</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	492,182	762,035	69,885
Support services	-	2,259	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>2,259</b>	<b>-</b>	<b>-</b>	<b>492,182</b>	<b>762,035</b>	<b>69,885</b>
Excess (deficiency) of receipts over disbursements	-	4,870	-	-	(30,844)	(82,352)	13,111
<b>Other financing sources (uses):</b>							
Transfers in	94	-	90	-	-	-	10,556
Transfers out	-	-	-	(42)	(10,556)	-	-
<b>Total other financing sources (uses)</b>	<b>94</b>	<b>-</b>	<b>90</b>	<b>(42)</b>	<b>(10,556)</b>	<b>-</b>	<b>10,556</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	94	4,870	90	(42)	(41,400)	(82,352)	23,667
Cash and investments - beginning	(94)	(2,336)	(90)	42	53,533	-	(64,186)
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 2,534</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,133</b>	<b>\$ (82,352)</b>	<b>\$ (40,519)</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 2,534	\$ -	\$ -	\$ 12,133	\$ (82,352)	\$ (40,519)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 2,534</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,133</b>	<b>\$ (82,352)</b>	<b>\$ (40,519)</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,534	-	-	12,133	(82,352)	(40,519)
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 2,534</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,133</b>	<b>\$ (82,352)</b>	<b>\$ (40,519)</b>

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

FREMONT COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title IV, Part A 2002/2003	Title II, Part A 2002/2003	Title II, Part D 2002/2003	Severance/ Pension Bond	Gifts	Construction	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ 347,723	\$ 1,759	\$ -	\$ 927,124
State sources	-	-	-	-	-	-	276,298
Federal sources	2,651	34,399	-	-	-	-	1,264,796
Bonds and loans	-	-	-	264,264	-	-	264,264
Sale of property, adjustments and refunds	-	-	-	-	-	-	11,320
<b>Total receipts</b>	<b>2,651</b>	<b>34,399</b>	<b>-</b>	<b>611,987</b>	<b>1,759</b>	<b>-</b>	<b>2,743,802</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	30,338	-	-	-	-	1,483,067
Support services	2,015	6,656	-	-	-	48,090	575,942
Community services	-	-	-	-	-	-	203,696
Nonprogrammed charges	-	-	-	-	8,237	-	8,237
Debt services	-	-	-	527,404	-	-	527,404
<b>Total disbursements</b>	<b>2,015</b>	<b>36,994</b>	<b>-</b>	<b>527,404</b>	<b>8,237</b>	<b>48,090</b>	<b>2,798,346</b>
Excess (deficiency) of receipts over disbursements	636	(2,595)	-	84,583	(6,478)	(48,090)	(54,544)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	18,060
Transfers out	-	-	(142)	-	-	-	(18,060)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(142)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	636	(2,595)	(142)	84,583	(6,478)	(48,090)	(54,544)
Cash and investments - beginning	(732)	46,404	1,706	(177)	10,666	79,739	(82,333)
Cash and investments - ending	<u>(96)</u>	<u>43,809</u>	<u>1,564</u>	<u>84,406</u>	<u>4,188</u>	<u>31,649</u>	<u>(136,877)</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ (96)	\$ 43,809	\$ 1,564	\$ -	\$ 4,188	\$ 31,649	\$ (221,283)
Restricted assets:							
Cash and investments	-	-	-	84,406	-	-	84,406
<b>Total cash and investment assets - ending</b>	<b><u>(96)</u></b>	<b><u>43,809</u></b>	<b><u>1,564</u></b>	<b><u>84,406</u></b>	<b><u>4,188</u></b>	<b><u>31,649</u></b>	<b><u>(136,877)</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 84,406	\$ -	\$ -	\$ 84,406
Unrestricted	(96)	43,809	1,564	-	4,188	31,649	(221,283)
<b>Total cash and investment fund balance - ending</b>	<b><u>(96)</u></b>	<b><u>43,809</u></b>	<b><u>1,564</u></b>	<b><u>84,406</u></b>	<b><u>4,188</u></b>	<b><u>31,649</u></b>	<b><u>(136,877)</u></b>

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

FREMONT COMMUNITY SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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	30,534,000
Improvements other than buildings	1,043,000
Machinery and equipment	<u>3,384,507</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 35,232,282</u>

FREMONT COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

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	\$ 1,740,000	\$ 256,008
Middle School Building	5,890,000	742,481
Tax Anticipation warrants	6,258,730	6,258,730
Bonds payable:		
General obligation bonds:		
Pension Liability	2,740,000	178,925
High School Roof	415,000	34,381
Total governmental activities debt	<u>\$ 17,043,730</u>	<u>\$ 7,470,525</u>

FREMONT COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

TRANSPORTATION FUND EXPENDITURES - UTILITY SERVICES

Portions of the utility services for the School Corporation buildings were paid from the Transportation Fund that were not related expenses of the Transportation Fund. \$35,515 was spent in the fiscal year ended June 30, 2007, from the Transportation Fund for non transportation related expenses and for the fiscal year ended June 30, 2008, the amount was \$34,541.

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)

IC 20-40-6-6, Transportation Fund, Uses; costs payable from fund Sec. 6. (a) states in part: "The following costs are payable from the fund: (7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses . . ."

OVERDRAWN CASH BALANCES

The following cash balances of funds were overdrawn at June 30, 2007 and 2008.

<u>Fund</u>	<u>Balance</u> <u>06-30-07</u>	<u>Balance</u> <u>06-30-08</u>
Self-Insurance	\$ 83,242	\$ 11,557
School Lunch	6,416	33,885
Education License Plate Fee	1,542	1,354
Latchkey Program	2,628	2,836
Day Care Program	307,307	302,701
Anti-Drug Abuse	94	-
ICI 99	2,336	-
Title II 2002	90	-
Head Start 07-08	-	82,352
Head Start Food Service	64,186	40,519
Title IV, Part A 2002-2003	732	96
Severance/Pension Bond	177	-

The 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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND 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 compliance of the Fremont Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. 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 are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a School Corporation's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, and 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

June 3, 2009

FREMONT COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 18,952	\$ 17,145
National School Lunch Program	10.555		<u>156,394</u>	<u>157,446</u>
Total for cluster			<u>175,346</u>	<u>174,591</u>
Child and Adult Care Food Program	10.558		<u>74,598</u>	<u>73,150</u>
Total for federal grantor agency			<u>249,944</u>	<u>247,741</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Educational Agencies				
	84.010	06-7605	24,719	7,320
		07-7605	63,323	8,135
		08-7605	<u>-</u>	<u>75,868</u>
Total for program			<u>88,042</u>	<u>91,323</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	05-294	2,260	-
		7605-06	1,082	1,623
		7605-07	<u>-</u>	<u>2,651</u>
Total for program			<u>3,342</u>	<u>4,274</u>
Innovative Education Program Strategies	84.298	04-266	79	-
		05-288	3,901	-
		06-7605	870	1,008
		07-7605	<u>-</u>	<u>1,802</u>
Total for program			<u>4,850</u>	<u>2,810</u>
Improving Teacher Quality State Grants	84.367	04-270	7,593	-
		05-270	33,847	-
		06-7605	30,920	2,736
		07-7605	<u>-</u>	<u>34,399</u>
Total for program			<u>72,360</u>	<u>37,135</u>
Total for federal grantor agency			<u>168,594</u>	<u>135,542</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Grant				
Head Start				
	93.600	05CH4191/41	462,714	-
		05CH4191/42	802,805	502,738
		05CH4191/43	<u>101</u>	<u>762,035</u>
Total for program			<u>1,265,620</u>	<u>1,264,773</u>
Total federal awards expended			<u>\$ 1,684,158</u>	<u>\$ 1,648,056</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

I. 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 requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the 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.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2002	2003
National School Lunch Program	10.555	\$ 31,308	\$ 21,361

FREMONT COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	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:

CFDA Number	Name of Federal Program or Cluster
93.600	Child Nutrition Cluster Head Start

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

FREMONT COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

FREMONT COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on June 3, 2009, with Ben J. Roederer, Superintendent of Schools; and Shayne Tresenriter, Treasurer. The officials concurred with our audit findings.