

**FREMONT PUBLIC SCHOOLS
FREMONT, NEWAYGO COUNTY, MICHIGAN**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 12
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statement	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet - All Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds	
The Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund	
Balances - Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	18
Fiduciary Funds:	
Statement of Net Position	19
Notes to the Financial Statements	20 - 41
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule for the General Fund	42
Schedule of Proportionate Share of Net Pension Liability	43
Schedule of Contributions	44
SUPPLEMENTAL INFORMATION	
General Fund	
Comparative Balance Sheet	45
Comparative Statement of Revenues	46
Comparative Statement of Expenditures	47 - 48

Table of Contents (Continued)

Debt Service	
Comparative Balance Sheet	49
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	50
Building & Site Fund	
Comparative Balance Sheet	51
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	52
Non-Major Governmental Funds	
Combining Balance Sheet - Non-Major Funds	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Funds	54
Comparative Balance Sheet - Food Service Fund	55
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Food Service Fund	56
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Food Service Fund	57
Capital Projects - Non-Major Fund	
Sinking Fund	
Comparative Balance Sheet	58
Comparative Statement of Revenues, Expenditures & Changes in Fund Balance	59
Comparative Balance Sheet - Multi-year Comparison	60
Cumulative Statement of Revenues, Expenditures And Changes in Fund Balance	61 - 62
Fiduciary Fund	
Student Activities Agency Fund	
Balance Sheet	63
Statement of Changes in Assets and Liabilities	64
Statement of Cash Receipts and Disbursements	65 - 67
Capital Assets and Debt	
Capital Assets Used in Operation of Governmental Funds Schedule of Changes by Function and Activity	68

Table of Contents (Continued)

Schedule of Changes in Long-Term Debt	69
Schedule of Principal and Interest Payments	
\$43,875,000 of School Building & Site Bonds dated June 24, 2009	70 - 71
\$ 8,210,000 of Refunding Bonds dated February 14, 2008	72
\$ 2,210,000 of Refunding Bonds dated February 2013	73
School Bus Capital Lease dated August 2013	74
School Bus Note Payable Lease dated July 2014	75
Schedule of Cash and Investments	76
FEDERAL FINANCIAL ASSISTANCE	
Schedule of Expenditures of Federal Awards	77
Notes to Schedule of Expenditures of Federal Awards	78
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79 - 80
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	81 - 82
Schedule of Findings and Questioned Costs	83
Schedule of Prior Year Findings and Questioned Costs	84



The Board of Education
Fremont Public Schools
Fremont, Michigan

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Fremont Public School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fremont Public School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of Fremont Public Schools as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont Public School's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in the material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2016 on our consideration of Fremont Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Fremont Public School's internal control and compliance.

H & S Companies, P.C.

H & S Companies, P.C.

Fremont, MI

October 18, 2016

As management of Fremont Public Schools, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the School's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- ï The District's total net position of governmental activities decreased over \$3.4 million during the year and amounted to a deficit of \$25.1 million at June 30, 2016.
- ï General revenues accounted for \$19.1 million, or 75.2%, of all fiscal year 2016 revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for nearly \$6.3 million or 24.8% of total fiscal year 2016 revenues. Revenues decreased over \$.5 million from the prior year. The major changes include an increase in property taxes of \$186,859, a decrease in state aid of \$40,000, a decrease in operating grants and contributions of \$130,000, and a loss on the disposition of capital assets of \$600,000.
- ï The District had about \$28.8 million in expenses related to governmental activities; of which nearly \$6.3 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$19.1 million covered 84.7% of the remaining costs of these programs. Expenses increased by \$4.6 million compared to last year. Instruction expenditures increased \$3.6 million while support services increased \$860,000.
- ï The General Fund, a major fund for the District, had nearly \$20.7 million in revenue and other financing sources which primarily consisted of state aid and property taxes. The General Fund also had over \$20.6 million in expenditures and other uses. The General Fund's fund balance decreased by \$5,000.
- ï General Fund revenues decreased \$65,000 while expenditures increased \$490,000 compared to the prior year.
- ï The Capital Projects - Building & Site Fund has also a major fund for the district. The Building & Site Fund earned \$10 in investment income and expended over \$19,000 in construction, equipment purchases, and professional services related to the new school and technology bonds which are now complete.
- ï The Debt Service Fund is also a major fund for the district. The Debt Service Fund property taxes increased \$122,000 from the prior year level of \$3.2 million. The Debt Service Fund also received over \$850,000 in bond interest credits from the federal government. Expenditures increased from \$4.75 million to \$4.76 million due to payments on the bonds. The Debt Service fund balance increased \$56,000.

ï

The Capital Projects-Sinking Fund, Capital Projects-Capital Improvement Fund, and Food Service Funds are non-major funds for the District. Together they accounted for over \$1.09 million in revenue and over \$1.4 million in expenses. The fund balances of these funds decreased by over \$301,000.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The Schools' basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The District-wide Statement of Net Position and Statement of Activities are reported using the full accrual basis of accounting. With this method all of the District's assets and liabilities, and all of the current year revenues and expenditures, are reported regardless of when cash is received or paid. These statements provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. For example, the Statement of Activities details how the District's services were financed in the short-term and the amount that remains for future spending. The Statement of Net Position aggregates the District's restricted and unrestricted assets as well as short and long-term obligations recorded in all funds.

The fund-level statements are reported using a modified accrual basis of accounting. That is, only those assets that are "measurable" and "currently available" are reported, and liabilities are recognized to the extent they would normally be paid with current financial resources. Fund financial statements report the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds – the General Fund, Building & Site Fund, Debt Funds, and Special Services Funds which are comprised of: Food Service and Capital Projects Sinking Fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 42 of this report.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position, is one way to measure the School District's financial health, or *financial position*. Over time, increases or decreases in the District's net position, as reported in the Statement of Activities, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District's *operating results*. However, the School District's goal is to provide services to its students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools, must also be considered when assessing the *overall health* of the School District.

Net Position - The District's combined net position was less on June 30, 2016 than the year before. The following summarizes the net position at fiscal years ended June 30, 2016 and 2015:

	2016	2015
Assets		
Current Assets	\$ 5,460,881	\$ 5,995,068
Capital Assets	69,901,864	71,485,209
Less: Accumulated Depreciation	<u>(19,860,025)</u>	<u>(18,982,918)</u>
Capital Assets, Net Book Value	<u>50,041,839</u>	<u>52,502,291</u>
Total Assets	<u>55,502,720</u>	<u>58,497,359</u>
Deferred Outflows of Resources	4,035,853	4,196,286
Liabilities		
Current Liabilities	5,329,183	5,515,146
Long-Term Liabilities	47,257,279	48,628,874
Net Pension Liability	<u>31,216,635</u>	<u>27,169,033</u>
Total Liabilities	<u>83,803,097</u>	<u>81,313,053</u>
Deferred Inflows of Resources	<u>798,016</u>	<u>3,003,548</u>
Net Position		
Net Investment in Capital Assets	700,030	(25,282,678)
Restricted for Debt Service	199,712	143,717
Unrestricted	<u>(25,962,282)</u>	<u>3,516,005</u>
Total Net Position	<u><u>\$ (25,062,540)</u></u>	<u><u>\$ (21,622,956)</u></u>

Results of Operations:

For the fiscal years ended June 30, 2016 and 2015, the District wide results of operations are reported below.

	Year Ended 2016		Year Ended 2015	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 824,306	3.25	\$ 776,052	3.00
Operating Grants/Contr.	5,472,026	21.57	5,596,941	21.61
General Revenues:				
Property Taxes	5,629,511	22.19	5,442,724	21.01
State Aid	14,008,910	55.23	14,049,434	54.24
Interest and Other	<u>(568,746)</u>	<u>(2.24)</u>	<u>38,660</u>	<u>0.15</u>
Total Revenue	25,366,007	100.00	25,903,811	100.00
Expenses:				
Instruction				
Basic Programs	13,005,941	45.15	10,766,956	44.07
Added Needs	4,447,612	15.44	3,354,789	13.73
Adult Education	<u>149,119</u>	<u>0.52</u>	<u>87,946</u>	<u>0.36</u>
Total Instruction	17,602,672	61.11	14,209,691	58.16
Support Services				
Pupil	645,587	2.24	534,876	2.19
Instructional Staff	289,722	1.01	246,157	1.01
General Administration	447,271	1.55	438,586	1.79
School Administration	1,412,795	4.90	1,139,125	4.66
Business	310,566	1.08	257,714	1.05
Operations/Maintenance	1,609,667	5.59	1,567,819	6.42
Pupil Transportation	1,055,438	3.66	835,035	3.42
Central	<u>454,343</u>	<u>1.58</u>	<u>407,501</u>	<u>1.67</u>
Total Support Services	6,225,389	21.61	5,426,813	22.21
Community Services	347,878	1.21	298,636	1.22
Food Service	1,100,111	3.82	1,001,563	4.10
Athletics	493,788	1.71	391,817	1.60
Capital Outlay	21,761	0.08	44,284	0.18
Interest on Debt	<u>3,013,992</u>	<u>10.46</u>	<u>3,061,232</u>	<u>12.53</u>
Total Expenses	28,805,591	100.00	24,434,036	100.00
Change in Net Position	(3,439,584)		1,469,775	
Beginning Net Position	<u>(21,622,956)</u>		<u>(23,092,731)</u>	
Ending Net Position	<u>\$ (25,062,540)</u>		<u>\$ (21,622,956)</u>	

Debt Administration

At year-end, the District had over \$49 million in long-term obligations of which \$2,084,530 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2016.

Compensated Absences	\$	53,001
Bond Issues		<u>49,225,782</u>
	\$	<u>49,278,783</u>

Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net position.

For fiscal year ended June 30, 2016, the net increase in accumulated depreciation was \$377,769. Depreciation expense totaled \$2,258,928 and \$1,881,159 was removed due to asset disposals.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset less an estimated salvage value.

One way to think of depreciation expense is that in order to maintain net position at the same level, acquisitions of capital outlay and capitalized major maintenance projects would have to equal the annual depreciation expense. In other words, to stay even in net position the District would have had to purchase and capitalize \$2,258,928 in assets during the year.

Capital Outlay Acquisitions

Actual capital outlay acquisitions during the year were \$430,631 while \$2,477,480 of assets were disposed of for the fiscal year ended June 30, 2016.

Net Acquisitions combined with the increase in accumulated depreciation, net investment in capital assets (i.e., net book value) decreased by \$2,424,618 during the year.

Since accumulated depreciation is based on original cost, it does not take into consideration inflation. As a result, the actual investment in capital outlay would have to be more than depreciation expense in order to maintain assets at the same level of maintenance and upkeep.

Property Taxes levied for General Operations (General Fund Property Taxes)

The District levies 18 mills of property tax for operations (General Fund) on Non-Homestead Properties. In 2008, commercial personal property became exempt from the first 12 mills "non-homestead" operating millage levied. This resulted in a decrease in the non-homestead tax levy. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5%, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50% of the market value.

The District's non-homestead property levy for the 2015-2016 fiscal year was \$2,397,845. The non-homestead tax levy increased by 2.28% from the prior year.

The following summarizes the District's non-homestead levy the past five years:

Fiscal Year	Non-Homestead Levy	% Increase from Prior Year
2015-2016	2,397,845	2.28%
2014-2015	2,344,493	-1.53%
2013-2014	2,381,039	9.40%
2012-2013	2,176,478	0.42%
2011-2012	2,167,268	-2.01%

State of Michigan Aid, Unrestricted

That State of Michigan aid, unrestricted is determined by the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment – Blended at 90% of current year fall count and 10% of prior year winter count
- c. The District's non-homestead levy

Per Student, Foundation Allowance:

Annually, the State of Michigan sets the per student foundation allowance. The Fremont Public Schools foundation allowance was \$7,391 per student for the 2015-2016 school year. This represented an increase of \$265 per student compared to the allowance of \$7,126 for the 2014-2015 school year.

Student Enrollment:

The District's student enrollment for the fall count of 2015-2016 was 2,131 students. The following summarizes fall student enrollments in the past five years:

	Student FTE	FTE Change from Prior Year
2015-2016	2,131	(107)
2014-2015	2,238	15
2013-2014	2,223	16
2012-2013	2,207	(87)
2011-2012	2,294	22

Property Taxes levied for Debt Service

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) in lieu of taxes, which are essentially taxed at 50% of the regular tax rate.

For 2015-2016 the District's debt millage levy was 7.0 mills, which generated a levy of \$3,368,138.

Food Service Sales to Students & Adults:

The District's food and milk sales to students and adults decreased by \$20,000 from the prior school year. State Sources increased \$37,000 while Federal Sources increased \$159. The total expenditures for Food Service operations decreased by \$28,000 from the prior year. Revenues exceeded expenditures by \$660.

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

General Fund Expenditures Budget vs. Actual 5-Year History

Fiscal Year	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Variance Actual & Original Budget	Expenditures Variance Actual & Final Budget
2011-2012	19,394,831	19,835,745	19,685,220	1.50%	-0.76%
2012-2013	19,424,365	19,935,915	19,861,047	2.25%	-0.38%
2013-2014	19,141,825	19,525,176	19,540,207	2.08%	0.08%
2014-2015	20,363,343	20,335,991	20,145,494	-1.07%	-0.94%
2015-2016	20,577,121	20,623,108	20,696,704	0.58%	0.36%
Five-Year Average Over (Under) Budget				0.95%	-0.55%

General Fund Revenue Budget vs. Actual 5-Year History

Fiscal Year	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Variance Actual & Original Budget	Revenues Variance Actual & Final Budget
2011-2012	18,692,228	19,181,335	19,140,950	2.40%	-0.21%
2012-2013	18,968,064	19,217,119	19,056,909	0.47%	-0.83%
2013-2014	19,201,095	19,773,062	19,714,627	2.67%	-0.30%
2014-2015	20,730,096	20,829,126	20,748,065	0.09%	-0.39%
2015-2016	20,506,768	20,325,525	20,691,521	0.90%	1.80%
Five-Year Average Over (Under) Budget				1.07%	-0.42%

General Fund Budgetary Highlights:

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

General Fund Revenues:

Total Revenues Original Budget	\$ 20,506,768	
Total Revenues Final Budget	<u>20,325,525</u>	
Decrease in Budgeted Revenues	<u>\$ (181,243)</u>	-0.88%

The District's final general fund revenues differed from the final budget by \$365,996. This is a variance of 1.80%.

The Final revenue budget reflects the following changes from the original budget:

- ï Decrease in Local Sources
- ï Decrease in State Sources

General Fund Expenditures:

Total Expenditures Original Budget	\$ 20,577,121	
Total Expenditures Final Budget	<u>20,623,108</u>	
Increase in Budgeted Expenditures	<u>\$ 45,987</u>	0.22%

The District's final general fund expenditures differed from the final budget by \$73,596. This is a variance of .36%.

The Final expenditure budget reflects the following changes from the original budget:

- ï Increase in Basic Programs
- ï Increase in Support Services

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors include the previous history of declining enrollment and the per pupil foundation allowance. Also considered in the development of the budget is the local economy. These indicators were considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund are \$19,879,005 which is an decrease of \$817,699 from the 2015-2016 actual expenditures. General Fund Revenues were budgeted at 19,820,547. This is a \$801,267 decrease from the 2015-2016 actual revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Administration Offices, Fremont Public Schools, 450 E. Pine Street, Fremont, MI 49412.

FREMONT PUBLIC SCHOOLS

Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash/Investments	\$ 1,909,523
Accounts Receivable	67,585
Due from Other Governmental Units	3,021,877
Inventory	72,896
Restricted Cash/Investments-Capital Projects and Debt Service	389,000
Total Current Assets	5,460,881
Noncurrent Assets:	
Bond Issuance Costs (net of amortization)	188,501
Land	1,575,257
Capital Assets (net of accumulated depreciation)	48,278,081
Total Noncurrent Assets	50,041,839
Total Assets	55,502,720
Deferred Outflows of Resources	
Deferred Outflows of Resources Related to Pensions	4,035,853
Liabilities	
Current Liabilities:	
Accounts Payable	87,144
Salaries/Severance Payable	973,189
Retirement Payable	472,229
Health Insurance Payable	293,529
Payroll Taxes Payable	71,721
Unearned Revenue	146,841
Note Payable - Short Term	1,200,000
Current Portion of Long-Term Obligations	2,084,530
Total Current Liabilities	5,329,183
Noncurrent Liabilities:	
Bond Issue Premium (net of amortization)	63,027
Noncurrent Portion of Long-Term Obligations	47,194,252
Net Pension Liability	31,216,635
Total Noncurrent Liabilities	78,473,914
Total Liabilities	83,803,097
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to Pensions	798,016
Net position	
Net Investment in Capital Assets	700,030
Restricted For Debt Service	199,712
Unrestricted	(25,962,282)
Total Net Position	\$ (25,062,540)

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Government Wide Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue</u>
Governmental Activities				Government Activities
Instruction:				
Basic Programs	\$ 13,005,941	\$ -	\$ 596,580	\$ (12,409,361)
Added Needs	4,447,612	-	2,916,785	(1,530,827)
Adult Education	149,119	-	233,776	84,657
Total Instruction	17,602,672	-	3,747,141	(13,855,531)
Support Services:				
Pupil	645,587	-	-	(645,587)
Instructional Staff	289,722	-	-	(289,722)
General Administration	447,271	-	-	(447,271)
School Administration	1,412,795	-	-	(1,412,795)
Business	310,566	-	-	(310,566)
Operations and Maintenance	1,609,667	-	-	(1,609,667)
Pupil Transportation	1,055,438	88,092	-	(967,346)
Central	454,343	-	-	(454,343)
Total Support Services	6,225,389	88,092	-	(6,137,297)
Community Services	347,878	326,095	87,445	65,662
Food Services	1,100,111	327,556	771,505	(1,050)
Athletics	493,788	82,560	-	(411,228)
Capital Outlay (Under \$5,000)	21,761	-	13,329	(8,432)
Interest and Fees on Debt	3,013,992	-	852,606	(2,161,386)
Total School District	\$ 28,805,591	\$ 824,303	\$ 5,472,026	\$ (22,509,262)

General Revenues

Property Taxes	
General Purposes	\$ 2,260,328
Debt Services	3,369,183
State and Federal Aids Not Restricted To Specific Functions:	
General	14,008,910
Interest and Investment Earnings	4,629
Miscellaneous	3,778
Gain (Loss) on Disposition of Capital Assets	(594,821)
Amortized Bond Premium	<u>17,671</u>
Total General Revenues	<u>19,069,678</u>
 Change in Net Position	 (3,439,584)
 Net Position - Beginning of Year	 <u>(21,622,956)</u>
 Net Position - Ending of Year	 <u><u>\$ (25,062,540)</u></u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Balance Sheet - All Governmental Funds

June 30, 2016

	<u>General Fund</u>	<u>Building & Site Fund</u>	<u>Debt Services Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash/Investments	\$ 1,508,575	\$ -	\$ 202,350	\$ 587,598	\$ 2,298,523
Accounts Receivable	67,585	-	-	-	67,585
Due from Other Funds	11,636	-	-	37,430	49,066
Due from Other Governmental Units	3,021,877	-	-	-	3,021,877
Inventory	<u>42,276</u>	<u>-</u>	<u>-</u>	<u>30,619</u>	<u>72,895</u>
Total Assets	<u><u>\$ 4,651,949</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 202,350</u></u>	<u><u>\$ 655,647</u></u>	<u><u>\$ 5,509,946</u></u>
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$ 87,144	\$ -	\$ -	\$ -	\$ 87,144
Salaries/Severance Payable	973,189	-	-	-	973,189
Retirement Payable	472,229	-	-	-	472,229
Benefits Payable	293,529	-	-	-	293,529
FICA Taxes Payable	71,721	-	-	-	71,721
Unearned Revenue	146,841	-	-	-	146,841
Due to Other Funds	37,430	-	2,638	8,998	49,066
Notes Payable	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
Total Liabilities	3,282,083	-	2,638	8,998	3,293,719
Fund Equity					
Non-Spendable - Inventory	42,276	-	-	30,619	72,895
Assigned	392,316	-	199,712	616,030	1,208,058
Unassigned	<u>935,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>935,274</u>
Total Fund Equity	<u>1,369,866</u>	<u>-</u>	<u>199,712</u>	<u>646,649</u>	<u>2,216,227</u>
Total Liabilities and Fund Equity	<u><u>\$ 4,651,949</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 202,350</u></u>	<u><u>\$ 655,647</u></u>	<u><u>\$ 5,509,946</u></u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2016

Total Governmental Fund Balances	\$	2,216,227
----------------------------------	----	-----------

Total Net Position reported for governmental activities in the statement of Net Position are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of Net position:

Governmental Capital Assets	\$ 69,402,527	
Governmental Accumulated Depreciation	<u>(19,360,687)</u>	
		50,041,840

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred Outflows of Resources Related to Pensions	4,035,853	
Deferred Inflows of Resources Related to Pensions	<u>(798,016)</u>	
		3,237,837

Long-term liabilities, including notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of Net Position that are not reported in the funds balance sheet are:

General Obligation Debt	(49,341,809)	
Net Pension Liability	<u>(31,216,635)</u>	
		<u>(80,558,444)</u>

Total Net Position - Governmental Activities:	\$	<u><u>(25,062,540)</u></u>
---	----	----------------------------

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2016

	General Fund	Building & Site Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Sources	\$ 3,289,026	\$ 10	\$ 3,369,994	\$ 327,228	\$ 6,986,258
State Sources	16,015,443	-	-	78,538	16,093,981
Federal Sources	843,651	-	852,606	692,967	2,389,224
Other Sources	473,694	-	-	-	473,694
Total Revenues	20,621,814	10	4,222,600	1,098,733	25,943,157
Expenditures					
Instruction					
Basic Programs	9,841,946	-	-	-	9,841,946
Added Needs	4,007,742	-	-	-	4,007,742
Adult Education	147,459	-	-	-	147,459
Support Services:					
Pupil	581,947	-	-	-	581,947
Instructional Staff	270,988	-	-	-	270,988
General Administration	398,275	-	-	-	398,275
School Administration	1,267,539	-	-	-	1,267,539
Business	327,260	-	-	-	327,260
Operations & Maintenance	1,626,241	-	-	-	1,626,241
Pupil Transportation	931,785	-	-	-	931,785
Central	432,214	-	-	-	432,214
Community Services	330,239	-	-	-	330,239
Athletics	446,298	-	-	-	446,298
Food Services	-	-	-	1,097,868	1,097,868
Capital Outlay	-	18,755	-	302,433	321,188
Debt Service	86,771	-	4,766,605	-	4,853,376
Total Expenditures	20,696,704	18,755	4,766,605	1,400,301	26,882,365
Excess Revenues Over (Under)					
Expenditures	(74,890)	(18,745)	(544,005)	(301,568)	(939,208)

	General Fund	Building & Site Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Sale of Fixed Assets	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Proceeds from Long-Term Debt	-	-	600,000	-	600,000
Indirect Cost Allocation	<u>68,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,207</u>
Total Other Financing Sources (Uses)	<u>69,707</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>669,707</u>
Excess Revenues and Other Sources					
Over (Under) Expend. and Other Uses	(5,183)	(18,745)	55,995	(301,568)	(269,501)
Fund Balance - July 1	<u>1,375,049</u>	<u>18,745</u>	<u>143,717</u>	<u>948,217</u>	<u>2,485,728</u>
Fund Balance - June 30	<u>\$ 1,369,866</u>	<u>\$ -</u>	<u>\$ 199,712</u>	<u>\$ 646,649</u>	<u>\$ 2,216,227</u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (269,501)

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of Net Position and allocated over their estimated useful lives as annual depreciation expense.

Capital outlay reported in governmental fund statements	\$ 430,631	
Depreciation expense reported in the statement of activities	(2,258,928)	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations to decrease assets).	<u>(596,321)</u>	
Amount by which capital outlays are more than depreciation and sale of assets in the current period.		(2,424,618)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Proceeds from debt issues in the current year	(728,129)	
The amount of debt principal payments in the current year is:	2,005,807	
Current year bond issue premium and issuance costs net of amortization.	<u>(20,627)</u>	
		1,257,051

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in compensated absences	(13)	
Decrease in deferred outflows of resources related to pensions	(160,433)	
Decrease in deferred inflows of resources related to pensions	2,205,532	
Increase in net pension liability	<u>(4,047,602)</u>	
		<u>(2,002,516)</u>

Change in Net Position - Governmental Activities. \$ (3,439,584)

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Statement of Net Position - Fiduciary Funds

June 30, 2016

	<u>Agency Funds</u>
Assets	
Cash/Investments	<u>\$ 332,870</u>
Total Assets	<u><u>\$ 332,870</u></u>
Liabilities	
Liabilities	
Due to Student Groups	<u>\$ 332,870</u>
Total Liabilities	<u><u>\$ 332,870</u></u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fremont Public School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

Fremont Public Schools (the District) was organized under the School Code of the State of Michigan and services a population of approximately 2,200 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, vocational education, community services, and general administrative services. The accounting policies of Fremont Public Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the more significant policies.

In accordance with the provisions of the Governmental Accounting Standard's Board (GASB) Statement #14, "The Financial Reporting Entity" as amended by GASB Statement #39, "Determining Whether Certain Organizations are Component Units", the financial statements of Fremont Public Schools contain all the funds and account groups that are controlled by, or dependent on, the District's Board of Education, including all activities considered by the Michigan Department of Education and state law to be a part of the operations of Fremont Public Schools. Control by, or dependence on, the District was determined on the basis of appointment of governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligation of the District to finance any deficits that may occur, receipt of significant subsidies from the District, disposition of surplus funds, and scope of public service.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Notes to the Financial Statements (continued)

Deferred inflows of resources- The statement of net position and governmental funds balance sheet include a separate section for deferred inflow of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs.

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, State and County aid, and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service resources are provided during the current year for payment of general long-term debt principal and interest due early in the following year and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

Property taxes, State and County aid and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

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

Notes to the Financial Statements (continued)

The District reports the following major governmental funds:

General Fund - The General Fund accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. Expenditures are classified in accordance with the Michigan School Accounting Manual, issued by the Michigan Department of Education as follows:

Instruction - Instruction includes the activities dealing directly with the teaching of pupils or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom; in another location, such as in a home or hospital and in other situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone, and correspondence. Included here are the activities of aides, assistants of any type, and supplies and machines, which assist directly in the instructional process.

Supporting Services - Supporting Services are those services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and, to a lesser degree, community services. Supporting services exist as adjuncts for the fulfillment of the objectives of instruction, rather than as entities within themselves.

Community Services - Community Services consist of those activities that are not directly related to providing education for pupils in a school system. These include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities.

Interdistrict - Interdistrict transactions consist of conduit-type (outgoing transfer) payments to other school districts or administrative units in the state or in another state not identified in the above classifications.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund-Building & Site Fund - The Building & Site Fund is used to account for financial resources to be used for the construction of a new high school. The Building & Site Capital Project Fund records this construction activity funded with Building & Site Fund millage. For this fund, the School district has complied with the applicable provisions of Sec. 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of bonded Construction Funds and of Sinking Funds in Michigan.

The District also reports the following non-major funds:

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

School Service Funds - School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Fund maintained by the School District is the Food Service Fund.

Capital Projects Fund- Sinking Fund - The Sinking Fund is used to account for financial resources to be used for the acquisition, construction, renovation or repair of major capital facilities. The Sinking Fund Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, the School district has complied with the applicable provisions of Sec. 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of bonded Construction Funds and of Sinking Funds in Michigan.

Additionally, the District also reports the following fund types:

Fiduciary Fund- The Fiduciary Fund accounts the for assets held by the District on behalf of others and include the Student Activities Fund. This fund accounts for monies raised by students to finance student clubs and organizations.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

4. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Investment income is composed of interest and net changes in the fair value of applicable investments and is included in other local revenue in the fund financial statements.

5. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax levies are obtained by applying tax rates against the taxable valuation. Taxable valuation is based upon the property's state equalized value (which approximates ½ actual value). However, the taxable valuation is limited to a 5% increase from the previous year, while there is no limit to the increase in property values for state equalized valuation.

The State of Michigan utilizes a foundation allowance funding approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law.

The School District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Notes to the Financial Statements (continued)

Federal revenues are recorded as they are earned by the District under terms of specific grants.

Receivables as of year end for the school's individual major fund and nonmajor funds in aggregate are as follows:

	General Fund	Combined Nonmajor Funds	Total
Accounts Receivable	\$ 67,585	\$ -	\$ 67,585
Due from Other Governments	3,021,877	-	3,021,877
	<u>\$3,089,462</u>	<u>\$ -</u>	<u>\$ 3,089,462</u>

6. Inventories

Inventories are stated at cost using the first-in, first-out method. Inventory in the General Fund consists of copy center supplies and operating supplies for the bus garage. The Food Service Fund inventory consists of food and other nonperishable supplies.

The inventories of the General Fund and Food Service are accounted for as expenditures at the time of purchase. Inventories reported for the General Fund and Food Service on the financial statements are offset by an equal fund balance reserve. Following is a schedule of the basic components in ending inventory:

	General Fund	Special Revenue
Operating Supplies	\$ 42,276	\$ -
Food and Non-Food Supplies	-	30,619
Total Inventories	<u>\$ 42,276</u>	<u>\$ 30,619</u>

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed.

8. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Grants	\$ -	\$ 146,841

9. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, vehicles, furniture, equipment and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements.

Notes to the Financial Statements (continued)

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital Assets are depreciated using the straight-line method over the following useful lives:

Land Improvements	20 - 25 Years
Buildings and Improvements	20 - 50 Years
Vehicles, Furniture and Equipment	5 - 15 Years

10. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pension

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Net Position

Net Position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Fremont Public Schools report three categories of net position, as follows: (1) Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets, and increases by balances of deferred outflows of resources related to those assets; (2) Restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of Fremont Public Schools debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) Unrestricted net position consists of all other net position that does not meet the definition of the above components and is available for general use by Fremont Public Schools.

13. Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Notes to the Financial Statements (continued)

Non-spendable - Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted -Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed - Includes amounts that can only used for specific purposes determined by a formal action by Board resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (Board resolution) that was employed when the funds were initially committed.

Assigned - Includes amounts a government intends to use for specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

Unassigned - Includes amounts that are available for any purpose. Positive amounts are only reported in the General Fund.

Restricted sources are used first when an expense is incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, Fremont Public Schools consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

14. Encumbrances

Encumbrance accounting is used for the General Fund, special revenue funds, and capital projects funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported in the appropriate fund balance classification based on the definition and criteria for fund balance classifications. Encumbrances lapse at the close of the fiscal year and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

15. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

NOTE B DEPOSITS AND INVESTMENTS

As of June 30, 2016, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Standard & Poor's Rating</u>
Michigan Liquid Asset Fund *	\$ 306,548	N/A	AAAm
Michigan CLASS	626,316	N/A	AAAm
Total Fair Value	<u>\$ 932,864</u>		

* Securities are valued at amortized cost rather than fair value.

The District voluntarily invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2016, the fair value of the District's investments is the same as the value of the pool shares. MILAF, as defined by the GASB, is recorded at amortized cost which approximates fair value. These funds are not subject to fair value disclosures.

The other fund is Michigan Cooperative Liquid Assets Securities System (Michigan CLASS) which is considered a local government investment pool of "qualified" investments for Michigan school districts. Michigan CLASS is not regulated nor is it registered with the SEC. Michigan CLASS reports as of June 30, 2016, the fair value of the District's investments is the same as the value of the pooled shares. Michigan CLASS does not meet all of the criteria to report investments at amortized cost, therefore, it is recorded at fair value and is subject to fair value measurement at level 2.

Fair Value Measurement - The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Notes to the Financial Statements (continued)

Custodial credit risk is the risk that, in the event of the failure of a financial institution, Fremont Public Schools will not be able to recover its deposits. Fremont Public School's investment policy does not specifically address custodial credit risk for deposits.

As of June 30, 2016, \$1,963,470 of the school district's bank balance of \$2,949,623 was exposed to custodial credit risk as follows:

Insured or Collateralized	\$ 986,153
Uninsured and Uncollateralized	633,163
Uninsured and collateral held by pledging bank's trust department not in District's name.	<u>1,330,307</u>
Total Bank Balance	<u>\$ 2,949,623</u>

Credit Risk -Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's Michigan CLASS and Michigan Investment Liquid Asset Fund have ratings of AAAM from Standard & Poor's.

The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it may be impractical to insure all bank deposits. As a result, the School District evaluates each financial institution with which it deposits School District funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk level are used as depositories.

The District is authorized by Michigan law to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

Depositories actively used by the School during the year are detailed as follows:

- | | |
|---------------------|--|
| 1. Huntington Bank | 4. Michigan Liquid Asset Fund |
| 2. Chemical Bank | 5. Michigan CLASS |
| 3. Fifth Third Bank | 6. Newaygo County Service Employees CU |

NOTE C STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State of Michigan Public Act 621 requires that the General Fund and Special Revenue Funds of the School District be under budgetary control and that both budgeted and actual financial results do not incur a deficit. The District's Major Fund, Debt Service, is not required to adopt a budget. The District's Budget Appropriations Act must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from the District's Appropriations Act may occur without a corresponding amendment to the Appropriations Act.

The District has the ability to amend the Appropriations Act provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. The District may also permit the chief administrative or fiscal officer to execute transfers between line items, without prior approval of the Board of Education. The level of control is the function level. All appropriations lapse at the end of the fiscal year.

The School District follows these procedures in establishing the budget data reflected in the financial statements:

Notes to the Financial Statements (continued)

- A. Starting in the spring, administrative personnel and department heads work with the Business Manager to establish a proposed operating budget for the fiscal year commencing the following July 1.
- B. In June a preliminary operating budget is submitted to the Board of Education by the Superintendent of Schools. This budget includes proposed expenditures and the means of financing them.
- C. Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budget.
- D. After the budget is finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- E. The budgets were amended at periodic times during the year to comply with PA 621.
- F. Budgets for the General, Special Revenue, and Debt Service funds are adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.
- G. The budgets shown in these financial statements are as last amended through June 30, 2016.
- H. PA 621 of 1978, section 18(1), as amended, provides that a school district shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2016, the District incurred the following material overexpenditures:

	Budget	Actual	Variance
Instruction-Basic Programs	\$ 9,745,652	\$9,841,946	\$ (96,294)

NOTE D INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivables/Payables

	Due From				Total
	General Fund	Food Service Fund	Building & Site Fund	Capital Improve Fund	
Due To					
General Fund	\$ -	\$ 37,430	\$ -	\$ -	\$37,430
Food Service Fund	8,998	-	-	-	8,998
Debt Retirement Fund	2,638	-	-	-	2,638
Total	<u>\$ 11,636</u>	<u>\$ 37,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$49,066</u>

Notes to the Financial Statements (continued)

The general fund collected UAAL funds as well as lunch reimbursements that are owed to the food service fund. Also, the food service fund was charged more indirect costs and owes the general fund a reimbursement. Additionally, the general fund transferred too much property tax revenue to the debt service fund and the excess was not repaid before June 30, 2016.

Transfers

		Transfers From				Total
		General Fund	Food Service Fund	Building & Site Fund	Capital Improve Fund	
Transfers To	General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
	Food Service Fund	-	-	-	-	-
	Building & Site Fund	-	-	-	-	-
	Capital Improvement Fund	-	-	-	-	-
	Total	\$ -	\$ -	\$ -	\$ -	\$ -

There were no transfers between funds for the year ended June 30, 2016.

NOTE E GENERAL LONG-TERM OBLIGATIONS

Summary - The long-term debt includes bond issues, a capital lease on 3 school buses, and a note payable on 2 school buses. Since none of this debt will be retired with current operating resources, they are appropriately included in the government-wide financial statement. All items will be recorded as an expenditure of the year in which they are paid, for fund statement reporting.

Long-Term Debt is comprised of the following at June 30, 2016:

	Outstanding Principal 6/30/2016	Due Within One Year
\$2,210,000, 2013 General Obligation (Refunding) serial bonds due in annual installments of \$235,000 to \$300,000 through 2021; interest payable semiannually at .65 to 1.80 percent.	\$ 1,420,000	\$ 300,000
\$43,875,000, 2009 General Obligation (unlimited tax) Build America Bonds due in annual installments of \$650,000 to \$2,150,000 through 2039; interest payable semiannually at 2.71 to 6.89 percent. Fremont Public Schools is eligible for a 35% credit of the interest payment.	39,175,000	950,000
\$8,210,000, 2008 General Obligation (Refunding) serial bonds due in annual installments of \$794,144 to \$875,225 through 2021; interest payable semiannually at 3.25 to 5.00 percent. Payments through 2010 are interest only.	4,060,000	750,000
\$243,897, 2014 School Bus Capital Lease due in annual installments of \$50,964 through 2018; interest payable annually at 2.2 percent.	98,604	48,755

Notes to the Financial Statements (continued)

\$165,602, 2015 School Bus Note Payable due in annual installments of \$35,757 to \$36,435 through 2019; interest payable annually at 1.99 percent.	\$ 99,362	\$ 35,775
\$2,168,800, School Bond Loan Fund loan advance due once property tax millage collection covers annual debt requirements; interest accrues at 3.00 percent.	<u>4,372,816</u>	<u>-</u>
Total Bonds & Capital Leases	<u>\$ 49,225,782</u>	<u>\$ 2,084,530</u>

Advance Refunding

In 1993, the school advance refunded the callable portion (\$2,450,000) of the 1987 General Obligation Bond issue and issued \$2,830,000 of general obligation refunding bonds to provide resources to call the bonds. In 1998, the school advance refunded \$9,285,000 of the 1995 General Obligation Issue and issued \$9,780,000 of General Obligation Refunding Bonds to provide the resources to call the bonds. In 2003, the school advance refunded \$475,000 of the 1993 General Obligation (Refunding) Bonds and \$2,780,000 of the 1995 General Obligation Issue and issued \$3,545,000 of General Obligation Refunding. In 2008, the school advance refunded \$8,630,000 of the 1998 Refunding Bonds and issued \$8,210,000 of General Obligation Refunding Bonds to provide the resources to call the bonds. In 2013, the school advance refunded the callable portion (\$2,130,000) of the 2003 General Obligation Bond issue and issued \$2,210,000 of General Obligation Refunding. As a result, the refunded bonds are considered legally defeased and the liability has been removed from the general long-term debt obligations.

The refunding was undertaken to take advantage of the low interest rates available in 1993, 1998, 2003, 2008, and 2013. The 1993 and 1998 advance refunding saved \$109,000 and \$624,000 respectively spread over 20 years. The 2003 refunding resulted in a net present value savings of \$171,358, and the 2008 refunding reduced the District's interest expense approximately \$940,106 through lower debt payments over the following ten years. The 2013 refunding reduced the District's interest expense approximately \$233,388 through lower debt payments over the following eight years.

Outstanding Principal 6/30/2016	Due Within One Year
<u> </u>	<u> </u>

Compensated Absences

Compensated Absences - At present, Fremont Public School Administration accumulate up to 5 unused vacation days and are reimbursed at their current hourly or salary rate upon retirement. Custodial staff have up to July 31st of the following year to use vacation or it will be lost.

\$ 53,001	\$ -
<u> </u>	<u> </u>
<u>\$ 53,001</u>	<u>\$ -</u>

Total Compensated Absences

Notes to the Financial Statements (continued)

The annual requirements to amortize long-term debt outstanding as of June 30, 2016, including interest detailed as follows:

Year Ended June 30,	2009 Bond Issue		2008 Bond Issue		2013 Bond Issue		2014 School Bus Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 950,000	\$ 2,569,652	\$ 750,000	\$ 177,950	\$ 300,000	\$ 20,619	\$ 48,755	\$ 2,209
2018	1,000,000	2,521,298	805,000	140,450	280,000	17,168	49,849	1,116
2019	1,050,000	2,468,398	820,000	100,200	295,000	13,668	-	-
2020	1,125,000	2,410,228	835,000	67,400	280,000	9,390	-	-
2021	1,200,000	2,345,090	850,000	34,000	265,000	4,770	-	-
2022-2026	7,525,000	10,443,250	-	-	-	-	-	-
2027-2031	9,250,000	7,765,343	-	-	-	-	-	-
2032-2036	10,625,000	4,420,965	-	-	-	-	-	-
2037-2041	6,450,000	888,810	-	-	-	-	-	-
Total	\$ 39,175,000	\$ 35,833,034	\$ 4,060,000	\$ 520,000	\$ 1,420,000	\$ 65,615	\$ 98,604	\$ 3,325

Year Ended June 30,	2015 School Bus Note Payable	
	Principal	Interest
2017	\$ 33,120	\$ 1,977
2018	33,121	1,318
2019	33,121	659
Total	\$ 99,362	\$ 3,954

Changes in Long-Term Debt - The following is a summary of debt transactions of the District for the year ended June 30, 2016.

Governmental-Type Activities	Bond Issues	Capital Lease	Compensated Absences	Total
		& Note Payable		
Debt Outstanding-July 1	\$ 50,224,686	\$ 278,773	\$ 52,988	\$ 50,556,447
Debt Added During Year	728,129	-	96,620	824,749
Debt Retired During Year	(1,925,000)	(80,807)	(96,607)	(2,102,414)
Debt Outstanding-June 30	<u>\$ 49,027,815</u>	<u>\$ 197,966</u>	<u>\$ 53,001</u>	<u>\$ 49,278,782</u>
Amount Due Within One Year	\$ 2,000,000	\$ 84,530	\$ -	\$ 2,084,530

NOTE F PROPERTY TAXES

Properties are assessed as of December 31, and the related taxes become a lien on December 1 of the following year. These taxes are due on September 10 and February 14 with the final collection date of February 28 before they are added to the County tax rolls. The taxes are collected and remitted to the District by the Treasurers of the City of Fremont and the various Townships within the District. The Counties of Newaygo, Muskegon and Oceana through their Delinquent Tax Revolving Funds, advance all delinquent real property taxes to the District each year.

Property in the School District for the 2015 levy had a taxable value of \$481 million. For the 2015 levy, the School District's operating tax rate was 18 mills and its debt service tax rate was 7 mills.

NOTE G DEFINED BENEFIT PENSION PLAN

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System is administered by the Office of Retirement Services within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at www.michigan.gov/mpsers-cafr.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions and Funding Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded(overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21 year period for the 2015 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

Notes to the Financial Statements (continued)

The schedule below summarizes pension contribution rates in effect for the fiscal year 2015.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.00 - 4.00%	22.52% - 23.07%
Member Investment Plan	3.00 - 7.00%	22.52% - 23.07%
Pension Plus	3.00 - 6.40%	21.99
Defined Contribution	0.00 - 4.00%	17.72% - 18.76%

Required contributions to the pension plan from District were \$2,465,543 for the year ended September 30, 2015.

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Non-University

At June 30, 2016, the District reported a liability of \$31,216,635 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2014. The District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all reporting units' statutorily required contributions for the measurement period. At September 30, 2015, the District's proportionate share percent was 0.12781 percent.

For the year ended June 30, 2016, the District recognized total pension expense of \$2,862,276. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Asset Class</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ -	\$ 103,399
Changes of assumptions	768,620	-
Net difference between projected and actual earnings on pension plan investments	159,336	-
Changes in proportion and differences between District contributions and proportionate share of contributions	831,593	-
District section 147c revenue related to pension contributions subsequent to the measurement date	-	694,617
District contributions subsequent to the measurement date	<u>2,276,304</u>	<u>-</u>
Total	<u>\$ 4,035,853</u>	<u>\$ 798,016</u>

Notes to the Financial Statements (continued)

\$2,276,304 reported as deferred outflows of resources and \$1,000,168 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)

Year Ending <u>June 30</u>	Amount
2016	\$ 311,399
2017	\$ 311,399
2018	\$ 269,722
2019	\$ 763,630

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2014
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	3.5%
Investment Rate of Return	
-MIP and Basic Plans (Non-Hybrid)	8.0%
-Pension Plus Plan (Hybrid)	7.0%
Projected Salary Increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Mortality	RP-2000 Male and Female Combine Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the
- September 30, 2014 valuation. The total pension liability as of September 30, 2015, is based on the results of an actuarial valuation date of September 30, 2014, and rolled forward using generally accepted actuarial procedures, including the experience study.

Notes to the Financial Statements (continued)

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.7158
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2015 MPSERS Comprehensive Annual Report.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity Pools	28.00%	5.90%
% Alternative Investment Pools	18.00%	9.20%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	0.90%
Real Estate and Infrastructure Pools	10.00%	4.30%
Absolute Return Pools	15.50%	6.00%
Short Term Investment Pools	2.00%	0.00%
Total	<u>100.00%</u>	

*Long term rate of return does not include 2.1% inflation

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

As required by GASB Statement No. 68, the following presents the District’s proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease (Non-Hybrid/Hybrid) *	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) *	1% Decrease (Non-Hybrid/ (Non-Hybrid/Hybrid) *
<u>7.0%/6.0%</u>	<u>8.0%/7.0%</u>	<u>9.0%/8.0%</u>
\$ 40,246,245	\$ 31,216,635	\$ 23,604,304

* = The Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.

Michigan Public School Employees’ Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS CAFR. See the 2015 MPSERS CAFR ([www.michigan.gov/documents/orsschools/ MPSERS _ CAFR_ 2015_Final_510211_7.pdf](http://www.michigan.gov/documents/orsschools/MPSERS_CAFR_2015_Final_510211_7.pdf)).

Payables to the Pension Plan

The amount of payables to a defined benefit pension plan outstanding at the end of the reporting period were \$314,874. The payables were based upon the wages being paid over the period from July 1 through August 30, 2016 which were for services provided prior to June 30, 2016 and therefore legally required contributions to the pension plan.

NOTE H OTHER POST-EMPLOYMENT BENEFITS

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by the statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement Systems, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after December 1, 2012.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

The District required and actual postemployment healthcare contributions to the various plans for the last three (3) fiscal years are as follows:

Fiscal Year Ending <u>June 30.</u>	Defined Benefit <u>Plan</u> Employer Health <u>Contributions</u>	Defined Contribution <u>Plan</u> Employer Health <u>Contributions</u>	<u>Pension Healthcare Fund</u>	
			Employer <u>Contributions</u>	Employee <u>Contributions</u>
2016	\$ 625,068	\$ 13,838	\$ 26,380	\$ 26,380
2015	324,686	3,017	22,353	22,353
2014	715,178	12,406	20,037	20,037

NOTE I SHORT TERM NOTE PAYABLE (See Also Note N)

In August 2015, the School entered into a State Aid Note for \$1,200,000 with Shelby State Bank for the purpose of providing money for school operations for the fiscal year ending June 30, 2016. The note bears interest at .79% and was repaid in August 2016.

Short-Term Debt Outstanding, July 1, 2015	\$ 1,700,000
Debt Added During the Year	1,200,000
Debt Retired During the Year	<u>(1,700,000)</u>
Short-Term Debt Outstanding June 30, 2016	<u><u>\$ 1,200,000</u></u>

Notes to the Financial Statements (continued)

NOTE J FIXED ASSETS

Capital asset balances and for the year ended June 30, 2016 were as follows:

Governmental-Type Activities	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Adjustments Deletions</u>	<u>Balance 6/30/2016</u>
Capital Assets not being depreciated				
Land	\$ 1,575,257	\$ -	\$ -	\$ 1,575,257
Total Capital Assets, not being depreciated	1,575,257	-	-	1,575,257
Capital Assets Being Depreciated				
Buildings and Improvements	57,730,042	280,735	(1,978,142)	56,032,635
Equipment and Vehicles	11,955,575	149,896	(499,338)	11,606,133
Subtotal	69,685,617	430,631	(2,477,480)	67,638,768
Less Accumulated Depreciation for				
Buildings and Improvements	15,879,097	2,122,133	(1,389,486)	16,611,744
Equipment and Vehicles	3,103,821	136,795	(491,673)	2,748,943
Subtotal	18,982,918	2,258,928	(1,881,159)	19,360,687
Net Capital Assets being depreciated	50,702,699	(1,828,297)	(596,321)	48,278,081
Total Governmental Activities Capital Assets - Net of Depreciation	<u>\$52,277,956</u>	<u>\$ (1,828,297)</u>	<u>\$ (596,321)</u>	<u>\$ 49,853,338</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,122,133
Support Services-Students and Staff	-
Support Services-Administration	16,735
Operation and Maintenance	3,908
Student Transportation	83,592
Food Services	8,160
Athletics	24,400
Total Depreciation Expense	<u>\$ 2,258,928</u>

NOTE K RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE L ECONOMIC DEPENDENCE

Effective for fiscal year ended June 30, 1995, the revision of the State of Michigan (State) school aid formula for local public schools significantly increased State school aid and the change in property tax laws significantly decreased local property tax revenues. As a result, State of Michigan revenues represent 77.7% percent of total General Fund revenues.

NOTE M SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2016, the most recent balance sheet presented herein, through October 18, 2016, the date these financial statements were available to be issued. The following significant events or transactions were identified:

State Aid Note

The School District entered into an additional State Aid Note with Chemical Bank for \$1,700,000 on September 28, 2016. The note will bear interest at .99% and mature August 23, 2017.

NOTE N ADOPTION OF NEW ACCOUNTING STANDARD

GASB Statement No. 72, *Fair Value Measurement and Application*, was implemented during the year. The statement requires the District to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The District has one investment that meets this criteria which is the Michigan CLASS investment account.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was implemented during the year. The statement provides guidance stating that if a pool meets the necessary criteria and reports its investments at amortized cost, the pool's participants will not need to follow GASB Statement No. 72 which adjusts their investment to fair value. The District has one investment that meets this criteria which is the Michigan Investment Liquid Asset Fund (MILAF).

NOTE O UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensibly and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2017-2018 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The statement requires disclosure of tax abatement information about 1) a reporting government's own tax abatement agreements and 2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements in the footnotes of the financial statements:

- 1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients

Notes to the Financial Statements (continued)

2) The gross dollar amount of taxes abated during the period

3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

This statement will improve the user's ability on how tax abatements affect the reporting unit's financial positions and results of operations, including their ability to raise resources in the future. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2016-2017 fiscal year.

FREMONT PUBLIC SCHOOLS

Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2016

	Budget Amounts		Actual	Variances	
	Original	Final		Positive to Final	(Negative) to Actual
	Original	Final		to Final	to Actual
Revenues					
Local Sources	\$2,911,556	\$3,168,728	\$3,289,026	\$ 257,172	\$ 120,298
State Sources	16,209,000	15,818,201	16,015,443	(390,799)	197,242
Federal Sources	893,972	863,856	843,651	(30,116)	(20,205)
Other Sources	492,240	474,740	473,694	(17,500)	(1,046)
Total Revenues	<u>20,506,768</u>	<u>20,325,525</u>	<u>20,621,814</u>	<u>(181,243)</u>	<u>296,289</u>
Expenditures					
Instruction					
Basic Programs	9,739,591	9,745,652	9,841,946	6,061	(96,294)
Added Needs	3,966,365	4,038,947	4,007,742	72,582	31,205
Adult Education	140,539	139,705	147,459	(834)	(7,754)
Total Instruction	<u>13,846,495</u>	<u>13,924,304</u>	<u>13,997,147</u>	<u>77,809</u>	<u>(72,843)</u>
Support Services:					
Pupil	579,755	574,229	581,947	(5,526)	(7,718)
Instructional Staff	305,820	292,794	270,988	(13,026)	21,806
General Administration	446,357	403,520	398,275	(42,837)	5,245
School Administration	1,280,977	1,266,778	1,267,539	(14,199)	(761)
Business	332,228	326,523	327,260	(5,705)	(737)
Operations & Maintenance	1,594,007	1,649,267	1,626,241	55,260	23,026
Pupil Transportation	914,595	900,136	931,785	(14,459)	(31,649)
Central	438,436	433,086	432,214	(5,350)	872
Athletics	427,858	427,536	446,298	(322)	(18,762)
Total Support Services	<u>6,320,033</u>	<u>6,273,869</u>	<u>6,282,547</u>	<u>(46,164)</u>	<u>(8,678)</u>
Community Services	326,509	340,851	330,239	14,342	10,612
Debt Service	84,084	84,084	86,771	-	(2,687)
Total Expenditures	<u>20,577,121</u>	<u>20,623,108</u>	<u>20,696,704</u>	<u>45,987</u>	<u>(73,596)</u>
Excess (deficiency) of Revenue Over Expenditures	(70,353)	(297,583)	(74,890)	(227,230)	222,693
Other Financing Sources (Uses)					
Sale of Fixed Assets	-	-	1,500	-	1,500
Indirect Cost Allocation	-	-	68,207	-	68,207
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>69,707</u>	<u>-</u>	<u>69,707</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(70,353)	(297,583)	(5,183)	(227,230)	292,400
Fund Balance - July 1	<u>1,375,049</u>	<u>1,375,049</u>	<u>1,375,049</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 1,304,696</u>	<u>\$ 1,077,466</u>	<u>\$ 1,369,866</u>	<u>\$ (227,230)</u>	<u>\$ 292,400</u>

FREMONT PUBLIC SCHOOLS

Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 Michigan Public School Employees Retirement Plan
 Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. District's proportion of net pension liability (%)	-	-	-	-	-	-	-	-	0.12781%	0.12335%
B. District's proportionate share of net pension liability	-	-	-	-	-	-	-	-	\$ 31,216,635	\$ 27,169,033
C. District's covered-employee payroll	-	-	-	-	-	-	-	-	\$ 10,622,388	\$ 10,630,504
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	-	-	-	-	-	-	-	-	293.87586%	255.57615%
E. Plan fiduciary net position as a percentage of total pension liability	-	-	-	-	-	-	-	-	63.17%	66.20%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

Notes to the Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms.

Changes of assumptions: There were no changes of benefit terms.

FREMONT PUBLIC SCHOOLS

Required Supplementary Information
 Schedule of the District's Contributions
 Michigan Public School Employees Retirement Plan
 Last 10 Fiscal Years (Amounts determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,771,111	\$ 3,575,356
B. Contributions in relation to statutorily required contributions *	-	-	-	-	-	-	-	-	2,771,111	3,575,356
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,731,997	\$ 10,725,021
E. Contributions as a percentage of covered-employee payroll									25.82%	33.34%

* Contributions in relation to statutorily required contributions are the contributions a District actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - General Fund June 30, 2016 and 2015

	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Assets		
Cash/Investments	\$ 1,508,575	\$ 1,481,833
Accounts Receivable	67,585	80,153
Due From Other Funds	11,636	-
Due From Other Governmental Units	3,021,877	3,226,122
Inventory	42,276	62,793
Prepaid Expenses	-	6,387
Total Assets	<u>\$ 4,651,949</u>	<u>\$ 4,857,288</u>
 Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$ 87,144	\$ 9,587
Salaries/Severance Payable	973,189	937,113
Retirement Payable	472,229	405,605
Health Insurance Payable	293,529	275,762
Payroll Taxes Payable	71,721	67,803
Unearned Revenue	146,841	85,162
Due to Other Funds	37,430	1,206
Notes Payable	<u>1,200,000</u>	<u>1,700,000</u>
Total Liabilities	3,282,083	3,482,238
 Fund Equity		
Non-Spendable - Inventory	42,276	62,793
Non-Spendable - Prepaid Expenses	-	6,387
Assigned for IFT Payback	392,316	392,316
Unassigned	<u>935,274</u>	<u>913,554</u>
Total Fund Equity	<u>1,369,866</u>	<u>1,375,050</u>
Total Liabilities and Fund Equity	<u>\$ 4,651,949</u>	<u>\$ 4,857,288</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - General Fund For the Years Ended June 30, 2016 and 2015

	2016	2015
Revenues		
Local Sources		
Property Taxes	\$ 2,260,328	\$ 2,195,391
Summer School Fees	1,000	1,290
Adult/Community Education Fees	298,655	240,796
Transportation Fees	88,092	84,777
Interest on Investments	3,137	680
Other Facilities	27,440	28,341
Grants and Donations	526,361	259,744
Athletics	82,560	73,774
Other	1,453	5,066
Total Local Sources	3,289,026	2,889,859
State Sources		
State School Aid	12,669,801	13,224,196
State School Aid-Supplemental	1,339,109	1,048,156
Special Education	892,516	752,543
Vocational Education	4,649	-
Stem Professional Development	-	6,000
Technology Readiness Infrastructure	8,777	21,186
At Risk	625,071	466,682
Adult Education	233,776	169,739
Best Practices/Data Collection	52,737	171,290
Teacher Technology	18,014	314,433
Renaissance Zone	170,993	168,300
Total State Sources	16,015,443	16,342,525
Federal Sources		
Title I, Part A	392,278	449,724
Title II, Part A	131,109	141,404
Title V, Part A	-	41,425
WIA	54,155	47,231
National Forest Subsidy	2,324	946
Special Education - Flow Through	263,785	266,551
Total Federal Sources	843,651	947,281
Interdistrict Sources		
Special Education	473,694	502,757
Total Revenues	\$ 20,621,814	\$ 20,682,422

FREMONT PUBLIC SCHOOLS

Comparative Statement of Expenditures - General Fund
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Instruction		
Basic Programs		
Elementary	\$ 4,440,631	\$ 4,355,832
Middle School	2,264,401	2,238,882
High School	2,756,967	2,563,219
Alternative Education	<u>379,947</u>	<u>402,511</u>
Total Basic Programs	9,841,946	9,560,444
Added Needs		
Special Education	2,731,160	2,535,669
Section 31A / At-Risk	416,230	466,681
Title Programs/Improving Teacher Quality	728,566	608,986
Vocational Education	<u>131,786</u>	<u>106,747</u>
Total Added Needs	4,007,742	3,718,083
Adult Education	<u>147,459</u>	<u>105,561</u>
Total Instruction	13,997,147	13,384,088
Supporting Services		
Pupil		
Guidance	554,245	555,951
Health	27,702	29,243
Psychological	<u>-</u>	<u>4,000</u>
Total Pupil	581,947	589,194
Instructional Staff		
Special Education	40,132	41,684
Adult Education	127,293	74,523
Curriculum Coordinator - School Improvement	7,346	31,680
Media Services	76,682	73,266
Instruction Technology	18,131	32,122
Audio-Visual	<u>1,404</u>	<u>1,237</u>
Total Instructional Staff	270,988	254,512
General Administration		
Board of Education	113,157	182,765
Executive Administration	<u>285,118</u>	<u>273,147</u>
Total General Administration	398,275	455,912
School Administration		
Office of the Principal	1,205,286	1,162,624
Alternative Education	61,901	91,495
Copy Center	<u>352</u>	<u>-</u>
Total School Administration	\$ 1,267,539	\$ 1,254,119

Statement of Expenditures - General Fund (continued)

Business		
Fiscal Services	\$ 234,789	\$ 213,557
Other Business	92,471	100,083
Total Business	<u>327,260</u>	<u>313,640</u>
Operations & Maintenance		
Operations and Maintenance	1,622,909	1,535,756
Energy Management	3,332	-
Total Operations & Maintenance	<u>1,626,241</u>	<u>1,535,756</u>
Transportation	931,785	1,183,012
Central		
Informational Services	20,505	13,455
Professional Development	1,389	1,987
Technology	324,263	326,819
Computer Information Management	29,338	24,407
Data Collection	56,719	58,608
Total Central	<u>432,214</u>	<u>425,276</u>
Athletics	446,298	409,778
Total Supporting Services	<u>6,282,547</u>	<u>6,421,199</u>
Community Services		
Multi-Agency Consortium	-	35
Day Care	202,128	183,382
After School Enrichment	128,111	125,324
Total Community Services	<u>330,239</u>	<u>308,741</u>
Debt Service		
Principal Retired	80,808	79,763
Interest	5,963	6,976
Total Debt Service	<u>86,771</u>	<u>86,739</u>
Total Expenditures	<u>\$ 20,696,704</u>	<u>\$ 20,200,767</u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Debt Service Fund
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash/Investments	\$ 202,350	\$ 113,005
Accounts Receivable	-	30,712
Total Assets	<u>\$ 202,350</u>	<u>\$ 143,717</u>
 Liabilities and Fund Equity		
Liabilities		
Due to Other Funds	<u>\$ 2,638</u>	<u>\$ -</u>
Total Liabilities	2,638	-
Fund Equity		
Assigned	<u>199,712</u>	<u>143,717</u>
Total Liabilities and Fund Equity	<u>\$ 202,350</u>	<u>\$ 143,717</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Fund
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Local Sources		
Property Taxes	\$ 3,369,183	\$ 3,247,261
Interest on Investments	811	1,097
Total Local Sources	<u>3,369,994</u>	<u>3,248,358</u>
Federal Sources		
Qualified Bonds Credit Payment	<u>852,606</u>	<u>860,773</u>
Total Revenues	4,222,600	4,109,131
Expenditures		
Taxes Abated	4	6,215
Principal Retired	1,925,000	1,840,000
Interest	2,840,301	2,910,294
Paying Agent	1,300	1,300
Total Debt Service	<u>4,766,605</u>	<u>4,757,809</u>
Excess Revenues Over(Under)Expenditures	(544,005)	(648,678)
Other Financing Sources(Uses)		
Proceeds from Issuance of Long-Term Debt	<u>600,000</u>	<u>635,503</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	55,995	(13,175)
Fund Equity - July 1	<u>143,717</u>	<u>156,892</u>
Fund Equity - June 30	<u><u>\$ 199,712</u></u>	<u><u>\$ 143,717</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Building & Site Fund
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash/Investments	\$ -	\$ 18,745
Total Assets	<u>\$ -</u>	<u>\$ 18,745</u>
Fund Equity		
Fund Equity		
Assigned	\$ -	\$ 18,745
Total Fund Equity	<u>\$ -</u>	<u>\$ 18,745</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - Building & Site Fund
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Local Sources		
Interest on Investments	\$ 10	\$ 251
Total Local Sources	<u>10</u>	<u>251</u>
Expenditures		
Capital Outlay	11,392	619,222
Miscellaneous Expenses	<u>7,363</u>	<u>44,676</u>
Total Expenditures	<u>18,755</u>	<u>663,898</u>
Excess Revenues Over (Under) Expenditures	(18,745)	(663,647)
Fund Equity - July 1	<u>18,745</u>	<u>682,392</u>
Fund Equity - June 30	<u><u>\$ -</u></u>	<u><u>\$ 18,745</u></u>

FREMONT PUBLIC SCHOOLS

Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2016

	<u>Special Revenue Food Service</u>	<u>Capital Improvement Fund</u>	<u>Capital Projects Sinking Fund</u>	<u>Total Non-Major Governmental Funds</u>
Assets				
Cash/Investments	\$ 320,655	\$ 80,293	\$ 186,650	\$ 587,598
Due From Other Funds	37,430	-	-	37,430
Inventory	<u>30,619</u>	<u>-</u>	<u>-</u>	<u>30,619</u>
Total Assets	<u><u>\$ 388,704</u></u>	<u><u>\$ 80,293</u></u>	<u><u>\$ 186,650</u></u>	<u><u>\$ 655,647</u></u>
Liabilities				
Due to Other Funds	<u>\$ 8,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,998</u>
Total Liabilities	8,998	-	-	8,998
Fund Equity				
Fund Balances				
Non-Spendable	30,619	-	-	30,619
Assigned	<u>349,087</u>	<u>80,293</u>	<u>186,650</u>	<u>616,030</u>
Total Fund Equity	<u>379,706</u>	<u>80,293</u>	<u>186,650</u>	<u>646,649</u>
Total Liabilities and Fund Equity	<u><u>\$ 388,704</u></u>	<u><u>\$ 80,293</u></u>	<u><u>\$ 186,650</u></u>	<u><u>\$ 655,647</u></u>

FREMONT PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance - All Non-Major Governmental Funds - By Fund Type
For the Year Ended June 30, 2016

	Special Revenue Food Service	Capital Improvement Fund	Capital Projects Sinking Fund	Total Non-Major Governmental Funds
Revenues				
Local Sources	\$ 327,023	\$ 16	\$ 189	\$ 327,228
State Sources	78,538	-	-	78,538
Federal Sources	692,967	-	-	692,967
Total Revenues	<u>1,098,528</u>	<u>16</u>	<u>189</u>	<u>1,098,733</u>
Expenditures				
Supporting Services				
Capital Outlay	-	-	302,433	302,433
Food Service	1,097,868	-	-	1,097,868
Total Expenditures	<u>1,097,868</u>	<u>-</u>	<u>302,433</u>	<u>1,400,301</u>
Excess Revenues Over (Under) Expenditures	660	16	(302,244)	(301,568)
Fund Equity - July 1	<u>379,046</u>	<u>80,277</u>	<u>488,894</u>	<u>948,217</u>
Fund Equity - June 30	<u>\$ 379,706</u>	<u>\$ 80,293</u>	<u>\$ 186,650</u>	<u>\$ 646,649</u>

FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2016

	Food Service		
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenues			
Local Sources	\$ 345,330	\$ 327,023	\$ (18,307)
State Sources	41,433	78,538	37,105
Federal Sources	693,000	692,967	(33)
Total Revenues	1,079,763	1,098,528	18,765
Expenditures			
Food Service	1,119,424	1,097,868	21,556
Total Expenditures	1,119,424	1,097,868	21,556
Excess Revenues Over (Under) Expenditures	(39,661)	660	40,321
Fund Equity - July 1	379,046	379,046	-
Fund Equity - June 30	\$ 339,385	\$ 379,706	\$ 40,321

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet Non-Major Food Service Special Revenue Fund June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash/Investments	\$ 320,655	\$ 358,500
Due From Other Funds	37,430	1,206
Inventory	<u>30,619</u>	<u>29,884</u>
Total Assets	<u>\$ 388,704</u>	<u>\$ 389,590</u>
Liabilities		
Accounts Payable	\$ -	\$ 10,544
Due to Other Funds	<u>8,998</u>	<u>-</u>
Total Liabilities	8,998	10,544
Fund Equity		
Non-Spendable	30,619	29,884
Assigned	<u>349,087</u>	<u>349,162</u>
Total Fund Equity	<u>379,706</u>	<u>379,046</u>
Total Liabilities and Fund Equity	<u>\$ 388,704</u>	<u>\$ 389,590</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Food Service Special Revenue Fund For the Years Ended June 30, 2016 and 2015

	2016	2015
Revenues		
Local Sources		
Children's Lunches and Breakfasts	\$ 198,283	\$ 191,587
Ala Carte	90,454	110,722
Adult Lunches and Breakfasts	7,526	7,191
Interest	466	230
Other	30,294	37,573
Total Local Sources	327,023	347,303
State Sources	78,538	41,433
Federal Sources	692,967	692,808
Total Revenues	1,098,528	1,081,544
Expenditures		
Salaries:		
Coordinator	48,755	48,087
Manager	24,434	25,496
Cooks	38,212	38,602
Servers and Others	229,350	227,986
Payroll Taxes and Other Fringe Benefits	169,531	157,313
Local Travel	1,276	1,485
Equipment Repairs and Maintenance	7,962	5,397
Other Purchased Services	12,267	9,062
Food	463,162	469,811
Vehicle Expense	1,963	1,967
Non-food Supplies and Miscellaneous	24,320	25,327
Indirect Costs	68,207	53,541
Sales Tax	386	383
Dues and Subscriptions	213	19
Capital Outlay	7,830	61,099
Total Expenditures	1,097,868	1,125,575
Excess Revenues Over		
(Under) Expenditures	660	(44,031)
Other Financing Sources		
Sale of Fixed Assets	-	100
Excess Revenues and Other Financing Sources Over		
(Under) Expenditures and Other Financing (Uses)	660	(43,931)
Fund Equity - July 1	379,046	422,977
Fund Equity - June 30	\$ 379,706	\$ 379,046

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet
Non-Major Capital Improvement Capital Projects Fund
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash/Investments	\$ 80,293	\$ 30,277
Accounts Receivable	-	50,000
Total Assets	<u>\$ 80,293</u>	<u>\$ 80,277</u>
Fund Equity		
Assigned	<u>\$ 80,293</u>	<u>\$ 80,277</u>
Total Fund Equity	<u>\$ 80,293</u>	<u>\$ 80,277</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Improvement Capital Projects Fund For the Years Ended June 30, 2016 and 2015

	2016	2015
Revenues		
Local Sources		
Interest	\$ 16	\$ 7
Total Local Sources	16	7
Expenditures		
Miscellaneous	-	-
Total Expenditures	-	-
Excess Revenues Over (Under) Expenditures	16	7
Other Financing Sources		
Operating Transfers In	-	55,273
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	16	55,280
Fund Equity - July 1	80,277	24,997
Fund Equity - June 30	\$ 80,293	\$ 80,277

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Non-Major Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, and 2006

	Sinking Fund										
	June 30 2016	June 30 2015	June 30 2014	June 30 2013	June 30 2012	June 30 2011	June 30 2010	June 30 2009	June 30 2008	June 30 2007	June 30 2006
Assets											
Cash	\$ 186,650	\$ 506,657	\$ 815,720	\$ 937,773	\$ 981,814	\$ 732,384	\$ 357,419	\$ 126,937	\$ 44,754	\$ 4,220	\$ 184,961
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	4,322	-
Due from Other Funds	-	-	38	38	-	-	50	-	19,179	19,196	-
Total Assets	<u>\$ 186,650</u>	<u>\$ 506,657</u>	<u>\$ 815,758</u>	<u>\$ 937,811</u>	<u>\$ 981,814</u>	<u>\$ 732,384</u>	<u>\$ 357,469</u>	<u>\$ 126,937</u>	<u>\$ 63,933</u>	<u>\$ 27,738</u>	<u>\$ 184,961</u>
Liabilities											
Accounts Payable	\$ -	\$ 17,763	\$ -	\$ -	\$ -	\$ 91,668	\$ -	\$ 5,340	\$ 35,806	\$ -	\$ -
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	175	-
Due to Other Funds	-	-	-	-	-	42	29	-	100,000	128,531	-
Total Liabilities	<u>-</u>	<u>17,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,710</u>	<u>29</u>	<u>5,340</u>	<u>135,806</u>	<u>128,706</u>	<u>-</u>
Fund Equity											
Assigned	186,650	488,894	815,758	937,811	981,814	640,674	357,440	121,597	(71,873)	(100,968)	184,961
Total Liabilities and Fund Equity	<u>\$ 186,650</u>	<u>\$ 506,657</u>	<u>\$ 815,758</u>	<u>\$ 937,811</u>	<u>\$ 981,814</u>	<u>\$ 732,384</u>	<u>\$ 357,469</u>	<u>\$ 126,937</u>	<u>\$ 63,933</u>	<u>\$ 27,738</u>	<u>\$ 184,961</u>

FREMONT PUBLIC SCHOOLS

Cumulative Statements of Revenues, Expenditures and Changes
in Fund Balance - Non-Major Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, and 2006

	June 30 2016	June 30 2015	June 30 2014	June 30 2013	June 30 2012	June 30 2011
Revenues						
Local Sources						
Property Taxes	\$ -	\$ 72	\$ -	\$ 814	\$ 734,402	\$ 743,737
Interest on Investments	189	511	875	983	1,114	1,124
Miscellaneous Income	-	-	-	-	27,216	-
Total Local Sources	189	583	875	1,797	762,732	744,861
Expenditures						
Supporting Services						
Taxes Abated	10	-	-	9	733	3,512
Capital Outlay	297,042	286,436	101,336	35,598	407,464	453,398
Professional Services	-	26,231	-	290	995	2,442
Miscellaneous Expense	5,381	14,780	21,592	9,903	12,400	2,275
Total Supporting Services	302,433	327,447	122,928	45,800	421,592	461,627
Debt Service						
Principal Retired	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
Total Expenditures	302,433	327,447	122,928	45,800	421,592	461,627
Excess Revenues Over (Under) Expenditures	(302,244)	(326,864)	(122,053)	(44,003)	341,140	283,234
Fund Equity - July 1	488,894	815,758	937,811	981,814	640,674	357,440
Fund Equity - June 30	<u>\$ 186,650</u>	<u>\$ 488,894</u>	<u>\$ 815,758</u>	<u>\$ 937,811</u>	<u>\$ 981,814</u>	<u>\$ 640,674</u>

<u>June 30 2010</u>	<u>June 30 2009</u>	<u>June 30 2008</u>	<u>June 30 2007</u>	<u>June 30 2006</u>	<u>Totals</u>
\$ 763,974	\$ 722,848	\$ 699,881	\$ 667,257	\$ 628,340	\$ 4,961,325
579	294	1,401	2,536	3,068	12,674
150	-	-	-	-	27,366
<u>764,703</u>	<u>723,142</u>	<u>701,282</u>	<u>669,793</u>	<u>631,408</u>	<u>5,001,365</u>
20	4,502	-	-	-	8,786
516,338	491,303	645,044	842,844	321,013	4,397,816
6,096	33,274	-	-	-	69,328
6,406	593	27,143	5,156	14,124	119,753
<u>528,860</u>	<u>529,672</u>	<u>672,187</u>	<u>848,000</u>	<u>335,137</u>	<u>4,595,683</u>
-	-	-	100,675	100,675	201,350
-	-	-	7,047	14,095	21,142
-	-	-	107,722	114,770	222,492
<u>528,860</u>	<u>529,672</u>	<u>672,187</u>	<u>955,722</u>	<u>449,907</u>	<u>4,818,175</u>
235,843	193,470	29,095	(285,929)	181,501	183,190
121,597	(71,873)	(100,968)	184,961	3,460	-
<u>\$ 357,440</u>	<u>\$ 121,597</u>	<u>\$ (71,873)</u>	<u>\$ (100,968)</u>	<u>\$ 184,961</u>	<u>\$ 183,190</u>

FREMONT PUBLIC SCHOOLS

Balance Sheet
Fiduciary Fund
Student Activities Agency Fund
June 30, 2016

Assets

Cash and Investments	<u>\$ 332,870</u>
Total Assets	<u><u>\$ 332,870</u></u>

Liabilities

Due to Student Groups	<u>\$ 332,870</u>
Total Liabilities	<u><u>\$ 332,870</u></u>

FREMONT PUBLIC SCHOOLS

Statement of Changes in Assets and Liabilities
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2016

	<u>Balance</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2016</u>
Assets				
Cash and Investments	<u>\$ 456,869</u>	<u>\$ 695,929</u>	<u>\$ 819,928</u>	<u>\$ 332,870</u>
Liabilities				
Due to Student Groups	<u>\$ 456,869</u>	<u>\$ 695,929</u>	<u>\$ 819,928</u>	<u>\$ 332,870</u>

FREMONT PUBLIC SCHOOLS

Statement of Cash Receipts and Disbursements

Fiduciary Fund

Student Activities Agency Fund

For the Year Ended June 30, 2016

	Balance 6/30/2015	Receipts	Disbursements	Balance 6/30/2016
Interest on Investment	\$ 2,389	\$ 501	\$ -	\$ 2,890
Administration - Miscellaneous	35,517	19,115	7,189	47,443
Daisy Brook - Book Fair	4,420	15,534	14,787	5,167
Daisy Brook - Cash for Education	10,850	6,950	7,788	10,012
Daisy Brook - School/Store	-	413	413	-
Daisy Brook - Grade Funds	4,336	44	4,380	-
Daisy Brook - Activities Fund	228	24,223	22,114	2,337
Daisy Brook - Student Council	3,305	1,099	1,484	2,920
High School - Alumni Band	35	-	-	35
High School - Art/Pekel	3,629	3,094	4,469	2,254
High School - Athletic Uniforms	59,762	136,099	115,001	80,860
High School - Athletic Endowment	8,695	4,342	6,958	6,079
High School - Brad Blamer Pay to Play	660	-	-	660
High School - Cam Beattie Memorial	-	2,725	-	2,725
High School - Candy Machine Sales	2,099	382	1,407	1,074
High School - Chad Paulsen Memorial	300	-	-	300
High School - Charles Sischo Memorial	-	250	-	250
High School - Dakota Scholarship	2,651	11,173	13,824	-
High School - Industrial Arts	3,237	9,535	6,982	5,790
High School - Cheerleaders	469	-	-	469
High School - Chase Curtice Memorial	3,765	12,500	16,042	223
High School - Class of 2013	396	-	396	-
High School - Class of 2014	(301)	301	-	-
High School - Class of 2015	783	-	500	283
High School - Class of 2016	122	4,338	2,613	1,847
High School - Conservation Club	5	-	-	5
High School - Germany Trip	937	-	-	937
High School - FACF Girls BB Grant	(3,025)	3,475	1,435	(985)
High School - Escape	10,774	16,872	16,361	11,285
High School - Embroidery	104	-	-	104
High School - Equestrian Team	206	200	-	406
High School - FACF Baseball Grant	48	1,400	1,197	251
High School - FACF Boys BB Grant	3,225	-	5,525	(2,300)
High School - FACF Softball	10	-	-	10
High School - Poker Fundraising	602	-	602	-
High School - F.F.A. Project	6,697	46,956	49,226	4,427
High School - Hall of Fame	276	922	1,721	(523)
High School - John Kingsnorth Memorial	6,435	6,070	12,500	5
High School - Lakes 8	1,218	6,751	7,303	666
High School - Lila Ramey Memorial	-	390	-	390

Statement of Cash Receipts and Disbursements (continued)

	Balance 6/30/2015	Receipts	Disbursements	Balance 6/30/2016
High School - May Pekel Memorial	\$ 735	\$ -	\$ -	\$ 735
High School - Media	128	-	-	128
High School - Miscellaneous	3,421	15	3,436	-
High School - Mike Converse Memorial	440	-	-	440
High School - Mogul	14,928	16,268	19,781	11,415
High School - Music Boosters	37,600	47,008	53,328	31,280
High School - National Honor Society	4,895	3,482	2,409	5,968
High School - Orchestra	(96)	1,595	1,898	(399)
High School - Parking Permits	5,084	221	2,529	2,776
High School - Peace Jam	359	-	-	359
High School - Photography	906	-	-	906
High School - Pop	2,408	5,017	7,885	(460)
High School - Positive Behavior Incentives	-	1,200	-	1,200
High School - Quiz bowl	366	338	125	579
High School - Community Connection	5,542	-	-	5,542
High School - Scholarship Fund	23,691	-	23,199	492
High School - Science Exploration	491	-	-	491
High School - Scoreboard Advertising	100	-	-	100
High School - Store	479	18,260	22,219	(3,480)
High School - Student Council	7,554	2,792	5,477	4,869
High School - Theatre	980	3,494	6,076	(1,602)
High School - Theatre Endowment	13,578	-	-	13,578
High School - Trip Fund	482	-	-	482
High School - Chess Club	36	-	-	36
High School - Varsity Club	1,911	200	701	1,410
High School - Video Productions	181	-	322	(141)
High School - Spanish Club	97	-	-	97
High School - Prom	13,173	4,979	4,809	13,343
High School - YANA	266	-	-	266
High School - 44th Street Project	43,893	40,744	84,113	524
Middle School - Art Club	15	-	-	15
Middle School - Band Fund	320	3,114	3,355	79
Middle School - Beaver Island Group	5,585	-	2,084	3,501
Middle School - Circle of Friends	317	-	87	230
Middle School - Cash for Education	5,699	1,290	1,753	5,236
Middle School - Candy and Pop	2,557	25	12	2,570
Middle School - Cheerleaders	877	-	-	877
Middle School - Ebay	1,829	745	1,634	940
Middle School - Ford Donation	3,000	3,750	2,972	3,778
Middle School - Instrument Repair/Rental	42	340	60	322
Middle School - Japan Friendship City	2,998	26,192	35,394	(6,204)
Middle School - Juice Fund	-	6	6	-
Middle School - Linda Bergklint Memorial	910	-	-	910
Middle School - Outdoor Fitness	162	-	-	162

Statement of Cash Receipts and Disbursements (continued)

	Balance 6/30/2015	Receipts	Disbursements	Balance 6/30/2016
Middle School - Parent Group	\$ 33	\$ -	\$ -	\$ 33
Middle School - Pride Club	83	-	-	83
Middle School - Rain Forest Fund	14,491	83,496	102,705	(4,718)
Middle School - Sixth Grade Camp	5,444	7,320	7,461	5,303
Middle School - Teacher Lounge Pop	510	89	98	501
Middle School - Student Council	797	1,347	229	1,915
Middle School - Yearbook	966	-	-	966
Pathfinder - Activity Fund	10,623	21,154	28,816	2,961
Pathfinder - Book Fair	1,573	4,447	4,773	1,247
Pathfinder - Office Activity	2,838	333	3,080	91
Pathfinder - Cash for Education	4,897	3,418	2,366	5,949
Pathfinder - Parent Group	24,120	43,463	58,131	9,452
Pathfinder - Pop Fund	3,174	122	596	2,700
Pathfinder - Families Together	(30)	1,000	549	421
Pathfinder - Ford Donation	-	3,000	1,404	1,596
Pine Street - Book Fair	51	-	-	51
Pine Street - Activity Fund	339	-	129	210
Pine Street - Cash for Education	854	(1)	-	853
Quest - CE Scrip Program	295	1	-	296
Quest - Daycare Program	572	3,854	988	3,438
Quest - Student Activity	1,738	1,000	102	2,636
Quest - Pop Fund	224	5,157	620	4,761
Soccer Fields	479	-	-	479
Total	<u>\$ 456,869</u>	<u>\$ 695,929</u>	<u>\$ 819,928</u>	<u>\$ 332,870</u>

FREMONT PUBLIC SCHOOLS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Year Ended June 30, 2016

<u>Function and Activity</u>	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 6/30/2016</u>
Instruction	\$67,694,741	\$ 299,302	\$ (1,978,142)	\$66,015,901
Support Service				
Students & Staff	305,412	-	(236,076)	69,336
Administration	122,180	81,010	(38,325)	164,865
Operation & Maintenance	179,778	-	(28,155)	151,623
Student Transportation Services	2,024,694	34,150	(152,961)	1,905,883
Food Services	172,838	-	(22,489)	150,349
Athletics	761,231	16,169	(21,332)	756,068
Total	<u>\$71,260,874</u>	<u>\$ 430,631</u>	<u>\$ (2,477,480)</u>	<u>\$69,214,025</u>

FREMONT PUBLIC SCHOOLS

Schedule of Changes in Long-Term Debt Obligations
June 30, 2016

	Refunding Bond 2013	Building America Bond 2009	Refunding Bond 2008	School Bus Capital Lease	School Bus Note Payable	School Bond Loan Fund Loan	Compensated Absence/Early Retirement	Total
Long-Term Debt Outstanding June 30, 2015	\$ 1,695,000	\$40,075,000	\$4,810,000	\$ 146,291	\$ 132,482	\$3,644,686	\$ 52,988	\$50,556,447
Debt Added During Year	-	-	-	-	-	728,129	96,620	824,749
Debt Retired During Year	<u>(275,000.00)</u>	<u>(900,000)</u>	<u>(750,000)</u>	<u>(47,687)</u>	<u>(33,120)</u>	<u>-</u>	<u>(96,607)</u>	<u>(2,102,414)</u>
Long-Term Debt Outstanding June 30, 2016	<u>\$ 1,420,000</u>	<u>\$ 39,175,000</u>	<u>\$4,060,000</u>	<u>\$ 98,604</u>	<u>\$ 99,362</u>	<u>\$4,372,815</u>	<u>\$ 53,001</u>	<u>\$49,278,782</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
\$43,875,000 of School Building & Site Bonds Dated June 2009
June 30, 2016

Estimated Payment Date	Rate	Principal	Interest	Total	Treasury Credit
November 1, 2016		-	1,284,826	1,284,826	(449,689)
May 1, 2017	5.09	950,000	1,284,826	2,234,826	(449,689)
November 1, 2017		-	1,260,649	1,260,649	(441,227)
May 1, 2018	5.29	1,000,000	1,260,649	2,260,649	(441,227)
November 1, 2018		-	1,234,199	1,234,199	(431,970)
May 1, 2019	5.54	1,050,000	1,234,199	2,284,199	(431,970)
November 1, 2019		-	1,205,114	1,205,114	(421,790)
May 1, 2020	5.79	1,125,000	1,205,114	2,330,114	(421,790)
November 1, 2020		-	1,172,545	1,172,545	(410,391)
May 1, 2021	6.04	1,200,000	1,172,545	2,372,545	(410,391)
November 1, 2021		-	1,136,305	1,136,305	(397,707)
May 1, 2022	6.24	1,400,000	1,136,305	2,536,305	(397,707)
November 1, 2022		-	1,092,625	1,092,625	(382,419)
May 1, 2023	6.34	1,450,000	1,092,625	2,542,625	(382,419)
November 1, 2023		-	1,046,660	1,046,660	(366,331)
May 1, 2024	6.44	1,500,000	1,046,660	2,546,660	(366,331)
November 1, 2024		-	998,360	998,360	(349,426)
May 1, 2025	6.54	1,550,000	998,360	2,548,360	(349,426)
November 1, 2025		-	947,675	947,675	(331,686)
May 1, 2026	6.60	1,625,000	947,675	2,572,675	(331,686)
November 1, 2026		-	894,050	894,050	(312,918)
May 1, 2027	6.60	1,700,000	894,050	2,594,050	(312,918)
November 1, 2027		-	837,950	837,950	(293,283)
May 1, 2028	6.60	1,775,000	837,950	2,612,950	(293,283)
November 1, 2028		-	779,375	779,375	(272,781)
May 1, 2029	6.60	1,850,000	779,375	2,629,375	(272,781)
November 1, 2029		-	718,325	718,325	(251,414)
May 1, 2030	6.79	1,925,000	718,325	2,643,325	(251,414)

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Treasury Credit</u>
November 1, 2030		-	652,971	652,971	(228,540)
May 1, 2031	6.79	2,000,000	652,971	2,652,971	(228,540)
November 1, 2031		-	585,071	585,071	(204,775)
May 1, 2032	6.79	2,050,000	585,071	2,635,071	(204,775)
November 1, 2032		-	515,474	515,474	(180,416)
May 1, 2033	6.79	2,125,000	515,474	2,640,474	(180,416)
November 1, 2033		-	443,330	443,330	(155,166)
May 1, 2034	6.79	2,150,000	443,330	2,593,330	(155,166)
November 1, 2034		-	370,338	370,338	(129,618)
May 1, 2035	6.89	2,150,000	370,338	2,520,338	(129,618)
November 1, 2035			296,270	296,270	(103,695)
May 1, 2036	6.89	2,150,000	296,270	2,446,270	(103,695)
November 1, 2036			222,203	222,203	(77,771)
May 1, 2037	6.89	2,150,000	222,203	2,372,203	(77,771)
November 1, 2037			148,135	148,135	(51,847)
May 1, 2038	6.89	2,150,000	148,135	2,298,135	(51,847)
November 1, 2038			74,068	74,068	(25,924)
May 1, 2039	6.89	2,150,000	74,066	2,224,066	(25,923)
		<u>\$39,175,000</u>	<u>\$35,833,034</u>	<u>\$75,008,034</u>	<u>\$(12,541,562)</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
\$8,210,000 of General Obligation Bonds Dated February 2008
June 30, 2016

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2016		-	88,975	88,975
May 1, 2017	5.00	750,000	88,975	838,975
November 1, 2017		-	70,225	70,225
May 1, 2018	5.00	805,000	70,225	875,225
November 1, 2018		-	50,100	50,100
May 1, 2019	4.00	820,000	50,100	870,100
November 1, 2019		-	33,700	33,700
May 1, 2020	4.00	835,000	33,700	868,700
November 1, 2020		-	17,000	17,000
May 1, 2021	4.00	850,000	17,000	867,000
		<u>\$ 4,060,000</u>	<u>\$ 520,000</u>	<u>\$ 4,580,000</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
\$2,210,000 of Refunding Bonds Dated February 2013
June 30, 2016

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2016		-	10,309	10,309
May 1, 2017	1.15	300,000	10,309	310,309
November 1, 2017		-	8,584	8,584
May 1, 2018	1.25	280,000	8,584	288,584
November 1, 2018		-	6,834	6,834
May 1, 2019	1.45	295,000	6,834	301,834
November 1, 2019		-	4,695	4,695
May 1, 2020	1.65	280,000	4,695	284,695
November 1, 2020		-	2,385	2,385
May 1, 2021	1.80	265,000	2,385	267,385
		<u>\$ 1,420,000</u>	<u>\$ 65,614</u>	<u>\$ 1,485,614</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
School Bus Capital Lease Dated August 2013
June 30, 2016

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
August 12, 2016	2.20	48,755	2,209	50,964
August 12, 2017	2.20	<u>49,849</u>	<u>1,116</u>	<u>50,965</u>
		<u>\$ 98,604</u>	<u>\$ 3,325</u>	<u>\$ 101,929</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
School Bus Note Payable Dated July 2014
June 30, 2016

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 22, 2017	1.99	33,120	1,977	35,097
April 22, 2018	1.99	33,121	1,318	34,439
April 22, 2019	1.99	<u>33,121</u>	<u>659</u>	<u>33,780</u>
		<u>\$ 99,362</u>	<u>\$ 3,954</u>	<u>\$ 103,316</u>

FREMONT PUBLIC SCHOOLS

Schedule of Cash and Investments

June 30, 2016

General Fund		
Petty Cash	\$ 500	
Checking Accounts - Chemical Bank	260,672	
Athletic Funds - Chemical Bank	64,132	
Athletic Funds - Huntington Bank	5,456	
MBIA Asset Management	319,768	
Michigan Liquid Asset Fund	858,047	\$ 1,508,575
Special Revenue Fund		
Food Service Fund		
Petty Cash	1,266	
Checking Account - Newaygo County SECU	147,591	
Savings - Newaygo County SECU	57,356	
Savings - Newaygo County SECU	14,041	
Certificate of Deposit - Chemical Bank	100,401	320,655
Debt Service Fund		
Money Market Account - Huntington Bank		202,350
Capital Project/Improvement Funds		
Sinking Fund -Checking Account - Chemical Bank	186,650	
Improvement Fund - Checking Account - Chemical Bank	80,293	266,943
Student Activity Agency Fund		
Checking - Newaygo County SECU	26,317	
Savings - Newaygo County SECU	5	
Certificate of Deposit - Chemical Bank	154,614	
MBIA Asset Management	151,935	332,870
		\$ 2,631,393
Governmental Funds		
Major Funds		1,710,925
Non-Major Funds		587,598
		2,298,523
Fiduciary Funds		
		332,870
		\$ 2,631,393

FREMONT PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Program Title/Project Number <u>Subrecipient name</u>	Grant or Project <u>Number</u>	Federal CFDA <u>Number</u>	Approved Grant Award <u>Amount</u>	Accrued (Unearned) Revenue <u>6/30/2015</u>	Adjustments and <u>Transfers</u>	(Memo Only) Prior Year <u>Expenditures</u>	Current Year <u>Expenditures</u>	Current Year <u>Cash Receipts</u>	Accrued or (Unearned) Revenue at <u>6/30/2016</u>
Clusters:									
<u>Child Nutrition Cluster - U. S. Department of Agriculture</u>									
Passed through the Michigan Department of Education:									
National School Lunch Program 15/16	161960	10.555	\$ 444,433	\$ -	\$ -	\$ -	\$ 444,433	\$ 444,433	\$ -
National School Lunch Program 15/16	161980	10.555	17,837	-	-	-	17,837	17,837	-
National School Lunch Program 14/15	151960	10.555	490,897	-	-	490,879	45,025	45,025	-
National School Lunch Program 14/15	151980	10.555	26,303	-	-	24,532	1,771	1,771	-
National School Lunch Program Subtotal			979,470	-	-	515,411	509,066	509,066	-
National School Breakfast Program 15/16	161970	10.553	104,949	-	-	-	104,949	104,949	-
National School Breakfast Program 14/15	151970	10.553	104,567	-	-	95,218	9,349	9,349	-
National School Breakfast Program Subtotal			209,516	-	-	95,218	114,298	114,298	-
Total Child Nutrition Cluster			1,188,986	-	-	610,629	623,364	623,364	-
<u>U.S. Department of Education</u>									
Other Federal Awards:									
Passed through the Michigan Department of Education									
Federal Adult Education - Institutional 14/15	151190-151198	84.002	30,000	2,649	-	27,231	100	2,749	-
Federal Adult Education - Institutional 15/16	161190-161998	84.002	30,000	-	-	-	30,000	30,000	-
Federal Adult Education - ABE Grant 15/16	161130-161998	84.002	26,000	-	-	-	24,055	24,825	(770)
Total Federal Adult Education			86,000	2,649	-	27,231	54,155	57,574	(770)
Title I Part A 15/16	161530	84.010	406,351	-	-	-	392,747	386,086	6,661
Title I Part A 14/15	151530	84.010	449,724	88,407	-	449,724	(469)	87,938	-
Total Title I Part A			856,075	88,407	-	449,724	392,278	474,024	6,661
Title II Part A 15/16	160520	84.367	140,720	-	-	-	133,926	128,294	5,632
Title II Part A 14/15	150520	84.367	168,782	26,969	-	141,404	(2,817)	24,152	-
Total Title II Part A			309,502	26,969	-	141,404	131,109	152,446	5,632
Total noncluster programs passed through Michigan Department of Education			1,251,577	118,025	-	618,359	577,542	684,044	11,523
Passed through Newaygo Regional Educational Service Agency									
IDEA Flowthrough 15/16	160450	84.027	263,785	130,665	-	266,551	263,785	330,995	63,455
Total noncluster programs passed through Newaygo Regional Educational Service Agency			263,785	130,665	-	266,551	263,785	330,995	63,455
Total U.S. Department of Education			\$ 1,515,362	\$ 248,690	\$ -	\$ 884,910	\$ 841,327	\$ 1,015,039	\$ 74,978

Program Title/Project Number <u>Subrecipient name</u>	Grant or Project <u>Number</u>	Federal CFDA <u>Number</u>	Approved Grant Award <u>Amount</u>	Accrued (Unearned) Revenue <u>6/30/2015</u>	Adjustments and <u>Transfers</u>	(Memo Only) Prior Year <u>Expenditures</u>	Current Year <u>Expenditures</u>	Current Year <u>Cash Receipts</u>	Accrued or (Unearned) Revenue at <u>6/30/2016</u>
U.S. Department of Agriculture									
Other Federal Awards:									
Passed through the Michigan Department of Education									
Entitlement Commodities	N/A	10.550	\$ 55,848	\$ -	\$ -	\$ -	\$ 69,603	\$ 69,603	\$ -
Total noncluster programs passed through Michigan Department of Education			55,848	-	-	-	69,603	69,603	-
Passed through Newaygo County									
National Forest Subsidy	N/A	10.665	2,324	-	-	-	2,324	2,324	-
Total noncluster programs passed through Newaygo County			2,324	-	-	-	2,324	2,324	-
Total U.S. Department of Agriculture			58,172	-	-	-	71,927	71,927	-
Total Federal Awards			<u>\$ 2,762,520</u>	<u>\$ 248,690</u>	<u>\$ -</u>	<u>\$ 1,495,539</u>	<u>\$ 1,536,618</u>	<u>\$ 1,710,330</u>	<u>\$ 74,978</u>

See Notes to Schedule of Expenditures of Federal Awards

FREMONT PUBLIC SCHOOLS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

(1) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the Agency. The significant accounting policies used are described in footnote A to the June 30, 2016 basic financial statements.

(2) Reconciliation of Grant Auditor Report with Schedule of Expenditures of Federal Awards:

Current cash payments per Cash Management System (CMS)	\$ 1,309,690
Add items not on CMS report:	
Food Distribution Program - Entitlement Commodities	69,603
IDEA Flowthrough Grant	330,995
TRIG Funding (State Funds)	(2,282)
National Forest Subsidy	<u>2,324</u>
Current year receipts (cash basis) per Schedule of Expenditures of Federal Awards	<u>\$ 1,710,330</u>

(3) The District has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Reconciliation of Revenues with Expenditures of Federal Assistance Programs:

Revenues from Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 2,389,224
Less: Federal Qualified Bonds Credit Payment	<u>(852,606)</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,536,618</u>



Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Governmental Auditing Standards*

Board of Education
Fremont Public School District
Fremont, Michigan 49412

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Fremont Public School's basic financial statements, and have issued our report thereon dated October 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont Public School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont Public School's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont Public School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Fremont Public School'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

H & S Companies, P.C.

H & S Companies, P.C.
Certified Public Accountants
October 18, 2016



Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Fremont Public School District
Fremont, Michigan 49412

Report on Compliance for Each Major Federal Program

We have audited Fremont Public School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fremont Public School's major federal programs for the year ended June 30, 2016. Fremont Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fremont Public School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fremont Public School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fremont Public School's compliance.



Opinion on Each Major Federal Program

In our opinion, Fremont Public School's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Fremont Public School's, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont Public School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont Public School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

H & S Companies, P.C.

H & S Companies, P.C.
Certified Public Accountants
October 18, 2016

FREMONT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued is unmodified.
2. Internal control over financial reporting.
 - a. No material weaknesses were identified.
 - b. Significant deficiency identified that is not considered to be material weakness.
3. No Noncompliance material to the financial statements noted.

Federal Awards

1. Internal control over major programs:
 - a. No material weaknesses identified.
 - b. No significant deficiency(ies) identified that are not considered to be material weaknesses.
2. The type of auditor's report issued on compliance for major programs is unmodified.
3. Audit findings were disclosed that are required to be reported in accordance with Uniform Guidance.
4. The programs tested as a major programs included:

Title I Part A	CFDA #:	84.010
----------------	---------	--------
5. The threshold for distinguishing Types A and B programs was \$750,000.
6. Fremont Public School District was determined to be a low risk auditee.

Section II - Financial Statement Findings

No Findings

Section III - Federal Award Findings and Questioned Costs

No Findings

FREMONT PUBLIC SCHOOLS

Schedule of Prior Audit Findings For the Year Ended June 30, 2016

Audit Period: For the Year Ended June 30, 2015

The finding from the June 30, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Section II - Financial Statement Findings

Finding 2015-001: Segregation of Duties

Finding Type- Significant Deficiency

Criteria -Segregation of Duties

Condition - For effective internal controls, authorization, bookkeeping, access to assets, and independent reconciliation functions should be separated.

Context/Cause -Due to the limited number of employees in the accounting department an adequate segregation of duties has not been implemented by the District.

Effect - It may be possible for District employees to appropriate assets or misstate data, both intentionally or unintentionally, without discovery by another school employee.

Current Status: Corrected



October 18, 2016

To the Board of Education
Fremont Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fremont Public Schools are described in Note A to the financial statements. During 2015-2016, the District implemented GASB Statement no. 72, *Fair Value Measurement and Applications*, and No. 79, *Certain External Investment Pools and Pool Participants*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation of fixed assets is based on the straight-line method of depreciation over the estimated useful life of the related asset.

We evaluated the key factors and assumptions used to develop the estimates above in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Adjustment to record additional payables in the Sinking Fund.



Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of the Board of Education and management of Fremont Public Schools and is not intended to be and should not be used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Department of Education along with the audited financial statements as required by the State of Michigan.

Very truly yours,

H & S Companies, P.C.

H & S Companies, P.C.