

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

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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FREMONT PUBLIC SCHOOLS

Board Members

Anita Osterman	President
Karla Gilliland	Vice-President
Phil Harmon	Treasurer
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Matt Hendrie	Trustee
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Executive Administration

Dr. Jim Hieftje	Interim Superintendent and Director of Curriculum and Instruction
Bing Hanson	Director of Financial Services



The Board of Education
Fremont Public Schools
Fremont, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools as of and for the year ended June 30, 2010, which collectively comprise the Public School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12, and 36 through 37, be presented to supplement the basic financial statement. 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Fremont Public School's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining and individual nonmajor 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

H & S Companies, P.C.

H & S Companies, PC
Certified Public Accountants
Fremont, MI
September 25, 2010

Our discussion and analysis of Fremont Public Schools' financial performance, a GASB 34 requirement, provides an overview of the School District's financial activities for the fiscal year ended June 30, 2010.

FINANCIAL HIGHLIGHTS

D The District's total net assets of governmental activities increased \$2,008,184 to \$6,459,657.

D General revenues accounted for \$20.3 million in revenue, or 76 percent of all fiscal year 2010 revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for over \$6.36 million or 24 percent of total fiscal year 2010 revenues. Revenues are up over \$3,171,000 compared to last year. The major changes are additional property tax revenues of \$1.67 million, additional investment income of \$900,000 and \$824,000 of bond interest credits, while state aid decreased by \$450,000

D The District had about \$24.7 million in expenses related to governmental activities; of which over \$6.36 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$20.3 million were adequate to provide for the remaining costs of these programs. Expenses have increased over 2.4 million compared to last year. This increase is due to interest on the Building America Bonds.

D General Fund was a major fund for the District. The General Fund had over 20 million in revenue and other financing sources which primarily consisted of state aid and property taxes. The General Fund also had over 19.5 million in expenditures and other uses, including a transfer to the non-major Athletic Fund of just under \$414,000. The General Fund's fund balance increased by more than \$445,000.

Both revenues and expenditures decreased in the general fund compared to the prior year. Revenues were down almost \$420,000 while expenditures were cut by more than \$821,000.

D The Capital Projects - Building & Site Fund is also a major fund for the district with the start of construction on the new high school. The Building & Site Fund received over \$924,000 in investment income and expended almost \$3.25 million in land acquisition, equipment purchases, and professional services related to the new school.

D The Debt Service Fund is also a major fund for the district. The Debt service fund had over \$3.1 million of property tax revenue compared to \$1.43 million last year as a non-major fund. The Debt Service Fund also received over \$824,000 in bond interest credits from the federal government. Expenditures increased from \$1.43 million to \$3.75 million due to interest on the 2009 Bonds. The Debt Service Fund Balance increased almost \$281,000.

D The Capital Projects-Sinking Fund, Athletic, and Food Service Funds are all non-major funds for the District. Together they accounted for over 2.17 million in revenue, (including the nearly \$414,000 transfer from general fund) and over 1.83 million in expenses. The fund balances of these funds increased by more than \$335,000.

THE ANNUAL FINANCIAL REPORT

The School District's annual report includes fund financial statements and district-wide financial statements. 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, Capital Projects Funds (Building & Site Fund and Sinking Fund), Debt Funds, and Special Services Funds which are comprised of: Food Service, Athletics, and Student Activity

The District-wide Statement of Net Assets 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 Assets aggregates the District's restricted and unrestricted assets as well as short and long-term obligations recorded in all funds.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's *net assets* – the difference between assets and liabilities, as reported in the Statement of Net Assets, is one way to measure the School District's financial health, or *financial position* . Over time, increases or decreases in the District's net assets, 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.

The following summarizes the net assets at fiscal years ended June 30, 2010 and 2009:

Net Assets Summary

Assets	<u>2010</u>	<u>2009</u>
Current assets	\$ 47,721,982	\$ 49,177,059
Capital assets	31,162,357	27,758,201
Less: Accumulated depreciation	<u>(12,777,556)</u>	<u>(12,004,390)</u>
Capital assets, net book value	<u>18,384,801</u>	<u>15,753,811</u>
Total assets	<u><u>\$ 66,106,783</u></u>	<u><u>\$ 64,930,870</u></u>
Liabilities		
Current liabilities	\$ 5,564,021	\$ 5,198,518
Long-term liabilities	<u>54,083,105</u>	<u>55,280,879</u>
Total liabilities	59,647,126	60,479,397
Net Assets		
Invested in capital assets, net of related debt	3,783,786	2,853,733
Restricted for debt service	411,632	130,943
Restricted for other activities	115,551	106,159
Unrestricted	<u>2,148,688</u>	<u>1,360,638</u>
Total net assets	<u>6,459,657</u>	<u>4,451,473</u>
Total liabilities and net assets	<u><u>\$ 66,106,783</u></u>	<u><u>\$ 64,930,870</u></u>

Results of Operations:

For the fiscal years ended June 30, 2010 and 2009, the District wide results of operations were:

	Year Ended 2010		Year Ended 2009	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
REVENUES:				
Program Revenues:				
Charges for Services	\$ 793,766	2.97	\$ 822,560	3.49
Operating Grants/Contr.	5,591,265	20.92	4,467,640	18.98
Capital Grants/Contr.	-	-	25,000	0.11
General Revenues:				
Property Taxes	6,015,871	22.51	4,357,864	18.52
State Aid	13,320,773	49.85	13,774,292	58.52
Interest and Other	1,002,125	3.75	88,651	0.38
TOTAL REVENUE	<u>26,723,800</u>	<u>100.00</u>	<u>23,536,007</u>	<u>100.00</u>
EXPENSES:				
Instruction				
Basic Programs	10,305,344	41.70	10,411,806	46.67
Added Needs	4,166,059	16.86	3,780,482	16.94
Adult Education	27,523	0.11	23,167	0.10
Total Instruction	<u>14,498,926</u>	<u>58.66</u>	<u>14,215,455</u>	<u>63.71</u>
Support Services				
Pupil	591,085	2.39	589,697	2.64
Instructional Staff	348,978	1.41	331,949	1.49
General Administration	244,610	0.99	382,205	1.71
School Administration	1,153,361	4.67	1,129,150	5.06
Business	346,018	1.40	402,972	1.81
Operations/Maintenance	1,447,259	5.86	1,537,368	6.89
Pupil Transportation	841,402	3.40	892,792	4.00
Central	355,082	1.44	451,702	2.02
Total Support Services	<u>5,327,795</u>	<u>21.56</u>	<u>5,717,835</u>	<u>25.63</u>
Community Services	327,555	1.33	358,383	1.61
Food Service	779,420	3.15	779,420	3.49
Athletics	542,440	2.19	543,955	2.44
Capital Outlay	336,944	1.36	91,529	0.41
Interest on Debt	2,902,537	11.74	604,426	2.71
TOTAL EXPENSES	<u>24,715,616</u>	<u>100.00</u>	<u>22,311,003</u>	<u>100.00</u>
CHANGE IN NET ASSETS	2,008,184		1,225,004	
BEGINNING NET ASSETS	4,451,473		3,226,469	
PRIOR PERIOD ADJUSTMENT	-		-	
ENDING NET ASSETS	<u>\$ 6,459,657</u>		<u>\$ 4,451,473</u>	

Debt Administration

At year-end, the District had almost \$55.5 million in long-term obligations of which \$1,686,174 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, 2010.

Early Retirement	\$	485,000
Compensated Absences		46,179
Notes Payable		4,123
Bond Issues		54,929,705
	\$	<u>55,465,007</u>

Depreciation Expense

GASB 34 requires school Districts for the first time to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets.

For fiscal year ended June 30, 2010, the net increase in accumulated depreciation was \$773,166. Depreciation expense totaled \$783,496 and \$10,330 was the amount of accumulated depreciation for assets that were disposed of for the fiscal year ended June 30, 2010.

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 assets 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 assets the District would have had to purchase and capitalize \$773,213 in assets during the year.

Capital Outlay Acquisitions

Actual capital outlay acquisitions were \$3,467,361 and \$10,330 of capital outlay costs were disposed of for the fiscal year ended June 30, 2010.

Net Acquisitions combined with the increase in accumulated depreciation, net assets (i.e., net book value) invested in capital assets increased by \$2,683,865 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 "nonhomestead" operating millage levied. This resulted in a decrease in the nonhomestead 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 2009-2010 fiscal year was \$2,237,091. The non-homestead tax levy increased by 2.55% over 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
2009-2010	2,237,091	2.55%
2008-2009	2,181,518	-16.35%
2007-2008	2,607,942	2.72%
2006-2007	2,538,998	4.74%
2005-2006	2,424,196	9.45%

Average Increase Last 5 Years 0.62%

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 75% of current year fall count and 25% 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 \$7,162 per student for the 2009-2010 school year. This is a reduction of \$154 from the 2008-2009 foundation allowance of \$7,316 per student.

Student Enrollment:

The District's student enrollment for the fall count of 2009-2010 was 2,375 students. The following summarizes fall student enrollments in the past five years:

	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2009-2010	2,375	12
2008-2009	2,363	(102)
2007-2008	2,465	(47)
2006-2007	2,512	25
2005-2006	2,487	(74)

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 2009-2010 the District's debt millage levy was 7.0 mills, which generated a levy of \$3,106,658.

Property Taxes levied for Building and Site Sinking Fund:

The District's Building and Site sinking fund levy, which is used for capital improvements, is based on the taxable valuation of all properties: homestead and non-homestead. For 2008-2009, the District's Building and Site sinking fund levy was 1.7191 mills, which generated a levy of \$762,951.

Food Service Sales to Students & Adults:

The District's food and milk sales to students and adults decreased by approximately \$40,000 from the prior school year. However, this was offset by an increase in federal revenues of almost \$80,000. The total revenues from Food Service operation exceeded total expenditures for the year by just under \$100,000.

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
2005-2006	20,583,504	20,744,777	20,783,110	0.97%	0.18%
2006-2007	20,179,507	20,145,902	19,974,711	-1.01%	-0.85%
2007-2008	20,366,944	20,823,219	20,796,197	2.11%	-0.13%
2008-2009	20,703,239	20,529,401	20,380,228	-1.56%	-0.73%
2009-2010	20,294,554	19,873,689	19,558,705	-3.63%	-1.58%
Five-Year Average Over (Under) Budget				-0.62%	-0.31%

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
2005-2006	20,625,466	20,569,144	20,447,089	-0.86%	-0.59%
2006-2007	20,187,162	20,928,990	20,874,202	3.40%	-0.26%
2007-2008	20,308,266	20,707,003	20,671,306	1.79%	-0.17%
2008-2009	20,683,606	20,448,967	20,423,629	-1.26%	-0.12%
2009-2010	20,203,460	19,990,552	20,004,574	-0.98%	0.07%
Five-Year Average Over (Under) Budget				0.42%	-0.22%

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	\$ 20,203,460
Total Revenues Final Budget	<u>\$ 19,990,552</u>
Decrease in Budgeted Revenues	<u>\$ (212,908)</u> -1.05%

The District's final general fund revenues differed from the final budget by \$14,022. This is a variance of .07%.

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

- D Reduction in FACF Grants and Interest Income
- D Reduction in State School Aid

General Fund Expenditures:

Total Expenditures Original Budget	\$ 20,294,554
Total Expenditures Final Budget	<u>\$ 19,873,689</u>
Decrease in Budgeted Expenditures	<u>\$ (420,865)</u> -2.07%

The District's final general fund expenditures differed from the final budget by \$314,984. This is a variance of 1.58%.

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

- D Reduction in Maintenance supplies and utilities
- D Reduction in Transportation wages, benefits, and fuel
- D Other Staffing Changes including contracting substitutes and reduction in Teacher Assistant wages

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 2010-2011 budget. The primary factor was the previous history of declining enrollment. Also considered in the development of the budget is the local economy. These indicators were considered when adopting the budget for fiscal year 2010-2011. Budgeted expenditures in the General Fund are \$19,799,805 which is a 1.23 percent increase from the 2009-2010 actual expenditures. The Food Service budget for 2009-2010 fiscal year reflects an increase of approximately 5.17% percent over the 2009-2010 actual expenditures.

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, 220 West Pine Street, Fremont, MI 49412.

FREMONT PUBLIC SCHOOLS

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash/Investments	\$ 44,396,406
Accounts Receivable	137,639
Due from Other Governmental Units	3,072,386
Inventory	115,551
Total Current Assets	<u>47,721,982</u>
Noncurrent Assets:	
Deferred Charges (net of amortization)	403,503
Land	1,584,774
Capital Assets (net of accumulated depreciation)	16,396,524
Total Noncurrent Assets	<u>18,384,801</u>
Total Assets	66,106,783
Liabilities	
Current Liabilities:	
Accounts Payable	258,662
Due to Other Governmental Units	43,800
Salaries/Severance Payable	1,439,531
Retirement Payable	221,469
Health Insurance Payable	336,186
Payroll Taxes Payable	131,473
Deferred Revenue	96,726
Note Payable - Short Term	1,500,000
Current Portion of Long-Term Obligations	1,536,174
Total Current Liabilities	<u>5,564,021</u>
Noncurrent Liabilities:	
Bond Issue Premium (net of amortization)	182,603
Noncurrent Portion of Long-Term Obligations	53,900,502
Total Noncurrent Liabilities	<u>54,083,105</u>
Total Liabilities	<u>59,647,126</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,783,786
Restricted For:	
Debt Service	411,632
Inventory	115,551
Unrestricted	2,148,688
Total Net Assets	<u><u>\$ 6,459,657</u></u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Government Wide Statement of Activities
For the Year Ended June 30, 2010

<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>
				<u>Government Activities</u>
Governmental Activities				
Instruction:				
Basic Programs	\$ 10,305,344	\$ 6,250	\$ 902,905	\$ (9,396,189)
Added Needs	4,166,059	-	3,120,344	(1,045,715)
Adult Education	27,523	-	44,256	16,733
Total Instruction	14,498,926	6,250	4,067,505	(10,425,171)
Support Services:				
Pupil	591,085	-	5,000	(586,085)
Instructional Staff	348,978	-	42,014	(306,964)
General Administration	244,610	-	-	(244,610)
School Administration	1,153,361	-	-	(1,153,361)
Business	346,018	-	-	(346,018)
Operations and Maintenance	1,447,259	-	-	(1,447,259)
Pupil Transportation	841,402	92,090	-	(749,312)
Central	355,082	-	-	(355,082)
Total Support Services	5,327,795	92,090	47,014	(5,188,691)
Community Services	327,555	227,342	108,757	8,544
Food Services	779,420	353,569	543,827	117,976
Athletics	542,440	114,515	-	(427,925)
Capital Outlay (Under \$5,000)	336,944	-	-	(336,944)
Interest and Fees on Debt	2,902,537	-	824,162	(2,078,375)
Total School District	\$ 24,715,616	\$ 793,766	\$ 5,591,265	\$ (18,330,585)

General Revenues

Property Taxes	
General Purposes	\$ 2,146,707
Debt Services	3,105,190
Sinking Fund	763,974
State and Federal Aids Not Restricted To Specific Functions:	
General	13,320,773
Interest and Investment Earnings	934,782
Miscellaneous	10,272
Gain on Sale of Capital Assets	39,400
Amortized Bond Premium	17,671
Total General Revenues	<u>20,338,769</u>
Change in Net Assets	2,008,184
Net Assets - Beginning of Year	<u>4,451,473</u>
Net Assets - Ending of Year	<u><u>\$ 6,459,657</u></u>

See accompanying notes to the basic financial statements

FREMONT PUBLIC SCHOOLS

Balance Sheet - All Governmental Funds

June 30, 2010

	General Fund	Building & Site Fund	Debt Services Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets					
Cash/Investments	\$ 2,170,848	\$ 41,246,994	\$ 411,400	\$ 567,164	\$ 44,396,406
Accounts Receivable	137,639	-	-	-	137,639
Due from Other Funds	1,274	-	232	27,889	29,395
Due from Other Governmental Units	3,055,268	-	-	17,118	3,072,386
Inventory	74,353	-	-	41,198	115,551
Total Assets	<u>\$ 5,439,382</u>	<u>\$ 41,246,994</u>	<u>\$ 411,632</u>	<u>\$ 653,369</u>	<u>\$ 47,751,377</u>
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$ 25,975	\$ 228,730	\$ -	\$ 3,957	\$ 258,662
Due to Other Governmental Units	43,800	-	-	-	43,800
Salaries/Severance Payable	1,439,531	-	-	-	1,439,531
Retirement Payable	221,469	-	-	-	221,469
Health Insurance Payable	336,620	-	-	-	336,620
FICA Taxes Payable	131,039	-	-	-	131,039
Deferred Revenue	96,440	-	-	286	96,726
Due to Other Funds	28,092	-	-	1,303	29,395
Notes Payable	1,500,000	-	-	-	1,500,000
Total Liabilities	<u>3,822,966</u>	<u>228,730</u>	<u>-</u>	<u>5,546</u>	<u>4,057,242</u>
Fund Equity					
Reserved for Inventory	74,353	-	-	41,198	115,551
Designated for IFT Payback	392,316	-	-	-	392,316
Unreserved reported in					
General Fund	1,149,747				1,149,747
Debt Service	-	-	411,632	-	411,632
Capital Projects	-	41,018,264	-	-	41,018,264
Special Revenue Funds	-	-	-	606,625	606,625
Total Fund Equity	<u>1,616,416</u>	<u>41,018,264</u>	<u>411,632</u>	<u>647,823</u>	<u>43,694,135</u>
Total Liabilities and Fund Equity	<u>\$ 5,439,382</u>	<u>\$ 41,246,994</u>	<u>\$ 411,632</u>	<u>\$ 653,369</u>	<u>\$ 47,751,377</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 Assets
June 30, 2010

Total Governmental Fund Balances \$ 43,694,135

Total net assets reported for governmental activities in the statement of net assets 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 assets:

Governmental Capital Asset	31,162,357
Governmental Accumulated Depreciation	(12,777,556)

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 assets that are not reported in the funds balance sheet are. Also, bond issuance costs, premiums, discounts, and similar items are reported in the governmental funds as expenditures when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General Obligation Debt	<u>(55,619,279)</u>
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Total Net Assets - Governmental Activities:	<u>\$ 6,459,657</u>
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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, 2010

	General Fund	Building & Site Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Sources	\$ 2,742,699	\$ 924,315	\$ 3,110,285	\$ 1,230,300	\$ 8,007,599
State Sources	14,748,236	-	97,528	36,821	14,882,585
Federal Sources	1,947,004	-	-	507,006	2,454,010
Other Sources	498,373	-	-	-	498,373
Total Revenues	<u>19,936,312</u>	<u>924,315</u>	<u>3,207,813</u>	<u>1,774,127</u>	<u>25,842,567</u>
Expenditures					
Instruction					
Basic Programs	9,279,804	-	-	-	9,279,804
Added Needs	4,222,671	-	-	-	4,222,671
Adult Education	27,523	-	-	-	27,523
Support Services:					
Pupil	626,085	-	-	-	626,085
Instructional Staff	312,680	-	-	-	312,680
General Administration	224,659	-	-	-	224,659
School Administration	1,160,876	-	-	-	1,160,876
Business	382,311	-	-	-	382,311
Operations & Maintenance	1,418,943	-	-	-	1,418,943
Pupil Transportation	737,271	-	-	-	737,271
Central	355,082	-	-	-	355,082
Community Services	328,893	-	-	-	328,893
Food Services	-	-	-	780,086	780,086
Athletics	-	-	-	528,112	528,112
Capital Outlay	-	3,249,395	-	528,860	3,778,255
Debt Service	68,303	-	3,751,286	-	3,819,589
Total Expenditures	<u>19,145,101</u>	<u>3,249,395</u>	<u>3,751,286</u>	<u>1,837,058</u>	<u>27,982,840</u>
Excess Revenues Over (Under)					
Expenditures	791,211	(2,325,080)	(543,473)	(62,931)	(2,140,273)

Other Financing Sources (Uses)

Transfers to Other School Districts	-	-	-	-	-
Operating Transfers In	-	-	-	413,604	413,604
Operating Transfers Out	(413,604)	-	-	-	(413,604)
Sale of Fixed Assets	38,500	-	-	900	39,400
Indirect Cost Allocation	29,762	-	-	-	29,762
Qualified Bonds Credit Repayment	-	-	824,162	-	824,162
Total Other Financing Sources (Uses)	<u>(345,342)</u>	<u>-</u>	<u>824,162</u>	<u>414,504</u>	<u>893,324</u>
Excess Revenues and Other Sources					
Over (Under) Expenditures and Other Uses	445,869	(2,325,080)	280,689	351,573	(1,246,949)
Fund Balance - July 1	<u>1,170,547</u>	<u>43,343,344</u>	<u>130,943</u>	<u>296,250</u>	<u>44,810,141</u>
Fund Balance - June 30	<u>\$ 1,616,416</u>	<u>\$ 41,018,264</u>	<u>\$ 411,632</u>	<u>\$ 647,823</u>	<u>\$ 43,563,192</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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (1,246,949)

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 assets and allocated over their estimated useful lives as annual depreciation expense

Capital outlay reported in governmental fund statements	3,457,031	
Depreciation expense reported in the statement of activities	<u>(783,496)</u>	
Amount by which capital outlays are more than depreciation and sale of assets in the current period.		2,673,535

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

The amount of debt principal payments in the current year is:	962,021	
Current year bond issue premium and deferred charges net of amortization.	<u>(27,338)</u>	
		934,683

(Increase)Decrease in compensated absences that are recorded when earned in the statement of activities.	1,915
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(Increase)Decrease in post-retirement benefits that are recorded when earned in the statement of activities.	<u>(355,000)</u>
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Change in Net Assets - Governmental Activities.	<u><u>\$ 2,008,184</u></u>
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See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Statement of Net Assets - Fiduciary Funds

June 30, 2010

	<u>Agency Funds</u>
Assets	
Cash/Investments	\$ 364,862
Total Assets	<u>\$ 364,862</u>
Liabilities and Net Assets	
Liabilities	
Due to Student Groups	\$ 364,862
Net Assets	
Unreserved	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 364,862</u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2010

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 2,400 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 assets 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)

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. Deferred 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.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict or contradict guidance of the Governmental Accounting Standards Board.

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 Funds - 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 Funds maintained by the School District are the Food Service and Athletic Funds.

Notes to the Financial Statements (continued)

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. Investment income is composed of interest and net changes in the fair value of applicable investments. Investment income 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.

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

Notes to the Financial Statements (continued)

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	\$ 137,639	\$ -	\$ 137,639
Due from Other Governments	3,055,268	17,118	3,072,386
	<u>\$3,192,907</u>	<u>\$ 17,118</u>	<u>\$3,210,025</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	\$ 58,265	\$ -
Copy Center Supplies - Paper	16,088	-
Food and Non-Food Supplies	-	41,198
Total Inventories	<u>\$ 74,353</u>	<u>\$ 41,198</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. Deferred Revenue

Governmental funds report deferred 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
Federal	\$ 286	\$ -
Grants	\$ -	\$ 96,440

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 assets. 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. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The School District has designated \$392,316 for a potential IFT tax repayment to the State of Michigan. The IFT overpayment is due to errors in the City of Fremont's tax calculations in prior years.

12. 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 as a reservation of fund balance on the balance sheet during the year. 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.

13. 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.

Notes to the Financial Statements (continued)

14. 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

INVESTMENTS

The School 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.

The District held the following deposits and investments at year end:

Petty Cash	\$ 820
Cash and Time Deposits	938,782
Certificates of Deposit	108,533
External Investment Pool (2a-7 like pool)	198,110
US Government Agency Obligations (1-3 year maturity)	35,849,639
Cash Management Money Market Funds	7,664,039
	<u>\$44,759,923</u>

Investments are normally categorized to give an indication of the level of risk assumed by the District; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The MBIA is a 2a-7 like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Custodial Credit Risk for Deposits - This is the risk that in the event of a bank failure, the District's deposits may not be returned.

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 MBIA Michigan Class Pool is rated AAA-V1 by Fitch.

As of June 30, 2010, \$44,659,619 of the school district's bank balance of \$45,275,399 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 947,831
Uninsured and collateral held by pledging bank	35,849,639
Uninsured and collateral held by pledging bank's trust department not in District's name.	7,862,149
	<u>\$44,659,619</u>

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.

Notes to the Financial Statements (continued)

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. Municipal Investors Service Corporation (MBIA) |
| 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:

- 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, 2009.
- 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. The following overexpenditure occurred in the general fund during the year:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Instructional Staff	244,779	312,680	(67,901)

Notes to the Financial Statements (continued)

NOTE D INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

Interfund receivable and payable balances are largely due to lag time between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made. All interfund balances are expected to be paid within one year. At June 30, 2010, the balances are as follows.

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,274	\$ 28,092
Special Revenue - Athletics	-	1,274
Special Revenue - Food Service	27,839	-
Debt Retirement	232	-
Total	\$ 29,395	\$ 29,395

The General Fund transfers funds to prevent a deficit in the Athletics Fund each year. This year the amount transferred was \$413,604.

NOTE E GENERAL LONG-TERM OBLIGATIONS

Summary - The long-term debt includes Bond Issues. 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.

Bonds Payable are comprised of the following at June 30, 2010:

	Outstanding Principal 6/30/2010	Due Within One Year
\$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.	\$43,875,000	\$ 650,000
\$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.	8,210,000	640,000
\$3,545,000, 2003 General Obligation (Refunding) serial bonds due in annual installments of \$20,000 to \$295,000 through 2021; interest payable semiannually at 2.50 to 4.30 percent.	2,805,000	230,000
\$206,707.50, 1998 School Improvement Bond (Durant Settlement) due in annual installments of \$9,114 to \$18,666 through 2013; interest payable annually at 4.761353 percent.	39,705	12,051
Total Bonds	\$54,929,705	\$1,532,051

Notes to the Financial Statements (continued)

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 Bonds to provide the resources to call the bonds. 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. 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, and 2008. 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 reduces the Districts interest expense approximately \$940,106 through lower debt payments over the next ten years.

<u>Notes Payable</u> are comprised of the following at June 30, 2010:	Outstanding Principal 6/30/2010	Due Within One Year
\$39,959 John Deere Lawn Obligation due in semi-annual installments of \$3,995.90 through 2010; interest payable at 3.89%.	\$ 4,123	\$ 4,123
Total Notes Payable	<u>\$ 4,123</u>	<u>\$ 4,123</u>

Early Retirement Payable

In April 2008 eligible District employees were offered a retirement incentive bonus of \$40,000 upon separation from the District. These amounts were to be paid in three (3) installments of \$15,000 in the first and second year and \$10,000 in the third year. Also in July 2009, one employee was offered an early retirement incentive of \$40,000 to be paid in two equal installments due by August 1, 2009 and August 1, 2010. These final payments have been included in salaries payable. In May 2010, employees were offered a retirement incentive bonus of \$45,000 to be paid in three (3) annual installments of \$15,000 beginning August 1, 2010. Ten employees accepted this offer. One employee was offered a severance payment of \$70,000 payable in two equal installments by August 1, 2010 and 2011. The first payment had been made by June 30, 2010.

\$ 485,000	150,000
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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.

46,179	-
<u>\$ 531,179</u>	<u>\$ 150,000</u>

Notes to the Financial Statements (continued)

The annual requirements to amortize long-term debt outstanding as of June 30, 2010, including interest detailed as follows:

Year Ended June 30,	2009 Bond Issues		2008 Bond Issues		2003 Bond Issues		Durant Settlement Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	650,000	2,761,270	640,000	319,087	230,000	109,512	12,051	2,464
2012	725,000	2,743,655	645,000	298,287	225,000	101,922	12,625	1,891
2013	775,000	2,719,513	680,000	277,325	220,000	94,048	15,029	1,289
2014	800,000	2,687,583	725,000	255,225	205,000	86,128	-	-
2015	850,000	2,653,022	710,000	231,663	250,000	78,542	-	-
2016-2020	5,025,000	12,583,327	3,960,000	689,263	1,390,000	237,628	-	-
2021-2025	7,100,000	10,892,990	850,000	34,000	285,000	12,256	-	-
2026-2030	8,875,000	8,354,750	-	-	-	-	-	-
2031-2035	10,475,000	5,134,368	-	-	-	-	-	-
2036-2039	8,600,000	1,481,350	-	-	-	-	-	-
Total	\$ 43,875,000	\$ 52,011,828	\$ 8,210,000	\$ 2,104,850	\$ 2,805,000	\$ 720,036	\$ 39,705	\$ 5,644

Year Ended June 30,	John Deer Mower	
	Principal	Interest
2011	4,123	50
Total	\$ 4,123	\$ 50

Changes in Long-Term Debt - The following is a summary of debt transactions of the District for the year ended June 30, 2010.

Governmental-Type Activities	Bond Issues	Notes Payable	Compensated Absence/Early Retirement Payable	Total
Debt Outstanding-July 1	\$ 55,825,549	\$ 70,300	\$ 178,094	\$ 56,073,943
Debt Added During Year	-	-	605,039	605,039
Debt Retired During Year	(895,844)	(66,177)	(251,954)	(1,213,975)
Debt Outstanding-June 30	<u>\$ 54,929,705</u>	<u>\$ 4,123</u>	<u>\$ 531,179</u>	<u>\$ 55,465,007</u>
Amount Due Within One Year	\$ 1,532,051	\$ 4,123	\$ 150,000	\$ 1,686,174

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.

Notes to the Financial Statements (continued)

Property in the School District for the 2009 levy had a taxable value of \$444 million. For the 2009 levy, the School District's operating tax rate was 18 mills, its debt service tax rate was 7 mills and the Sinking Fund rate was 1.7191 mills.

NOTE G DEFINED BENEFIT PENSION PLAN

Plan Description

All district full-time employees participate in the Michigan Public School Employees' Retirement System, ("MPSERS"), a cost-sharing multiple-employer, state-wide defined benefit public employee retirement plan governed by the State of Michigan, originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPSERS was established by the State of Michigan to provide retirement, survivor and disability benefits to the State's public school employees.

MPSERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems. The Department Director appoints the Office Director who serves as Executive Secretary to the MPSERS' board, with whom general oversight of the retirement system resides. The State Treasurer serves as the investment officer and custodian for the system. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public Schools Employees Retirement System, P.O. Box 30171, Lansing, MI 48909-7671 or by calling (517)322-5103 or 1-800-381-5111.

Funding Policy

All full-time employees of the District are required by law to participate in the MPSERS. All benefits vest after 10 years of service. Basic plan members may retire at age 55 with 30 years of credited service, or at age 60 with 10 or more years of credited service. A Member Investment Plan (MIP) member may retire at age 45 with 30 years of credited service, at age 60 with 10 or more years of credited service, or at age 60 having worked through 60th birthday with 5 years of service immediately preceding retirement effective date. There is no mandatory retirement age.

Both basic and MIP plan members may retire at age 55 with 15 years of service (with five of the years immediately preceding retirement effective date) and receive reduced early retirement benefits. The system also provides non-duty disability benefits and non-duty death benefits after 10 years (less if age 60 or older) of service for MIP members and 15 years of service for basic plan members (less if age 60 or older). The service provision is waived for duty disability and duty death benefits.

The retirement benefit is based on a member's years of credited service (employment) and final average compensation. Final average compensation is the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same period. This period for MIP members is 36 consecutive months and for basic members is 60 consecutive months yielding the highest total wages. A pension is payable monthly for the lifetime of a retiree or survivor and equals 1.5% of a member's final average compensation multiplied by the total number of years of credited service.

Notes to the Financial Statements (continued)

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options: straight life, survivor options and equated plans. Mandatory member contributions were phased out between 1974 and 1977 with the plan remaining noncontributing until January 1, 1987, when the Member Investment Plan (MIP) was enacted.

Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. Benefit and contribution provisions are fixed by State statute and may be amended only by action of the State legislature. The District was required to contribute 16.54% of participant's salary from July 1, 2009 through September 30, 2009 and 16.94% from October 1, 2009 through June 30, 2010 to the System.

Other Post Employment Benefits

Retirees have the option of health coverage which is funded on a cash disbursement basis by the employers. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision insurance coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by the system with the balance deducted from the monthly pension.

Pension recipients are eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan, and Hearing Plan coverage with the following exceptions:

- D Retirees not yet eligible for Medicare coverage pay an amount equal to Medicare Part B premiums.
- D Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with vested deferred benefits, are eligible for partially employer paid health benefit coverage. (No payment for less than 21 years of service). Dependents may receive 90% employer paid health benefit coverage.

During the plan year ended September 30, 2009, benefit expenditures for the pension and postemployment benefits for the MPSERS as a whole were \$4,129,719,712. As of September 30, 2009, the amount of net assets held in trust for pension and health care benefits was \$35,211,728,271. At September 30, 2009 there were 454,584 members in the MPSERS, of which 171,922 were actively receiving benefits, 123,855 were vested employees, 144,353 were non-vested employees and 14,454 were inactive employees entitled to benefits and not yet receiving them. Actual contributions for retirement benefits were \$1,357,624,821. Annual payrolls for the fiscal year ended September 30, 2009 were not available.

Notes to the Financial Statements (continued)

Annual Pension and Other Costs

For the fiscal year ended June 30, 2010, the District's annual pension cost of \$1,917,490 was equal to the District's required and actual contributions. The required contribution was determined as part of the September 30, 2008 actuarial valuation using the following assumptions:

Valuation Date	September 30, 2008
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	5-year Smoothed Market Value

Actuarial Assumptions:

Inflation Rate	3.5%
Investment Rate of Return	8%
Projected Salary Increases	3.5% - 15.9%
Cost-of-Living Adjustment	3% annual non-compounded for MIP Members

Three-Year Trend Information

Fiscal Year Ending June 30	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2008	2,024,921	100%	-
2009	1,928,676	100%	-
2010	1,917,490	100%	-

NOTE H RELATED PARTY TRANSACTIONS

There were no related party transactions for the fiscal year ended June 30, 2010.

NOTE I SHORT TERM NOTE PAYABLE

In September 2009, the School entered into a State Aid Note for \$1,500,000 with Fifth Third Bank for the purpose of providing money for school operations for the fiscal year ending June 30, 2010. The note bears interest at 2.49% and matures in August, 2010.

Short-Term Debt Outstanding, July 1, 2009	\$ 1,700,000
Debt Added During the Year	1,500,000
Debt Retired During the Year	<u>(1,700,000)</u>
Short-Term Debt Outstanding June 30, 2010	<u>\$ 1,500,000</u>

See also note O below

Notes to the Financial Statements (continued)

NOTE J FIXED ASSETS

Capital asset balances and for the year ended June 30, 2010 were as follows:

Governmental-Type Activities	Balance 6/30/2009	Additions	Adjustments Deletions	Balance 6/30/2010
Capital Assets not being depreciated				
Land	\$ 704,034	\$ 880,740	\$ -	\$ 1,584,774
Construction in Progress	138,309	1,803,549	-	1,941,858
Total Capital Assets, not being depreciated	842,343	2,684,289	-	3,526,632
Capital Assets Being Depreciated				
Buildings and Improvements	22,855,456	500,324	-	23,355,780
Equipment and Vehicles	3,614,354	272,418	(10,330)	3,876,442
Subtotal	26,469,810	772,742	(10,330)	27,232,222
Less Accumulated Depreciation for				
Buildings and Improvements	9,299,957	615,540	-	9,915,497
Equipment and Vehicles	2,704,433	167,956	(10,330)	2,862,059
Subtotal	12,004,390	783,496	(10,330)	12,777,556
Net Capital Assets being depreciated	14,465,420	(10,754)	-	14,454,666
Total Governmental Activities				
Capital Assets - Net of Depreciation	<u>\$15,307,763</u>	<u>\$2,673,535</u>	<u>\$ -</u>	<u>\$17,981,298</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 615,540
Support Services-Students and Staff	2,361
Support Services-Administration	20,348
Operation and Maintenance	7,904
Student Transportation	104,310
Food Services	8,821
Athletics	24,212
Total Depreciation Expense	<u>\$ 783,496</u>

NOTE K RESERVATION OF FUND BALANCE

As of June 30, 2010 reservations of fund balance are described below:

Inventory - to reflect the portion of assets which do not represent available spendable resources.

NOTE L 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.

Notes to the Financial Statements (continued)

NOTE M 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 74% percent of total General Fund revenues.

NOTE N CHANGE IN ESTIMATE

During the years ended June 30, 2007 and 2008, Fremont Public Schools overspent their commodity entitlement by \$15,997. The majority of the overspent amount was due to a change in the co-op used by the School District in 2007. In the past, Fremont Public Schools had recorded the \$15,997 as a deferred revenue with the expectation that future commodity entitlements would be reduced by this amount. Since that time, procedures in the manner school commodities are tracked have been changed, and the School District no longer feels this amount will reduce future commodity entitlements. Accordingly, Fremont Public Schools has recorded this as current year commodity revenue, which in turn has increased current year excess revenues by \$15,997.

NOTE O SUBSEQUENT EVENTS

State Aid Note

In August 2010, the State Aid Note for \$1,500,000 referred to in Note I was paid in full, with \$34,341 of interest and fees.

The School District is planning to enter into an additional State Aid Note for \$1,500,000 in late October 2010 at 1.17% interest . The final terms of the note have not yet been determined.

State School Aid

As of September 25, 2010 the State of Michigan has projected a \$34 increase in the per pupil funding allowance bringing the amount to \$7,350.

FREMONT PUBLIC SCHOOLS

Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended June 30, 2010

	Budget Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local Sources	\$ 2,930,762	\$ 2,765,773	\$ 2,742,699	\$ (164,989)	\$ (23,074)
State Sources	14,803,913	14,738,434	14,748,236	(65,479)	9,802
Federal Sources	1,958,785	1,977,845	1,947,004	19,060	(30,841)
Other Sources	470,000	470,000	498,373	-	28,373
Total Revenues	20,163,460	19,952,052	19,936,312	(211,408)	(15,740)
Expenditures					
Instruction					
Basic Programs	9,612,355	9,386,611	9,279,804	(225,744)	106,807
Added Needs	4,393,593	4,307,665	4,222,671	(85,928)	84,994
Adult Education	91,320	100,071	27,523	8,751	72,548
Total Instruction	14,097,268	13,794,347	13,529,998	(302,921)	264,349
Support Services:					
Pupil	636,520	627,096	626,085	(9,424)	1,011
Instructional Staff	254,004	244,779	312,680	(9,225)	(67,901)
General Administration	243,801	234,018	224,659	(9,783)	9,359
School Administration	1,170,541	1,185,689	1,160,876	15,148	24,813
Business	373,456	385,557	382,311	12,101	3,246
Operations & Maintenance	1,534,064	1,445,540	1,418,943	(88,524)	26,597
Pupil Transportation	777,199	761,300	737,271	(15,899)	24,029
Central	378,450	368,486	355,082	(9,964)	13,404
Total Support Services	5,368,035	5,252,465	5,217,907	(115,570)	34,558
Community Services	331,476	338,074	328,893	6,598	9,181
Debt Service	77,775	68,803	68,303	(8,972)	500
Total Expenditures	19,874,554	19,453,689	19,145,101	(420,865)	308,588
Excess (deficiency) of Revenue Over Expenditures	288,906	498,363	791,211	209,457	292,848
Other Financing Sources (Uses)					
Sale of Fixed Assets	40,000	38,500	38,500	(1,500)	-
Indirect Cost Allocation	-	-	29,762	-	29,762
Operating Transfers Out	(420,000)	(420,000)	(413,604)	-	6,396
Total Other Financing Sources (Uses)	(380,000)	(381,500)	(345,342)	(1,500)	36,158
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(91,094)	116,863	445,869	207,957	329,006
Fund Balance - July 1	1,170,547	1,170,547	1,170,547	-	-
Fund Balance - June 30	\$ 1,079,453	\$ 1,287,410	\$ 1,616,416	\$ 207,957	\$ 329,006

FREMONT PUBLIC SCHOOLS

Required Supplementary Information Schedule of Pension Funding Progress

(Dollar Amounts in Millions)

Valuation Date <u>September 30</u>	Actuarial Valuation <u>Assets</u>	Actuarial Accrued <u>Liabilities</u>	Funded <u>Ratio</u>	(Overfunded) Unfunded Accrued <u>Liabilities</u>	Covered <u>Payroll</u>	UAL as a % of Active <u>Payroll</u>
2001	38,399	39,774	96.5%	1,375	9,264	14.84%
2002	38,382	41,957	91.5%	3,575	9,707	36.83%
2003	38,726	44,769	86.5%	6,043	10,044	60.17%
2004	38,784	46,317	83.7%	7,533	10,407	72.38%
2005	38,211	48,206	79.3%	9,995	10,206	97.93%
2006	42,995	49,136	87.5%	6,141	9,806	62.62%
2007	45,335	51,107	88.7%	5,772	9,851	58.59%
2008	45,700	54,600	83.7%	8,900	10,000	89.00%

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - General Fund June 30, 2010 and 2009

	June 30, 2010	June 30, 2009
Assets		
Cash/Investments	\$ 2,170,848	\$ 2,296,022
Accounts Receivable	137,639	153,660
Due From Other Funds	1,274	8,914
Due From Other Governmental Units	3,055,268	2,802,070
Inventory	74,353	58,769
Total Assets	<u>\$ 5,439,382</u>	<u>\$ 5,319,435</u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	25,975	21,225
Due to Other Governmental Units	43,800	97,180
Salaries/Severance Payable	1,439,531	1,520,235
Retirement Payable	221,469	220,078
Health Insurance Payable	336,620	315,081
Payroll Taxes Payable	131,039	111,690
Deferred Revenue	96,440	163,399
Due to Other Funds	28,092	-
Notes Payable	1,500,000	1,700,000
Total Liabilities	3,822,966	4,148,888
Fund Equity		
Reserved for Inventory	74,353	58,769
Designated for IFT Payback	392,316	392,316
Unreserved/Undesignated	1,149,747	719,462
Total Fund Equity	<u>1,616,416</u>	<u>1,170,547</u>
Total Liabilities and Fund Equity	<u>\$ 5,439,382</u>	<u>\$ 5,319,435</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - General Fund
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Local Sources		
Property Taxes - Net of Chargeback	\$ 2,146,707	\$ 2,205,252
Summer School Fees	3,025	3,745
Adult/Community Education Fees	207,958	208,606
Transportation Fees	92,090	88,828
Driver Education	6,250	5,895
Interest on Investments	4,465	19,050
Other Facilities	19,384	19,686
Donations	10,000	20,000
Grants	234,004	294,710
Other	<u>18,816</u>	<u>26,336</u>
Total Local Sources	2,742,699	2,892,108
State Sources		
State School Aid	13,415,873	13,774,292
Agency Placed	(15,656)	32,176
Special Education	829,497	821,874
Vocational Education - Added Costs	3,135	3,435
At Risk	455,092	430,908
Adult Education	<u>60,295</u>	<u>66,052</u>
Total State Sources	14,748,236	15,128,737
Federal Sources		
Title I, Part A	831,774	583,657
Title II, Part A	134,524	140,414
ARRA	676,515	888,809
EL & Civics Grants	25,975	5,648
National Forest Subsidy	3,216	3,347
Special Education - Flow Through	<u>275,000</u>	<u>275,916</u>
Total Federal Sources	1,947,004	1,897,791
Interdistrict Sources		
Special Education	<u>498,373</u>	<u>454,294</u>
Total Revenues	<u><u>\$ 19,936,312</u></u>	<u><u>\$ 20,372,930</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Expenditures - General Fund For the Years Ended June 30, 2010 and 2009

	2010	2009
Instruction		
Basic Programs		
Elementary	\$ 3,932,211	\$ 4,472,897
Middle School	2,296,098	2,265,884
High School	2,852,170	3,052,657
Alternative Education	199,325	193,266
Driver Education	-	14,251
Total Basic Programs	9,279,804	9,998,955
Added Needs		
Special Education	2,672,480	2,553,432
Section 31A / At-Risk	472,183	430,910
Title Programs/Improving Teacher Quality	977,118	730,690
Vocational Education	100,890	167,190
Total Added Needs	4,222,671	3,882,222
Adult Education	27,523	23,167
Total Instruction	13,529,998	13,904,344
Supporting Services		
Pupil		
Guidance	552,019	491,409
Health	18,858	21,612
Psychological	5,250	5,117
Teacher Consultant - Special Education	49,958	71,559
Total Pupil	626,085	589,697
Instructional Staff		
Special Education	33,031	36,305
Adult Education	54,812	52,097
Curriculum Coordinator - School Improvement	112	3,541
Media Services	208,619	165,056
Instruction Technology	15,400	-
Audio-Visual	706	2,649
Total Instructional Staff	312,680	259,648
General Administration		
Board of Education	99,230	97,756
Executive Administration	125,429	262,486
Total General Administration	224,659	360,242
School Administration		
Office of the Principal	1,120,058	996,938
Alternative Education	37,842	127,614
Copy Center	2,976	9,811
Total School Administration	\$ 1,160,876	\$ 1,134,363

Statement of Expenditures - General Fund (continued)

Business		
Fiscal Services	\$ 244,887	\$ 258,806
Other Business	137,424	172,248
Total Business	<u>382,311</u>	<u>431,054</u>
Operations & Maintenance		
Operations and Maintenance	1,348,202	1,469,712
Energy Management	70,741	72,994
Total Operations & Maintenance	<u>1,418,943</u>	<u>1,542,706</u>
Transportation	737,271	868,914
Central		
Informational Services	50,319	49,730
Professional Development	4,021	990
Technology	276,982	369,091
Computer Information Management	23,760	31,350
Total Central	<u>355,082</u>	<u>451,161</u>
Total Supporting Services	5,217,907	5,637,785
Community Services		
Community School Program	52,079	100,753
Community Recreation and Enrichment	44,255	60,034
Kids University	15,171	5,353
Day Care	95,181	90,903
After School Enrichment	122,207	98,737
Total Community Services	<u>328,893</u>	<u>355,780</u>
Debt Service		
Principal Retired	66,177	66,087
Interest	2,126	4,538
Paying Agent	-	-
Total Debt Service	<u>68,303</u>	<u>70,625</u>
Total Expenditures	<u><u>\$ 19,145,101</u></u>	<u><u>\$ 19,968,534</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Debt Service Fund
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash/Investments	\$ 411,400	\$ 139,858
Due From Other Funds	232	-
Total Assets	<u>\$ 411,632</u>	<u>\$ 139,858</u>
 Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$ -	\$ 1
Due to Other Funds	-	8,914
Total Liabilities	-	8,915
Fund Equity		
Unreserved/Undesignated	411,632	130,943
Total Liabilities and Fund Equity	<u>\$ 411,632</u>	<u>\$ 139,858</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Fund
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Local Sources		
Property Taxes	\$ 3,105,190	\$ 1,429,764
Interest on Investments	5,095	3,337
Total Local Sources	<u>3,110,285</u>	<u>1,433,101</u>
State Sources		
State Aid	<u>97,528</u>	<u>14,516</u>
Total State Sources	<u>97,528</u>	<u>14,516</u>
Total Revenues	3,207,813	1,447,617
Expenditures		
Taxes Abated	40	9,168
Principal Retired	895,844	836,504
Interest	2,853,602	586,135
Paying Agent	<u>1,800</u>	<u>1,150</u>
Total Debt Service	<u>3,751,286</u>	<u>1,432,957</u>
Excess Revenues Over(Under)Expenditures	(543,473)	14,660
Other Financing Sources(Uses)		
Refunding Bond Issued	-	109
Qualified Bonds Credit Payment	<u>824,162</u>	<u>-</u>
	<u>824,162</u>	<u>109</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	280,689	14,769
Fund Balance - July 1	<u>130,943</u>	<u>116,174</u>
Fund Balance - June 30	<u><u>\$ 411,632</u></u>	<u><u>\$ 130,943</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Building & Site Fund June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash/Investments	<u>\$ 41,246,994</u>	<u>\$ 43,412,498</u>
Total Assets	<u><u>\$ 41,246,994</u></u>	<u><u>\$ 43,412,498</u></u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	<u>\$ 228,730</u>	<u>\$ 69,154</u>
Total Liabilities	228,730	69,154.00
Fund Equity		
Unreserved/Undesignated	<u>41,018,264</u>	<u>43,343,344</u>
Total Fund Equity	<u>41,018,264</u>	<u>43,343,344</u>
Total Liabilities and Fund Equity	<u><u>\$ 41,246,994</u></u>	<u><u>\$ 43,412,498</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - Building & Site Fund
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Local Sources		
Interest on Investments	\$ 924,315	\$ 5,372
Total Revenues	<u>924,315</u>	<u>5,372</u>
Expenditures		
Capital Outlay	814,005	-
Land	888,386	-
Professional Services	1,503,019	138,309
Miscellaneous Expenses	<u>43,985</u>	<u>-</u>
Total Expenditures	<u>3,249,395</u>	<u>138,309</u>
Excess Revenues Over (Under) Expenditures	(2,325,080)	(132,937)
Other Financing Sources (Uses)		
Proceeds From Issuance of Bonds	-	43,875,000
Other Bond Issuance Costs	-	(367,513)
Premiums and Discounts	<u>-</u>	<u>(31,206)</u>
Total Other Financing Sources	<u>-</u>	<u>43,476,281</u>
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	(2,325,080)	43,343,344
Fund Balance - July 1	<u>43,343,344</u>	<u>-</u>
Fund Balance - June 30	<u><u>\$ 41,018,264</u></u>	<u><u>\$ 43,343,344</u></u>

FREMONT PUBLIC SCHOOLS

Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Assets and Other Debits			
Cash/Investments	\$ 209,745	\$ 357,419	\$ 567,164
Accounts Receivable	-	-	-
Due From Other Governmental Units	17,118	-	17,118
Due From Other Funds	27,839	50	27,889
Inventory	41,198	-	41,198
Total Assets and Other Debits	<u>\$ 295,900</u>	<u>\$ 357,469</u>	<u>\$ 653,369</u>
Liabilities			
Accounts Payable	\$ 3,957	\$ -	\$ 3,957
Due to Other Governmental Units	-	-	-
Due to Other Funds	1,274	29	1,303
Deferred Revenue	286	-	286
Total Liabilities	5,517	29	5,546
Fund Equity and Other Credits			
Fund Balances			
Reserved for Inventory	41,198	-	41,198
Unreserved/Undesignated	249,185	357,440	606,625
Total Fund Equity and Other Credits	<u>290,383</u>	<u>357,440</u>	<u>647,823</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 295,900</u>	<u>\$ 357,469</u>	<u>\$ 653,369</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, 2010

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues			
Local Sources	\$ 465,597	\$ 764,703	\$ 1,230,300
State Sources	36,821	-	36,821
Federal Sources	507,006	-	507,006
Total Revenues	1,009,424	764,703	1,774,127
Expenditures			
Supporting Services			
Capital Outlay	-	528,860	528,860
Food Service	780,086	-	780,086
Athletics	528,112	-	528,112
Total Expenditures	1,308,198	528,860	1,837,058
Excess Revenues Over (Under) Expenditures	(298,774)	235,843	(62,931)
Other Financing Sources (Uses)			
Operating Transfers In	413,604	-	413,604
Sale of Fixed Assets	900	-	900
Total Other Financing Sources	414,504	-	414,504
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	115,730	235,843	351,573
Fund Balance - July 1	174,653	121,597	296,250
Prior Period Adjustments	-	-	-
Fund Balance - June 30	\$ 290,383	\$ 357,440	\$ 647,823

FREMONT PUBLIC SCHOOLS

Combining Balance Sheet
All Non-Major Special Revenue Funds
June 30, 2010

	<u>Food Service</u>	<u>Athletics</u>	<u>Totals</u>
Assets			
Cash/Investments	\$ 195,793	\$ 13,952	\$ 209,745
Due From Other Governmental Units	17,118	-	17,118
Due From Other Funds	27,839	-	27,839
Inventory	41,198	-	41,198
Total Assets	<u>\$ 281,948</u>	<u>\$ 13,952</u>	<u>\$ 295,900</u>
 Liabilities			
Accounts Payable	\$ 3,957	\$ -	\$ 3,957
Due to Other Funds	-	1,274	1,274
Deferred Revenue	286	-	286
Total Liabilities	4,243	1,274	5,517
 Fund Equity			
Reserved for Inventory	41,198	-	41,198
Unreserved/Undesignated	236,507	12,678	249,185
Total Fund Equity	<u>277,705</u>	<u>12,678</u>	<u>290,383</u>
Total Liabilities and Fund Equity	<u>\$ 281,948</u>	<u>\$ 13,952</u>	<u>\$ 295,900</u>

FREMONT PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - All Non-Major Special Revenue Funds
For the Year Ended June 30, 2010

	Food Service	Athletics	Totals
Revenues			
Local Sources	\$ 350,874	\$ 114,723	\$ 465,597
State Sources	36,821	-	36,821
Federal Sources	507,006	-	507,006
	894,701	114,723	1,009,424
Expenditures			
Food Service	780,086	-	780,086
Athletics	-	528,112	528,112
	780,086	528,112	1,308,198
Excess Revenues Over (Under) Expenditures	114,615	(413,389)	(298,774)
Other Financing Sources (Uses)			
Operating Transfers In	-	413,604	413,604
Sale of Fixed Assets	900	-	900
	900	413,604	414,504
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	115,515	215	115,730
Fund Balance - July 1	162,190	12,463	174,653
Prior Period Adjustment	-	-	-
Fund Balance - June 30	\$ 277,705	\$ 12,678	\$ 290,383

FREMONT PUBLIC SCHOOLS

Combining Statements of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2010

	Food Service			Athletics			Totals		
	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
Revenues									
Local Sources	\$ 341,300	\$ 350,874	\$ 9,574	\$ 114,775	\$ 114,723	\$ (52)	\$ 456,075	\$ 465,597	\$ 9,522
State Sources	36,982	36,821	(161)	-	-	-	36,982	36,821	(161)
Federal Sources	470,000	507,006	37,006	-	-	-	470,000	507,006	37,006
Total Revenues	848,282	894,701	46,419	114,775	114,723	(52)	963,057	1,009,424	46,367
Expenditures									
Food Service	778,679	780,086	(1,407)	-	-	-	778,679	780,086	(1,407)
Athletics	-	-	-	536,570	528,112	8,458	536,570	528,112	8,458
Total Expenditures	778,679	780,086	(1,407)	536,570	528,112	8,458	1,315,249	1,308,198	7,051
Excess Revenues Over (Under) Expenditures	69,603	114,615	45,012	(421,795)	(413,389)	8,406	(352,192)	(298,774)	53,418
Other Financing Sources (Uses)									
Operating Transfers In	-	-	-	420,000	413,604	(6,396)	420,000	413,604	(6,396)
Sale of Fixed Assets	-	900	900	-	-	-	-	900	900
Total Other Financing Sources (Uses)	-	900	900	420,000	413,604	(6,396)	420,000	414,504	(5,496)
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	69,603	115,515	45,912	(1,795)	215	2,010	67,808	115,730	47,922
Fund Balance - July 1	162,192	162,190	(2)	12,463	12,463	-	174,655	174,653	(2)
Prior Period Adjustment	-	-	-	-	-	-	-	-	-
Fund Balance - June 30	<u>\$ 231,795</u>	<u>\$ 277,705</u>	<u>\$ 45,910</u>	<u>\$ 10,668</u>	<u>\$ 12,678</u>	<u>\$ 2,010</u>	<u>\$ 242,463</u>	<u>\$ 290,383</u>	<u>\$ 47,920</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, 2010 and 2009

	2010	2009
Revenues		
Local Sources		
Children's Lunches and Breakfasts	\$ 136,900	\$ 157,396
Ala Carte	174,068	188,567
Adult Lunches and Breakfasts	6,103	7,061
Interest	328	100
Other	33,475	37,684
Total Local Sources	350,874	390,808
State Sources	36,821	36,516
Federal Sources	507,006	411,595
Total Revenues	894,701	838,919
Expenditures		
Salaries:		
Coordinator	42,755	46,355
Manager	24,568	22,776
Cooks	35,206	38,382
Servers and Others	179,724	180,527
Payroll Taxes and Other Fringe Benefits	83,174	83,052
Local Travel	1,847	1,478
Equipment Repairs and Maintenance	10,524	11,405
Other Purchased Services	9,830	8,613
Food	355,232	339,182
Vehicle Expense	2,584	1,687
Non-food Supplies and Miscellaneous	23,318	24,575
Indirect Costs	9,527	10,181
Sales Tax	315	370
Dues and Subscriptions	1,083	986
Capital Outlay	399	2,043
Total Expenditures	780,086	771,612
Excess Revenues Over (Under) Expenditures	114,615	67,307
Other Financing Sources (Uses)		
Sale of Fixed Assets	900	321
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	115,515	67,628
Fund Balance - July 1	162,190	94,562
Prior Period Adjustment	-	-
Fund Balance - June 30	\$ 277,705	\$ 162,190

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures and Changes
in Fund Balances - Non-Major Athletics Special Revenue Fund
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Local Sources		
Admissions	\$ 69,035	\$ 65,681
Grants and Donations	15,152	13,897
Participation Fees	30,328	25,513
Miscellaneous	<u>208</u>	<u>5,081</u>
Total Revenues	114,723	110,172
Expenditures		
Coaches Salaries	115,608	113,967
Director and Secretary Salaries	94,534	80,179
Payroll Taxes and Other Fringe Benefits	69,311	67,035
Entry Fees	16,306	19,323
Local Travel	60,687	62,242
Telephone	980	2,119
Equipment Repairs and Maintenance	-	241
Officials	30,721	39,603
Other Purchased Services	84,288	80,146
Uniforms	12,096	10,645
Supplies	31,220	27,265
Capital Outlay	<u>12,361</u>	<u>17,921</u>
Total Expenditures	528,112	520,686
Excess Revenues Over (Under) Expenditures	(413,389)	(410,514)
Other Financing Sources (Uses)		
Operating Transfers In	<u>413,604</u>	<u>411,694</u>
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	215	1,180
Fund Balance - July 1	<u>12,463</u>	<u>11,283</u>
Fund Balance - June 30	<u><u>\$ 12,678</u></u>	<u><u>\$ 12,463</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Non-Major Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, and 2002

	Sinking Fund								
	June 30 2010	June 30 2009	June 30 2008	June 30 2007	June 30 2006	June 30 2005	June 30 2004	June 30 2003	June 30 2002
Assets									
Cash	\$357,419	\$126,937	\$ 44,754	\$ 4,220	\$184,961	\$ 3,345	\$234,462	\$100,941	\$ -
Accounts Receivable	-	-	-	-	-	-	1,092	-	-
Due from Other Governmental Units	-	-	-	4,322	-	-	-	-	-
Due from Other Funds	50	-	19,179	19,196	-	115	246	-	-
Total Assets	\$357,469	\$126,937	\$ 63,933	\$ 27,738	\$184,961	\$ 3,460	\$235,800	\$100,941	\$ -
Liabilities									
Accounts Payable	\$ -	\$ 5,340	\$ 35,806	\$ -	\$ -	\$ -	\$ 8,500	\$ 11,075	\$ 1,609
Due to Other Governmental Units	-	-	-	175	-	-	-	-	-
Due to Other Funds	29	-	100,000	128,531	-	-	-	-	6,351
Total Liabilities	29	5,340	135,806	128,706	-	-	8,500	11,075	7,960
Fund Equity									
Unreserved/Undesignated	357,440	121,597	(71,873)	(100,968)	-	3,460	227,300	89,866	(7,960)
Total Liabilities and Fund Equity	\$357,469	\$126,937	\$ 63,933	\$ 27,738	\$ -	\$ 3,460	\$235,800	\$100,941	\$ -

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, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, and 2002

	<u>June 30</u> <u>2010</u>	<u>June 30</u> <u>2009</u>	<u>June 30</u> <u>2008</u>	<u>June 30</u> <u>2007</u>
Revenues				
Local Sources				
Property Taxes	\$ 763,974	\$ 722,848	\$ 699,881	\$ 667,257
Interest on Investments	579	294	1,401	2,536
Miscellaneous Income	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Local Sources	764,703	723,142	701,282	669,793
Expenditures				
Supporting Services				
Taxes Abated	20	4,502	-	-
Capital Outlay	516,338	491,303	645,044	842,844
Professional Services	6,096	33,274	-	-
Miscellaneous Expense	<u>6,406</u>	<u>593</u>	<u>27,143</u>	<u>5,156</u>
Total Supporting Services	<u>528,860</u>	<u>529,672</u>	<u>672,187</u>	<u>848,000</u>
Debt Service				
Principal Retired	-	-	-	100,675
Interest Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,047</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,722</u>
Total Expenditures	528,860	529,672	672,187	955,722
Excess Revenues Over (Under) Expenditures	235,843	193,470	29,095	(285,929)
Other Financing Sources(Uses)				
Proceeds from Long-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	235,843	193,470	29,095	(285,929)
Fund Balance - July 1	<u>121,597</u>	<u>(71,873)</u>	<u>(100,968)</u>	<u>184,961</u>
Fund Balance - June 30	<u><u>\$ 357,440</u></u>	<u><u>\$ 121,597</u></u>	<u><u>\$ (71,873)</u></u>	<u><u>\$ (100,968)</u></u>

<u>June 30 2006</u>	<u>June 30 2005</u>	<u>June 30 2004</u>	<u>June 30 2003</u>	<u>June 30 2002</u>	<u>Totals</u>
\$ 628,340	\$ 597,747	\$ 563,973	\$ 540,649	\$ -	\$ 5,184,669
3,068	1,120	365	153	-	9,516
-	-	-	-	-	150
<u>631,408</u>	<u>598,867</u>	<u>564,338</u>	<u>540,802</u>	<u>-</u>	<u>5,194,335</u>
-	-	-	-	-	4,522
321,013	699,030	283,441	845,676	7,960	4,652,649
-	-	-	-	-	39,370
<u>14,124</u>	<u>1,860</u>	<u>14,599</u>	<u>-</u>	<u>-</u>	<u>69,881</u>
<u>335,137</u>	<u>700,890</u>	<u>298,040</u>	<u>845,676</u>	<u>7,960</u>	<u>4,766,422</u>
100,675	100,675	100,675	50,000	-	452,700
<u>14,095</u>	<u>21,142</u>	<u>28,189</u>	<u>-</u>	<u>-</u>	<u>70,473</u>
<u>114,770</u>	<u>121,817</u>	<u>128,864</u>	<u>50,000</u>	<u>-</u>	<u>523,173</u>
449,907	822,707	426,904	895,676	7,960	5,289,595
181,501	(223,840)	137,434	(354,874)	(7,960)	(95,260)
<u>-</u>	<u>-</u>	<u>-</u>	<u>452,700</u>	<u>-</u>	<u>452,700</u>
181,501	(223,840)	137,434	97,826	(7,960)	357,440
<u>3,460</u>	<u>227,300</u>	<u>89,866</u>	<u>(7,960)</u>	<u>-</u>	<u>-</u>
<u>\$ 184,961</u>	<u>\$ 3,460</u>	<u>\$ 227,300</u>	<u>\$ 89,866</u>	<u>\$ (7,960)</u>	<u>\$ 357,440</u>

FREMONT PUBLIC SCHOOLS

Balance Sheet
Fiduciary Fund
Student Activities Agency Fund
June 30, 2010

Assets

Cash and Investments	<u>\$ 364,862</u>
Total Assets	<u><u>\$ 364,862</u></u>

Liabilities

Due to Student Groups	<u>\$ 364,862</u>
Total Liabilities	<u><u>\$ 364,862</u></u>

FREMONT PUBLIC SCHOOLS

Statement of Changes in Assets and Liabilities
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2010

	<u>Balance</u> <u>6/30/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2010</u>
Assets				
Cash and Investments	<u>\$ 357,502</u>	<u>\$ 674,935</u>	<u>\$ 667,575</u>	<u>\$ 364,862</u>
Liabilities				
Due to Student Groups	<u>\$ 357,502</u>	<u>\$ 674,935</u>	<u>\$ 667,575</u>	<u>\$ 364,862</u>

FREMONT PUBLIC SCHOOLS

Statement of Cash Receipts and Disbursements

Fiduciary Fund

Student Activities Agency Fund

For the Year Ended June 30, 2010

	Balance 6/30/2009	Receipts	Disbursements	Balance 6/30/2010
Interest on Investment	\$ 200	\$ 2,880	\$ 134	\$ 2,946
Administration - Miscellaneous	10,822	17,162	8,622	19,362
Daisy Brook - Book Fair	1,858	6,482	7,464	876
Daisy Brook - Cash for Education	11,446	4,373	7,592	8,227
Daisy Brook - School/Store	2,675	1,562	1,041	3,196
Daisy Brook - Grade Funds	4,208	873	527	4,554
Daisy Brook - Weston DuBois Assistance	-	-	-	-
Daisy Brook - Activities Fund	6,546	11,265	9,334	8,477
Daisy Brook - Student Council	1,292	250	-	1,542
Daisy Brook - Poker Fundraiser	-	-	-	-
High School - Alumni Band	256	1	245	12
High School - Art/Pekel	141	1,951	1,338	754
High School - Athletic Uniforms	33,834	108,270	121,321	20,783
High School - Athletic Endowment	12,693	6,641	-	19,334
High School - Candy Machine Sales	3,541	1,605	727	4,419
High School - Cash for Education	-	-	-	-
High School - Cheerleaders	1,007	344	619	732
High School - Class of 2008	-	-	-	-
High School - Class of 2009	133	-	-	133
High School - Class of 2010	625	4,134	3,853	906
High School - Class of 2011	130	-	56	74
High School - Class of 2012	16	-	-	16
High School - Conservation Club	24	470	317	177
High School - Picket Fence Café	1,176	-	-	1,176
High School - Germany Trip	927	-	-	927
High School - FACF Girls BB Grant	1,352	2,639	3,641	350
High School - Escape	17,065	20,297	16,811	20,551
High School - Embroidery	103	-	-	103
High School - Equestrian Team	6	-	-	6
High School - FACF Baseball Grant	1,600	1,000	1,590	1,010
High School - FACF Boys BB Grant	809	3,360	4,028	141
High School - FACF Softball	700	-	-	700
High School - Poker Fundraising	43	9,521	7,000	2,564
High School - F.F.A. Project	9,628	28,720	29,857	8,491
High School - Media	155	-	-	155

Statement of Cash Receipts and Disbursements (continued)

	<u>6/30/2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 6/30/2010</u>
High School - Mogul	4,328	30,591	34,070	849
High School - Music Boosters	25,262	11,449	12,550	24,161
High School - National Honor Society	356	756	778	334
High School - Parking Permits	276	1,022	265	1,033
High School - Peace Jam	38	360	375	23
High School - Photography	3,719	7,355	7,385	3,689
High School - Pop	5,387	15,437	16,833	3,991
High School - Quiz bowl	143	410	645	(92)
High School - Robotics	-	-	-	-
High School - S.A.D.D.	-	5,500	-	5,500
High School - Scholarship Fund	23,369	1,000	1,800	22,569
High School - Science Exploration	486	-	-	486
High School - Store	(7,522)	11,437	5,031	(1,116)
High School - Student Council	2,487	5,672	5,524	2,635
High School - Theatre	(702)	14,413	12,064	1,647
High School - Theatre Endowment	28,115	2,150	2,150	28,115
High School - Trip Fund	-	-	-	-
High School - Chess Club	18	-	-	18
High School - Ward Music Grant	-	-	-	-
High School - Varsity Club	4,102	390	4,498	(6)
High School - Vocal Music	1,120	1,601	2,612	109
High School - Video Productions	199	600	87	712
High School - Spanish Club	91	350	345	96
High School - Prom	696	6,980	5,239	2,437
High School - 2D Art	(152)	-	-	(152)
Middle School - Art Club	1,101	511	2,505	(893)
Middle School - Band Fund	544	1,939	2,346	137
Middle School - Circle of Friends	2,720	-	896	1,824
Middle School - Cash for Education	6,021	12,811	10,401	8,431
Middle School - Candy and Pop	668	1,873	4,692	(2,151)
Middle School - Cheerleaders	651	1,429	-	2,080
Middle School - Ebay	132	2,363	2,335	160
Middle School - Gerber Grant	139	-	139	-
Middle School - Industrial Arts/Technology	16	1,448	906	558
Middle School - Instrument Repair/Rental	178	61	130	109
Middle School - Japan Friendship City	11,275	37,656	40,780	8,151
Middle School - Juice Fund	892	3,390	1,034	3,248
Middle School - Linda Bergklint Memorial	3,996	2,700	3,657	3,039

Statement of Cash Receipts and Disbursements (continued)

	<u>6/30/2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 6/30/2010</u>
Middle School - Outdoor Fitness	160	-	-	160
Middle School - Parent Group	41	-	8	33
Middle School - Pride Club	738	-	161	577
Middle School - Poker Fundraiser	118	8,301	3,656	4,763
Middle School - Rain Forest Fund	9,927	97,581	104,445	3,063
Middle School - Sixth Grade Camp	4,536	-	-	4,536
Middle School - Teacher Lounge Pop	1,406	357	953	810
Middle School - Student Council	(20)	27	7	-
Middle School - Yearbook	698	91	-	789
Pathfinder - Activity Fund	12,511	14,972	15,638	11,845
Pathfinder - Book Fair	3,328	6,310	6,375	3,263
Pathfinder - Office Activity	9,027	13,746	9,713	13,060
Pathfinder - Cash for Education	3,514	3,974	3,283	4,205
Pathfinder - Parent Group	13,994	70,482	70,253	14,223
Pathfinder - Poker Fundraiser	2,776	9,184	10,187	1,773
Pathfinder - Pop Fund	-	8,180	4,438	3,742
Pine Street - Book Fair	798	1,593	1,586	805
Pine Street - Activity Fund	29,111	7,620	11,921	24,810
Pine Street - Cash for Education	1,681	669	29	2,321
Quest - CE Scrip Program	76	5,965	5,576	465
Quest - Daycare Program	529	1,204	-	1,733
Quest - Student Activity	3,709	2,385	2,199	3,895
Quest - CE Rec Scholarship	4,045	-	3,754	291
Quest - Pop Fund	1,492	3,945	4,784	653
Quest - CE Recreation & Enrichment	8,147	-	-	8,147
Soccer Fields	-	895	420	475
Total	<u>\$ 357,502</u>	<u>\$ 674,935</u>	<u>\$ 667,575</u>	<u>\$ 364,862</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, 2010

Function and Activity	Balance 6/30/2009	Additions	Adjustments/ Deletions	Balance 6/30/2010
Instruction	\$23,697,800	\$ 3,442,483	\$ -	\$27,140,283
Support Service				
Students & Staff	456,092	-	10,330	445,762
Administration	231,377	5,836	-	237,213
Operation & Maintenance	179,778	-	-	179,778
Student Transportation Services	1,862,706	-	-	1,862,706
Food Services	153,565	-	-	153,565
Athletics	730,835	9,884	-	740,719
	<u>\$27,312,153</u>	<u>3,458,203</u>	<u>10,330</u>	<u>\$30,760,026</u>

FREMONT PUBLIC SCHOOLS

Schedule of Changes in Long-Term Debt Obligations
June 30, 2010

	Building America Bond 2009	Refunding Bond 2008	Refunding Bond 2003	Bond Issues 1995	Durant Settlement Bond	John Deere Note	2004 School Bus Loan	Compensated Absence/Early Retirement	Total
Long-Term Debt Outstanding June 30, 2009	\$43,875,000	\$8,210,000	\$2,830,000	\$ 800,000	\$ 110,549	\$ 12,115	\$ 58,185	\$ 178,094	\$56,073,943
Debt Added During Year	-	-	-	-	-	-	-	605,039	605,039
Debt Retired During Year	-	-	(25,000)	(800,000)	(70,844)	(7,992)	(58,185)	(251,954)	(1,213,975)
Long-Term Debt Outstanding June 30, 2010	\$ 43,875,000	\$8,210,000	\$2,805,000	\$ -	\$ 39,705	\$ 4,123	\$ -	\$ 531,179	\$55,465,007

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
 \$43,875,000 of School Building & Site Bonds Dated June 2009
 June 30, 2010

Estimated Payment Date	Rate	Principal	Interest	Total	Treasury Credit
November 1, 2010	2.71	-	1,380,635	1,380,635	(483,222)
May 1, 2011		650,000	1,380,635	2,030,635	(483,222)
November 1, 2011	3.33	-	1,371,828	1,371,828	(480,140)
May 1, 2012		725,000	1,371,828	2,096,828	(480,140)
November 1, 2012	4.12	-	1,359,756	1,359,756	(475,915)
May 1, 2013		775,000	1,359,756	2,134,756	(475,915)
November 1, 2013	4.32	-	1,343,791	1,343,791	(470,327)
May 1, 2014		800,000	1,343,791	2,143,791	(470,327)
November 1, 2014	4.62	-	1,326,511	1,326,511	(464,279)
May 1, 2015		850,000	1,326,511	2,176,511	(464,279)
November 1, 2015	4.90	-	1,306,876	1,306,876	(457,407)
May 1, 2016		900,000	1,306,876	2,206,876	(457,407)
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)
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	74,068	2,224,068	(25,924)
		<u>\$43,875,000</u>	<u>\$52,011,830</u>	<u>\$95,886,830</u>	<u>\$(18,204,141)</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
 \$8,210,000 of General Obligation Bonds Dated February 2008
 June 30, 2010

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2010		-	159,543	159,543
May 1, 2011	3.25	640,000	159,544	799,544
November 1, 2011		-	149,143	149,143
May 1, 2012	3.25	645,000	149,144	794,144
November 1, 2012		-	138,662	138,662
May 1, 2013	3.25	680,000	138,663	818,663
November 1, 2013		-	127,612	127,612
May 1, 2014	3.25	725,000	127,613	852,613
November 1, 2014		-	115,831	115,831
May 1, 2015	4.00	710,000	115,832	825,832
November 1, 2015		-	101,631	101,631
May 1, 2016	3.375	750,000	101,632	851,632
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>\$ 8,210,000</u>	<u>\$ 2,104,850</u>	<u>\$10,314,850</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
 \$3,545,000 of Refunding Bonds Dated August 2003
 June 30, 2010

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2010		-	54,756	54,756
May 1, 2011	3.30	230,000	54,756	284,756
November 1, 2011		-	50,961	50,961
May 1, 2012	3.50	225,000	50,961	275,961
November 1, 2012		-	47,024	47,024
May 1, 2013	3.60	220,000	47,024	267,024
November 1, 2013		-	43,064	43,064
May 1, 2014	3.70	205,000	43,064	248,064
November 1, 2014		-	39,271	39,271
May 1, 2015	3.80	250,000	39,271	289,271
November 1, 2015		-	34,521	34,521
May 1, 2016	3.90	250,000	34,521	284,521
November 1, 2016		-	29,646	29,646
May 1, 2017	4.00	285,000	29,646	314,646
November 1, 2017		-	23,946	23,946
May 1, 2018	4.10	270,000	23,946	293,946
November 1, 2018		-	18,411	18,411
May 1, 2019	4.15	295,000	18,411	313,411
November 1, 2019		-	12,290	12,290
May 1, 2020	4.25	290,000	12,290	302,290
November 1, 2020		-	6,128	6,128
May 1, 2021	4.30	285,000	6,128	291,128
		<u>\$ 2,805,000</u>	<u>\$ 720,036</u>	<u>\$ 3,525,036</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
\$206,707.50 of School Improvement Bonds (Durant Settlement)
June 30, 2010

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 15, 2011	4.761353	12,051	2,464	14,515
May 15, 2012	4.761353	12,625	1,891	14,516
May 15, 2013	4.761353	<u>15,030</u>	<u>1,289</u>	<u>16,319</u>
		<u>\$ 39,706</u>	<u>\$ 5,644</u>	<u>\$ 45,350</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
John Deere Mower Loan
June 30, 2010

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 22, 2010	3.89	<u>4,123</u>	<u>66</u>	<u>4,189</u>
		<u>\$ 4,123</u>	<u>\$ 66</u>	<u>\$ 4,189</u>

FREMONT PUBLIC SCHOOLS

Schedule of Cash and Investments June 30, 2010

General Fund		
Petty Cash	\$ 550	
Checking Account - Chemical Bank	254,323	
Receiving CSP - Huntington Bank	2,286	
MBIA Asset Management	5,126	
Michigan Liquid Asset Fund	1,908,563	\$ 2,170,848
Special Revenue Funds		
Food Service Fund		
Checking Account - Newaygo County SECU	15,598	
Receiving - Chemical Bank	26,139	
Savings and Bonus Savings - Newaygo County SECU	154,056	195,793
Athletics Fund		
Petty Cash	270	
Checking Account - Chemical Bank	8,831	
Revolving Checking - Huntington Bank	4,851	13,952
Total Special Revenue Funds		209,745
Debt Service Fund		
Money Market Account - Huntington Bank		411,400
Capital Project Funds		
Sinking Fund -Checking Account - Chemical Bank		357,419
Building & Site Fund - Checking Account - Chemical Bank	53,280	
Building & Site Fund - Investments - Fifth Third Bank	41,193,714	41,246,994
Total Capital Projects Funds		41,604,413
Student Activity Agency Fund		
Checking - Newaygo County SECU	61,994	
Savings - Newaygo County SECU	5	
Certificate of Deposit - Huntington Bank	108,533	
MIA Asset Management	194,330	364,862
		\$ 44,761,268
Governmental Funds		
Major Funds		43,829,242
Non-Major Funds		567,164
		44,396,406
Fiduciary Funds		
		364,862
		\$ 44,761,268

FREMONT PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards

June 30, 2010

Federal Grantor Pass-Through Grantor <u>Program Title Grant Number</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>Accrued (Deferred) Revenue 6/30/2009</u>	<u>(Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Cash Receipts</u>	<u>Accrued or (Deferred) Revenue at 6/30/2010</u>
<u>U.S. Department of Education</u>							
Passed Through Michigan Department of Education							
Federal Adult Education-English							
101120-105307	84.002A	14,000	-	-	10,575	10,575	-
101130-101998	84.002A	22,000	-	-	15,400	15,400	-
Total		<u>36,000</u>	<u>-</u>	<u>-</u>	<u>25,975</u>	<u>25,975</u>	<u>-</u>
Title I Part A Improving Basic Programs Cluster							
091530-0809	84.010	592,348	92,647	583,657	(239)	92,408	-
101530-0910-ARRA	84.389	290,574	-	-	280,770	219,995	60,775
101530-0910	84.010	557,111	-	-	551,244	479,418	71,826
Total		<u>1,440,033</u>	<u>92,647</u>	<u>583,657</u>	<u>831,775</u>	<u>791,821</u>	<u>132,601</u>
Title II Part D Regular Cluster							
094290-0809	84.318	5,342	-	5,342	(1,823)	(1,823)	-
Title II Part D-ARRA	84.386	11,388	-	-	12,900	10,270	2,630
Total		<u>16,730</u>	<u>-</u>	<u>5,342</u>	<u>11,077</u>	<u>8,447</u>	<u>2,630</u>
Title II Part A Regular-Improving Teacher Quality							
090520-0809	84.367	140,414	10,437	140,414	-	10,437	-
100520-0910	84.367	158,004	-	-	134,524	97,424	37,100
Total		<u>298,418</u>	<u>10,437</u>	<u>140,414</u>	<u>134,524</u>	<u>107,861</u>	<u>37,100</u>
American Recovery and Reinvestment Act							
090520-0809	84.394	883,467	883,467	883,467	-	883,467	-
100520-0910	84.394	665,438	-	-	665,438	544,395	121,043
		<u>1,548,905</u>	<u>883,467</u>	<u>883,467</u>	<u>665,438</u>	<u>1,427,862</u>	<u>121,043</u>
Total Passed Through Michigan Department of Education		3,340,086	986,551	1,612,880	1,668,789	2,361,966	293,374

Passed Through Newaygo Regional Educational Service Agency Special Education 030450-Flow Through	84.027	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Total U.S. Department of Education		3,615,086	986,551	1,612,880	1,943,789	2,636,966	293,374
U.S. Department of Interior-Payment in Lieu of Taxes	15	3,216	-	-	3,216	3,216	-
<u>U.S. Department of Agriculture</u> (See next page)		<u>816,437</u>	<u>11,929</u>	<u>325,429</u>	<u>491,008</u>	<u>486,105</u>	<u>16,832</u>
Total Federal Financial Assistance		<u>\$ 4,434,739</u>	<u>\$ 998,480</u>	<u>\$ 1,938,309</u>	<u>\$ 2,438,013</u>	<u>\$ 3,126,287</u>	<u>\$ 310,206</u>

NOTES:

1. The significant accounting policies used in preparing this schedule are the same as those utilized in preparing the general purpose financial
2. The amounts reported on the R7120, Grant Section Auditor's Report reconcile with this schedule.
3. There are no federal loan balances reported on this schedule. Pass-through funds are reported from the Newaygo Regional Educational Service Agency for Special Education

FREMONT PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards

June 30, 2010

Federal Grantor Pass-Through Grantor <u>Program Title Grant Number</u>	Federal CFDA <u>Number</u>	Grant Award <u>Amount</u>	Accrued (Deferred) Revenue <u>6/30/2009</u>	(Memo Only) Prior Year <u>Expenditures</u>	Current Year <u>Expenditures</u>	Current Year <u>Cash Receipts</u>	Accrued or (Deferred) Revenue at <u>6/30/2010</u>
<u>U.S. Department of Agriculture</u>							
Passed Through Michigan Department of Education							
Nutrition Cluster							
101950 Sect 4 All Lunches	10.555	\$ 47,397	\$ -	\$ -	\$ 47,397	\$ 46,763	\$ 634
091950 Sect 4 All Lunches	10.555	47,984	5,028	46,980	1,004	6,032	-
101980 Snacks	10.555	8,918	-	-	8,918	8,501	417
091980 Snacks	10.555	7,561	173	6,691	870	1,043	-
101960 Sec II Free & Reduced	10.555	288,091	-	-	288,091	275,177	12,914
091960 Sec II Free & Reduced	10.555	258,863	-	222,633	36,230	36,230	-
Total		<u>658,814</u>	<u>5,201</u>	<u>276,304</u>	<u>382,510</u>	<u>373,746</u>	<u>13,965</u>
101970 Breakfast	10.553	54,861	1,585	49,125	5,736	7,321	-
091970 Breakfast	10.553	63,377	-	-	63,377	60,224	3,153
Total		<u>118,238</u>	<u>1,585</u>	<u>49,125</u>	<u>69,113</u>	<u>67,545</u>	<u>3,153</u>
Total Passed Through Michigan Department of Education		777,052	6,786	325,429	451,623	441,291	17,118
Direct U.S.D.A.							
Bonus Commodities	10.550	2,999	-	-	2,999	2,999	-
Entitlement Commodities	10.550	36,386	5,143	-	36,386	41,815	(286)
Total Direct U.S.D.A.		<u>39,385</u>	<u>5,143</u>	<u>-</u>	<u>39,385</u>	<u>44,814</u>	<u>(286)</u>
Total Federal		<u>\$ 816,437</u>	<u>\$ 11,929</u>	<u>\$ 325,429</u>	<u>\$ 491,008</u>	<u>\$ 486,105</u>	<u>\$ 16,832</u>

FREMONT PUBLIC SCHOOLS

Schedule of Reconciliation of Revenues
With Expenditures for Federal Awards
For the Year Ended June 30, 2010

Revenue from Federal Sources - Per Financial Statement (Includes all Funds)	\$ 2,454,010
Less: Additional Federal Commodity Revenue recorded due to change in accounting estimate	<u>(15,997)</u>
	<u>\$ 2,438,013</u>
Federal Expenditures Per the Schedule of Federal Financial Assistance (Excludes Local or State Matching Funds, Prior Year Expenditures, etc.)	<u>\$ 2,438,013</u>



Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Board of Education
Fremont Public School District
Fremont, Michigan 49412

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont Public Schools as of and for the year ended June 30, 2010, which collectively comprise Fremont Public School's basic financial statements and have issued our report thereon dated September 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fremont Public School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fremont Public School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 presented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2010-1 that we consider to be significant deficiencies in internal control over financial reporting. 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.



Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the 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 that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Fremont Public School in a separate letter dated September 25, 2010.

Fremont Public School's response to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit Fremont Public School's response and, accordingly express no opinion on it.

This report is intended solely for the information and use of management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



H&S Companies, PC
Certified Public Accountants
Fremont Office
September 25, 2010



Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133

Board of Education
Fremont Public Schools
Fremont, Michigan 49412

Compliance

We have audited the compliance of Fremont Public School with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Fremont Public School's management. Our responsibility is to express an opinion on Fremont Public School's compliance based on our audit.

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

In our opinion, Fremont Public Schools complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major Federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.



Internal Control Over Compliance

The management of Fremont Public School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Fremont Public School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity'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.

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

This report is intended solely for the information and use of management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



H&S Companies, PC
Certified Public Accountants
September 25, 2010

FREMONT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued is unqualified.
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 unqualified.
3. Audit findings were disclosed that are required to be reported in accordance with section 510(a) of Circular A-133.
4. The programs tested as a major programs included:

ARRA Education Stabilization Fund	CFDA #: 84.394
Title I Part A Improving Basic Programs	CFDA #: 84.010
Title I Part A -ARRA	CFDA #: 84.389
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. Fremont Public School District was not determined to be a low risk auditee.

Section II - Financial Statement Findings

2010-1

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.

Corrective Action Plan- Fremont Public Schools will continue to look for cost effective ways to monitor and improve this limitation in internal controls.

Section III - Federal Award Findings and Questioned Costs

No Findings

FREMONT PUBLIC SCHOOLS

Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

Audit Period: For the Year Ended June 30, 2009

The finding from the June 30, 2009 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

2009-2

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.

Corrective Action Plan- Fremont Public Schools will continue to look for cost effective ways to monitor and improve this limitation in internal controls.

This finding is repeated in the current fiscal year.

Section III - Federal Award Findings and Questioned Costs

2009-1

Finding Type - Noncompliance

Criteria - ARRA funds were to be used to "save and create jobs" or "improve student achievement through improvement and reform".

Condition - The State of Michigan, via reducing state aid and requesting schools to submit grant requests to fund ongoing school expenditures by "recoding" expenditures essentially provided a mechanism for non-compliance.

Context/Cause - With applications submitted for approval to the State after June 12, 2009 covering expenditures already incurred from February 17, 2009, it would be impossible for any LEA to state that jobs were saved or created or that any school improvement or reform took place retroactively.

Effect - Fremont Public Schools did not comply with the requirements of the American Recovery and Reinvestment Act of 2009 as funds were not used to save and create jobs, or improve student achievement through improvement and reform.

Questioned Costs - Not determinable

Corrective Action Plan- Fremont Public Schools followed the State of Michigan guidance in regards to the American Recovery and Reinvestment Act funds. Finding cleared.