FREMONT PUBLIC SCHOOLS
FREMONT, NEWAYGO COUNTY, MICHIGAN

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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Fremont, Michigan

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of Fremont Public Schools as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter - Changes in Accounting Principles

As discussed in Note O to the financial statements, Fremont Public Schools implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during the year. As a result, the financial statements now recognize the District's unfunded defined pension benefit obligation as a liability for the first time and more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinion are not modified with respect to this matter.

Also as discussed in Note O to the financial statements, Fremont Public Schools implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, during the year. As a result, the District recognized a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont Public School's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A133, *Audits of State and Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Independent Auditor's Report (continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2015 on our consideration of Fremont Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Fremont Public School's internal control and compliance.

H & S Companies, P.C.

H & S Companies, P.C.
October 28, 2015

As management of Fremont Public Schools, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the School's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased over $1.4 million during the year and amounted to a deficit $21.6 million at June 30, 2015.

- General revenues accounted for $19.5 million, or 75.4%, of all fiscal year 2015 revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for over $6.3 million or 24.6% of total fiscal year 2015 revenues. Revenues increased over $1.2 million from the prior year. The major changes are increases in property taxes, state aid, and operating grants and contributions of $80,000, $729,000, and $340,000, respectively.

- The District had about $25.4 million in expenses related to governmental activities; of which over $6.3 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of $19.5 million covered 90% of the remaining costs of these programs. Expenses decreased by $986,000 compared to last year. Instruction expenditures decreased $1.4 million while support services increased $422,000.

- The General Fund, a major fund for the District, had over $20.7 million in revenue and other financing sources which primarily consisted of state aid and property taxes. The General Fund also had over $20.2 million in expenditures and other uses. The General Fund's fund balance increased by more than $657,000.

- General Fund revenues increased $1.04 million while expenditures increased by $635,000 compared to the prior year.

- The Capital Projects - Building & Site Fund is also a major fund for the district. The Building & Site Fund earned $251 in investment income and expended over $663,000 in construction, equipment purchases, and professional services related to the new school and technology.

- The Debt Service Fund is also a major fund for the district. The Debt Service Fund property taxes increased $93,000 from the prior year level of $3.1 million. The Debt Service Fund also received over $860,000 in bond interest credits from the federal government. Expenditures increased from $4.73 million to $4.75 million due to payments on the bonds. The Debt Service Fund Balance decreased $13,175.

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The Capital Projects-Sinking Fund, Capital Projects-Capital Improvement Fund, and Food Service Funds are non-major funds for the District. Together they accounted for over $1.08 million in revenue and over $1.45 million in expenses. The fund balances of these funds decreased by over $315,000.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 48 of this report.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

Net Position - After accounting for adjustment due to the implementation of GASB Statements 68 and 71, the District's combine net position was less on June 30, 2015 than the year before. The 2014 figures have not been updated for adoption for GASB 68 and 71. The following summarizes the net position at fiscal years ended June 30, 2015 and 2014:

Net Position Summary

Assets	**2015**	**2014**
Current Assets	$ 5,995,068	$ 6,548,057
		#
Capital Assets	71,485,209	70,451,622
Less: Accumulated Depreciation	(18,982,918)	(17,035,649)
Capital Assets, Net Book Value	52,502,291	53,415,973
Total Assets	58,497,359	59,964,030
Deferred Outflows of Resources	4,196,286	-
Liabilities		
Current Liabilities	5,515,146	5,614,261
Long-Term Liabilities	48,628,874	49,759,107
Net Pension Liability	27,169,033	-
Total Liabilities	81,313,053	55,373,368
Deferred Inflows of Resources	3,003,548	-
Net Position		
Net Investment in Capital Assets	(25,282,678)	2,452,616
Restricted for Debt Service	143,717	156,892
Unrestricted	3,516,005	1,981,154
Total Net Position	$ (21,622,956)	$ 4,590,662

Results of Operations:
For the fiscal years ended June 30, 2015 and 2014, the District wide results of operations are reported below. (Note: the 2014 column is prior to the implementation of GASB No. 68 which was effective for fiscal years beginning after June 15, 2014).

	Year Ended 2015		Year Ended 2014	
	Amount	%	Amount	%
Revenues:				
Program Revenues:				
Charges for Services	$ 776,055	3.00	$ 767,345	3.12
Operating Grants/Contr.	5,596,941	21.61	5,256,218	21.35
General Revenues:				
Property Taxes	5,442,724	21.01	5,362,543	21.79
State Aid	14,049,434	54.24	13,319,795	54.11
Interest and Other	38,657	0.15	(91,940)	(0.37)
Total Revenue	25,903,811	100.00	24,613,961	100.00
Expenses:				
Instruction				
Basic Programs	10,766,956	44.07	11,561,337	45.48
Added Needs	3,354,789	13.73	3,652,371	14.37
Adult Education	87,946	0.36	26,690	0.10
Total Instruction	14,209,691	58.16	15,240,398	59.95
Support Services				
Pupil	534,876	2.19	428,428	1.69
Instructional Staff	246,157	1.01	247,660	0.97
General Administration	438,586	1.79	363,649	1.43
School Administration	1,139,125	4.66	1,158,314	4.56
Business	257,714	1.05	256,910	1.01
Operations/Maintenance	1,567,819	6.42	1,555,634	6.12
Pupil Transportation	835,035	3.42	892,237	3.51
Central	407,501	1.67	435,750	1.71
Total Support Services	5,426,813	22.21	5,338,582	21.00
Community Services	298,636	1.22	322,848	1.27
Food Service	1,001,563	4.10	952,916	3.75
Athletics	391,817	1.60	428,117	1.68
Capital Outlay	44,284	0.18	40,596	0.16
Interest on Debt	3,061,232	12.53	3,096,968	12.18
Total Expenses	24,434,036	100.00	25,420,425	100.00
Excess before Special Items	1,469,775		(806,464)	
Change in Net Position	1,469,775		(806,464)	
Beginning Net Position	(23,092,731)		5,397,126	
Ending Net Position	$ (21,622,956)		$ 4,590,662	

Debt Administration

At year-end, the District had over $50 million in long-term obligations of which $2,005,807 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, 2015.

Compensated Absences	$	52,988
Bond Issues		50,503,459
	$	50,556,447

Depreciation Expense

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

For fiscal year ended June 30, 2015, the net increase in accumulated depreciation was $1,947,272. Depreciation expense totaled $2,247,824 and $300,552 was removed due to asset disposals.

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

One way to think of depreciation expense is that in order to maintain net position at the same level, acquisitions of capital outlay and capitalized major maintenance projects would have to equal the annual depreciation expense. In other words, to stay even in net position the District would have had to purchase and capitalize $2,247,824 in assets during the year.

Capital Outlay Acquisitions

Actual capital outlay acquisitions during the year were $1,369,976 while $300,552 of assets were disposed of for the fiscal year ended June 30, 2015.

Net Acquisitions combined with the increase in accumulated depreciation, net investment in capital assets (i.e., net book value) decreased by $877,848 during the year.

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

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

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

The District's non-homestead property levy for the 2014-2015 fiscal year was $2,344,493. The non-homestead tax levy decreased by 1.53% from the prior year.

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

Fiscal Year	Non-Homestead Levy	% Increase from Prior Year
2014-2015	2,344,493	-1.53%
2013-2014	2,381,039	9.40%
2012-2013	2,176,478	0.42%
2011-2012	2,167,268	-2.01%
2010-2011	2,211,646	-1.14%

State of Michigan Aid, Unrestricted

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

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

Per Student, Foundation Allowance:

Annually, the State of Michigan sets the per student foundation allowance. The Fremont Public Schools foundation allowance was $7,126 per student for the 2014-2015 school year. This represented an increase of $100 per student compared to the allowance of $7,026 for the 2013-2014 school year. Fremont Public Schools also received an additional $67 per pupil to help offset increased retirement costs and for implementing best practices as defined by the State.

Student Enrollment:

The District's student enrollment for the fall count of 2014-2015 was 2,238 students. The following summarizes fall student enrollments in the past five years:

	Student FTE	FTE Change from Prior Year
2014-2015	2,238	15
2013-2014	2,223	16
2012-2013	2,207	(87)
2011-2012	2,294	22
2010-2011	2,272	(103)

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 2014-2015 the District's debt millage levy was 7.0 mills, which generated a levy of $3,219,176.

Food Service Sales to Students & Adults:

The District's food and milk sales to students and adults decreased by $32,000 from the prior school year. State Sources increased about $1,000 while Federal Sources increased nearly $57,000. The total expenditures for Food Service operations increased by $139,000 from the prior year. Expenditures exceeded revenues by over $45,000.

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
2010-2011	19,714,805	19,814,178	19,597,988	-0.59%	-1.09%
2011-2012	19,394,831	19,835,745	19,685,220	1.50%	-0.76%
2012-2013	19,424,365	19,935,915	19,861,047	2.25%	-0.38%
2013-2014	19,141,825	19,525,176	19,540,207	2.08%	0.08%
2014-2015	20,363,343	20,335,991	20,145,494	-1.07%	-0.94%
	Five-Year Average Over (Under) Budget			0.83%	-0.62%

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
2010-2011	19,515,608	19,834,996	19,671,992	0.80%	-0.82%
2011-2012	18,692,228	19,181,335	19,140,950	2.40%	-0.21%
2012-2013	18,968,064	19,217,119	19,056,909	0.47%	-0.83%
2013-2014	19,201,095	19,773,062	19,714,627	2.67%	-0.30%
2014-2015	20,730,096	20,829,126	20,748,065	0.09%	-0.39%
	Five-Year Average Over (Under) Budget			1.07%	-0.42%

General Fund Budgetary Highlights:

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

General Fund Revenues:

Total Revenues Original Budget	$ 19,201,095	
Total Revenues Final Budget	19,773,062	
Increase in Budgeted Revenues	$ 571,967	2.98%

The District's final general fund revenues differed from the final budget by $81,061. This is a variance of .41%.

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

- Increase in Local Sources
- Increase in State Sources

General Fund Expenditures:

Total Expenditures Original Budget	$ 19,141,825	
Total Expenditures Final Budget	19,525,176	
Increase in Budgeted Expenditures	$ 383,351	2.00%

The District's final general fund expenditures differed from the final budget by $179,951. This is a variance of .92%.

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

- Increase due to MPSERS offset flow through for UAAL
- Increase in Support Services

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors include the previous history of declining enrollment and the per pupil foundation allowance. Also considered in the development of the budget is the local economy. These indicators were considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund are $20,577,121 which is an increase of $379,009 from the 2014-2015 actual expenditures. General Fund Revenues were budgeted at 20,506,768. This is a $175,654 decrease from the 2014-2015 actual revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FREMONT PUBLIC SCHOOLS

Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Current Assets:	
Cash/Investments	$ 1,870,610
Accounts Receivable	160,865
Due from Other Governmental Units	3,226,122
Inventory	92,677
Prepaid Expenses	6,387
Restricted Cash/Investments-Capital Projects and Debt Service	638,407
Total Current Assets	5,995,068
Noncurrent Assets:	
Bond Issuance Costs (net of amortization)	224,335
Land	1,575,257
Capital Assets (net of accumulated depreciation)	50,702,699
Total Noncurrent Assets	52,502,291
Total Assets	58,497,359
Deferred Outflows of Resources	
Deferred Outflows of Resources Related to Pensions	4,196,286
Liabilities	
Current Liabilities:	
Accounts Payable	37,894
Salaries/Severance Payable	937,113
Retirement Payable	405,605
Health Insurance Payable	275,762
Payroll Taxes Payable	67,803
Unearned Revenue	85,162
Note Payable - Short Term	1,700,000
Current Portion of Long-Term Obligations	2,005,807
Total Current Liabilities	5,515,146
Noncurrent Liabilities:	
Bond Issue Premium (net of amortization)	78,236
Noncurrent Portion of Long-Term Obligations	48,550,638
Net Pension Liability	27,169,033
Total Noncurrent Liabilities	75,797,907
Total Liabilities	81,313,053
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to Pensions	3,003,548
Net position	
Net Investment in Capital Assets	(25,282,678)
Restricted For Debt Service	143,717
Unrestricted	3,516,005
Total Net Position	$ (21,622,956)

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Government Wide Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue: Government Activities
Governmental Activities				
Instruction:				
Basic Programs	$ 10,766,956	$ -	$ 842,547	$ (9,924,409)
Added Needs	3,354,789	-	2,901,941	(452,848)
Adult Education	87,946	-	169,739	81,793
Total Instruction	14,209,691	-	3,914,227	(10,295,464)
Support Services:				
Pupil	534,876	-	4,000	(530,876)
Instructional Staff	246,157	-	-	(246,157)
General Administration	438,586	-	-	(438,586)
School Administration	1,139,125	-	-	(1,139,125)
Business	257,714	-	-	(257,714)
Operations and Maintenance	1,567,819	-	-	(1,567,819)
Pupil Transportation	835,035	84,777	-	(750,258)
Central	407,501	-	-	(407,501)
Total Support Services	5,426,813	84,777	4,000	(5,338,036)
Community Services	298,636	269,137	83,700	54,201
Food Services	1,001,563	348,364	734,241	81,042
Athletics	391,817	73,774	-	(318,043)
Capital Outlay (Under $5,000)	44,284	-	-	(44,284)
Interest and Fees on Debt	3,061,232	-	860,773	(2,200,459)
Total School District	$ 24,434,036	$ 776,052	$ 5,596,941	$ (18,061,043)

General Revenues	
Property Taxes	
General Purposes	$ 2,195,391
Debt Services	3,247,261
Sinking Fund	72
State and Federal Aids Not Restricted To	
Specific Functions:	
General	14,049,434
Interest and Investment Earnings	2,776
Miscellaneous	6,011
Gain (Loss) on Disposition of Capital Assets	12,202
Amortized Bond Premium	17,671
Total General Revenues	19,530,818
Change in Net Position	1,469,775
Restated Net Position - Beginning of Year	(23,092,731)
Net Position - Ending of Year	$ (21,622,956)

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Balance Sheet - All Governmental Funds
June 30, 2015

	General Fund	Building & Site Fund	Debt Services Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash/Investments	$ 1,481,833	$ 18,745	$ 113,005	$ 895,434	$ 2,509,017
Accounts Receivable	80,153	-	30,712	50,000	160,865
Due from Other Funds	-	-	-	1,206	1,206
Due from Other Governmental Units	3,226,122	-	-	-	3,226,122
Inventory	62,793	-	-	29,884	92,677
Prepaid Expenses	6,387	-	-	-	6,387
Total Assets	$ 4,857,288	$ 18,745	$ 143,717	$ 976,524	$ 5,996,274
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	$ 9,587	$ -	$ -	$ 28,307	$ 37,894
Salaries/Severance Payable	937,113	-	-	-	937,113
Retirement Payable	405,605	-	-	-	405,605
Health Insurance Payable	275,762	-	-	-	275,762
FICA Taxes Payable	67,803	-	-	-	67,803
Unearned Revenue	85,162	-	-	-	85,162
Due to Other Funds	1,206	-	-	-	1,206
Notes Payable	1,700,000	-	-	-	1,700,000
Total Liabilities	3,482,238	-	-	28,307	3,510,545
Fund Equity					
Non-Spendable - Inventory	62,793	-	-	29,884	92,677
Non-Spendable - Prepaid Expenses	6,387	-	-	-	6,387
Assigned	392,316	18,745	143,717	918,333	1,473,111
Unassigned	913,554	-	-	-	913,554
Total Fund Equity	1,375,050	18,745	143,717	948,217	2,485,729
Total Liabilities and Fund Equity	$ 4,857,288	$ 18,745	$ 143,717	$ 976,524	$ 5,996,274

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
June 30, 2015

Total Governmental Fund Balances		$ 2,485,729
Total Net Position reported for governmental activities in the statement of Net Position are different from the amount reported as total governmental funds fund balance because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of Net position:		
Governmental Capital Asset	$ 71,485,209	
Governmental Accumulated Depreciation	(18,982,918)	
		52,502,291
Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:		
Deferred Outflows of Resources Related to Pensions	4,196,286	
Deferred Inflows of Resources Related to Pensions	(3,003,548)	
		1,192,738
Long-term liabilities, including notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of Net Position that are not reported in the funds balance sheet are:		
General Obligation Debt	(50,634,681)	
Net Pension Liability	(27,169,033)	
		(77,803,714)
Total Net Position - Governmental Activities:		$ (21,622,956)

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, 2015

	General Fund	Building & Site Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Sources	$ 2,889,859	$ 251	$ 3,248,358	$ 347,893	$ 6,486,361
State Sources	16,342,525	-	-	41,433	16,383,958
Federal Sources	947,281	-	860,773	692,808	2,500,862
Other Sources	502,757	-	-	-	502,757
Total Revenues	20,682,422	251	4,109,131	1,082,134	25,873,938
Expenditures					
Instruction					
Basic Programs	9,560,444	-	-	-	9,560,444
Added Needs	3,718,083	-	-	-	3,718,083
Adult Education	105,561	-	-	-	105,561
Support Services:					
Pupil	589,194	-	-	-	589,194
Instructional Staff	254,512	-	-	-	254,512
General Administration	455,912	-	-	-	455,912
School Administration	1,254,119	-	-	-	1,254,119
Business	313,640	-	-	-	313,640
Operations & Maintenance	1,535,756	-	-	-	1,535,756
Pupil Transportation	1,183,012	-	-	-	1,183,012
Central	425,276	-	-	-	425,276
Community Services	308,741	-	-	-	308,741
Athletics	409,778	-	-	-	409,778
Food Services	-	-	-	1,125,575	1,125,575
Capital Outlay	-	663,898	-	327,447	991,345
Debt Service	86,739	-	4,757,809	-	4,844,548
Total Expenditures	20,200,767	663,898	4,757,809	1,453,022	27,075,496
Excess Revenues Over (Under) Expenditures	481,655	(663,647)	(648,678)	(370,888)	(1,201,558)

	General Fund	Building & Site Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Operating Transfers In	$ -	$ -	$ -	$ 55,273	$ 55,273
Operating Transfers Out	(55,273)	-	-	-	(55,273)
Sale of Fixed Assets	12,102	-	-	100	12,202
Proceeds from Long-Term Debt	165,602	-	635,503	-	801,105
Indirect Cost Allocation	53,541	-	-	-	53,541
Total Other Financing Sources (Uses)	175,972	-	635,503	55,373	866,848
Excess Revenues and Other Sources Over (Under) Expend. and Other Uses	657,627	(663,647)	(13,175)	(315,515)	(334,710)
Fund Balance - July 1	717,423	682,392	156,892	1,263,732	2,820,439
Fund Balance - June 30	$ 1,375,050	$ 18,745	$ 143,717	$ 948,217	$ 2,485,729

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, 2015

Net Change in Fund Balances - Total Governmental Funds		$ (334,710)
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of Net Position and allocated over their estimated useful lives as annual depreciation expense.		
Capital outlay reported in governmental fund statements	$ 1,369,976	
Depreciation expense reported in the statement of activities	(2,247,824)	
Amount by which capital outlays are more than depreciation and sale of assets in the current period.		(877,848)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		
Proceeds from debt issues in the current year	(905,468)	
The amount of debt principal payments in the current year is:	1,919,762	
Current year bond issue premium and issuance costs net of amortization.	(20,627)	
		993,667
Some expenses reported in the Statement of Activities, such as compensated absences and voluntary separation, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in compensated absences	(18,433)	
Increase in deferred outflows of resources related to pensions	737,695	
(Increase) in deferred inflows of resources related to pensions	(483,416)	
Decrease in net pension liability	1,452,820	
		1,688,666
Change in Net Position - Governmental Activities.		$ 1,469,775

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Statement of Net Position - Fiduciary Funds
June 30, 2015

		Agency Funds
Assets		
Cash/Investments	$	456,869
Total Assets	$	456,869
Liabilities and Net position		
Liabilities		
Due to Student Groups	$	456,869
Net Position		
Unrestricted		-
Total Liabilities and Net Position	$	456,869

See accompanying notes to the basic financial statements.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported 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.

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

The District also reports the following non-major funds:

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

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

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

Additionally, the District also reports the following fund types:

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

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

4. Deposits and Investments

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

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	$ 80,153	$ 80,712	$ 160,865
Due from Other Governments	3,226,122	-	3,226,122
	$3,306,275	$ 80,712	$ 3,386,987

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	$ 62,793	$ -
Food and Non-Food Supplies	-	29,884
Total Inventories	$ 62,793	$ 29,884

7. Prepaid Items

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

8. Unearned Revenue

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

	Unavailable	Unearned
Grants	$ -	$ 85,162

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.

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

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

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

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

10. Long-term Obligations

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

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

11. Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized on government-wide financial statements as the District's proportionate share of the Michigan Public School Employees' Retirement System's (MPSERS) total pension liability, less the pension plan's fiduciary net position.

12. Net Position

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

13. Fund Equity

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

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

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

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

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

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

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

14. Encumbrances

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

15. Estimates

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

16. Interfund Activity

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

NOTE B DEPOSITS AND INVESTMENTS

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	$ 2,086
Cash and Time Deposits	980,893
Certificates of Deposit	254,093
External Investment Pool (2a-7 like pool)	196,955
Cash Management Money Market Funds	1,531,859
	$2,965,886

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 is the risk that, in the event of the failure of a financial institution, Fremont Public Schools will not be able to recover its deposits. Fremont Public School's investment policy does not specifically address custodial credit risk for deposits. At June 30, 2015, $2,418,384 of Fremont Public School's bank balances of $3,422,897 was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of June 30, 2015, $2,418,384 of the school district's bank balance of $3,422,897 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 652,576
Uninsured and collateral held by pledging bank's trust department not in District's name.	1,765,808
	$2,418,384

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.

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.

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

1. Huntington Bank
2. Chemical Bank
3. Fifth Third Bank
4. Michigan Liquid Asset Fund
5. Municipal Investors Service Corporation (MBIA)
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

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,

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. There were no material overexpenditures during the current year.

NOTE D INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivables/Payables

		Due From				
		General Fund	Food Service Fund	Building & Site Fund	Capital Improve Fund	Total
Due To	General Fund	$ -	$ -	$ -	$ -	$ -
	Food Service Fund	1,206	-	-	-	1,206
	Building & Site Fund	-	-	-	-	-
	Capital Improvement Fund	-	-	-	-	-
	Total	$ 1,206	$ -	$ -	$ -	$ 1,206

There were no amounts reivable or payable between funds at June 30, 2015.

Transfers

		Transfers From				
		General Fund	Food Service Fund	Building & Site Fund	Capital Improve Fund	Total
Transfers To	General Fund	$ -	$ -	$ -	$55,273	$ 55,273
	Food Service Fund	-	-	-	-	-
	Building & Site Fund	-	-	-	-	-
	Capital Improvement Fund	-	-	-	-	-
	Total	$ -	$ -	$ -	$55,273	$ 55,273

The General Fund transferred funds to the Capital Improvement Fund to be used towards future capital improvements.

NOTE E GENERAL LONG-TERM OBLIGATIONS

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

Long-Term Debt is comprised of the following at June 30, 2015:	Outstanding Principal 6/30/2015	Due Within One Year
$2,210,000, 2013 General Obligation (Refunding) serial bonds due in annual installments of $235,000 to $300,000 through 2021; interest payable semiannually at .65 to 1.80 percent.	$ 1,695,000	$ 275,000
$43,875,000, 2009 General Obligation (unlimited tax) Build America Bonds due in annual installments of $650,000 to $2,150,000 through 2039; interest payable semiannually at 2.71 to 6.89 percent. Fremont Public Schools is eligible for a 35% credit of the interest payment.	40,075,000	900,000
$8,210,000, 2008 General Obligation (Refunding) serial bonds due in annual installments of $794,144 to $875,225 through 2021; interest payable semiannually at 3.25 to 5.00 percent. Payments through 2010 are interest only.	4,810,000	750,000
$243,897, 2014 School Bus Capital Lease due in annual installments of $50,964 through 2018; interest payable annually at 2.2 percent.	146,291	47,687
$165,602, 2015 School Bus Note Payable due in annual installments of $35,757 to $36,435 through 2019; interest payable annually at 1.99 percent.	132,482	33,120
$2,168,800, School Bond Loan Fund loan advance due once property tax millage collection covers annual debt requirements; interest accrues at 3.00 percent.	3,644,686	-
Total Bonds & Capital Leases	$ 50,503,459	$ 2,005,807

Advance Refunding

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

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

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.	52,988	
Total Compensated Absences	$ 52,988	$ -

The annual requirements to amortize long-term debt outstanding as of June 30, 2015, including interest detailed as follows:

Year Ended June 30,	2009 Bond Issue Principal	2009 Bond Issue Interest	2008 Bond Issue Principal	2008 Bond Issue Interest	2013 Bond Issue Principal	2013 Bond Issue Interest	2014 School Bus Capital Lease Principal	2014 School Bus Capital Lease Interest
2016	$ 900,000	$ 2,613,752	$ 750,000	$ 203,262	$ 275,000	$ 23,368	$ 47,687	$ 3,277
2017	950,000	2,569,652	750,000	177,950	300,000	20,619	48,755	2,209
2018	1,000,000	2,521,298	805,000	140,450	280,000	17,168	49,849	1,116
2019	1,050,000	2,468,398	820,000	100,200	295,000	13,668	-	-
2020	1,125,000	2,410,228	835,000	67,400	280,000	9,390	-	-
2021-2025	7,100,000	10,892,990	850,000	34,000	265,000	4,770	-	-
2026-2030	8,875,000	8,354,750	-	-	-	-	-	-
2031-2035	10,475,000	5,134,368	-	-	-	-	-	-
2036-2040	8,600,000	1,481,350	-	-	-	-	-	-
Total	$ 40,075,000	$ 38,446,786	$ 4,810,000	$ 723,262	$ 1,695,000	$ 88,983	$ 146,291	$ 6,602

Year Ended June 30,	2015 School Bus Note Payable Principal	2015 School Bus Note Payable Interest
2016	$ 33,120	$ 2,636
2017	33,120	1,977
2018	33,121	1,318
2019	33,121	659
Total	$ 132,482	$ 6,590

Changes in Long-Term Debt - The following is a summary of debt transactions of the District for the year ended June 30, 2015.

Governmental-Type Activities	Bond Issues	Capital Lease & Note Payable	Compensated Absences	Total
Debt Outstanding-July 1	$ 51,324,820	$ 192,933	$ 34,555	$ 51,552,308
Debt Added During Year	739,866	165,602	90,851	996,319
Debt Retired During Year	(1,840,000)	(79,762)	(72,418)	(1,992,180)
Debt Outstanding-June 30	$ 50,224,686	$ 278,773	$ 52,988	$ 50,556,447
Amount Due Within One Year	$ 1,925,000	$ 80,807	$ -	$ 2,005,807

NOTE F PROPERTY TAXES

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

Property in the School District for the 2014 levy had a taxable value of $459 million. For the 2014 levy, the School District’s operating tax rate was 18 mills and its debt service tax rate was 7 mills.

NOTE G DEFINED BENEFIT PENSION PLAN

Plan Description

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

- Two active classroom teachers or other certified school personnel.
- One active member or retirant from a non-certified support position.
- One active school system superintendent.
- One active finance or operations (non-superintendent) member.
- One retirant from a classroom teaching position.
- One retirant from a finance or operations management position.
- One administrator or trustee of a community college that is a reporting unit of the System.
- Two from the general public, one with health insurance or actuarial science experience and one with institutional investment experience.
- One elected member of a reporting unit’s board of control.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees' Retirement Act. There are 685 participating employers. A list of employers is provided in the Statistical Section. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges and seven universities may be members. The seven universities are: Eastern Michigan, Central Michigan, Northern Michigan, Western Michigan, Ferris State, Michigan Technological and Lake Superior State. Employees, who first become employed by one of the seven universities on or after January 1, 1996, become members of an alternative plan.

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Comprehensive Annual Financial Report.

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

Membership

At September 30, 2014, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	181,489
Survivor benefits	16,855
Disability benefits	6,168
Total	204,512
Inactive plan members entitled to but not yet receiving benefits:	16,979
Active plan members:	
Vested	108,934
Non-vested	101,843
Total	210,777
Total plan members	432,268

Benefits Provided

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

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

Member Contributions

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled 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 between January 1, 1990 and June 30, 2008, 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. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first $5,000; 3.6% of $5,001 through $15,000; 6.4% of all wages over $15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Their options are described in detail under Pension Reform 2012 beginning on page 23. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

Employer Contributions

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits.

Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The System's financial statements are prepared using the accrual basis of accounting. Contributions from the employers are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. The reserves are described below and details are provided in the supporting schedules.

GASB Statement No. 67, which was adopted during the year ended September 30, 2014, addresses accounting and financial reporting requirements for pension plans. The requirements for GASB Statement No. 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information.

Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The implementation of GASB Statement No. 67 did not significantly impact the accounting for accounts receivable and investment balances.

Reserves

Reserve for Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Retired Benefit Payments for regular and disability retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Employer Contributions representing unclaimed funds.

Members no longer contribute to this reserve except to purchase eligible service credit or repay previously refunded contributions. At September 30, 2014, the balance in this reserve was $1.5 billion.

Reserve for Pension Plus Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Pension Plus Retired Benefit Payments for regular retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Pension Plus Employer Contributions representing unclaimed funds. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was $59.5 million.

Reserve for Member Investment Plan - This reserve represents MIP contributions and interest less refunds and transfers to the Reserve for Retired Benefit Payments. At September 30, 2014, the balance in this reserve was $4.7 billion.

Reserve for Employer Contributions - This reserve represents all reporting unit contributions, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually. Amounts are transferred annually to the Reserve for Retired Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was ($25.8) billion.

Reserve for Pension Plus Employer Contributions - This reserve represents all reporting unit contributions for Pension Plus members, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually at a rate of 7%. Amounts are transferred annually to the Reserve for Retired Pension Plus Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was $55.5 million.

Reserve for Retired Benefit Payments - This reserve represents payments of future retirement benefits to current retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was $44.6 billion.

Reserve for Retired Pension Plus Benefit Payments - This reserve represents payments of future retirement benefits to current Pension Plus retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Pension Plus Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. Currently, there are no participants qualified to retire under this program. At September 30, 2014, the balance in this reserve was $0.

Reserve for Undistributed Investment Income - This reserve represents all investment earnings. Interest is transferred annually to the other reserves. Administrative expenses of the System are paid from the Reserve for Administrative Expenses, which is credited with amounts from the Reserve for Undistributed Investment Income to cover the expenses. For ease of reporting and understanding, the two reserves are presented as one reserve in the supporting schedules. Public Act 143 of 1997 established a stabilization subaccount within the Reserve for Undistributed Investment Income to which any over funding is credited. As of September 30, 2014, the balance in the subaccount was zero. At September 30, 2014, the balance in this reserve was $18.6 billion.

Reserve for Health (OPEB) Related Benefits - This reserve is credited with employee and employer contributions for retirees' health, dental, and vision benefits. Starting in fiscal year 2013, the employer contribution is based on a prefunded basis and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. In addition, in fiscal year 2014, federal funding for Medicare Part D and Employer Group Waiver Plan (EGWP) was paid directly to a third party vendor. The third party vendor uses the EGWP funding for any claims submitted and bills the system for any remaining claims outstanding. Premiums for health, dental and vision benefits are paid from this reserve. At September 30, 2014, the balance in this reserve was $3.5 billion.

Reporting Entity

The System is a pension and other employee benefit trust fund of the State. As such, the System is considered part of the State and is included in the State's Comprehensive Annual Financial Report as a pension and other employee benefit trust fund. The System and its Board are not financially accountable for any other entities or other organizations. Accordingly, the System is the only entity included in this financial report.

Benefit Protection

Public Act 100 of 2002 was passed by the Michigan Legislature to protect pension benefits of public employees from alienation (being transferred). Alienation is attachment, garnishment, levy, execution, bankruptcy or other legal process except for divorce orders or eligible domestic relation orders. The statutes governing the System contained an “anti-alienation” clause to provide for this protection; however, many smaller public pension systems did not have the benefit of this protection. Therefore, Public Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

Fair Value of Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on the net asset value reported in the financial statements of the respective investment entity. The net asset value is determined in accordance with governing documents of the investment entity, and is subject to an independent annual audit. Securities purchased with cash collateral under securities lending activities are recorded at estimated fair value. Other investments not having an established market are recorded at estimated fair value.

Investment Income

Dividend and interest income is recognized on the accrual basis. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date (the date upon which the transaction is initiated), except for purchase and sale of mortgages, real estate, and alternative investments which are recorded as of the settlement date (the date upon which the transaction is ultimately completed). The effect of recording such transactions as of the settlement date does not materially affect the financial statements.

Costs of Administering the System

Each year a restricted general fund appropriation is requested to fund the on-going business operations of the System. These administrative costs are ultimately funded by the System through the regular transfer of funds from the System to the State’s general fund based on either a direct cost or allocation basis depending on the nature of the expense. Costs of administering the System are financed by undistributed investment income of the System.

Property and Equipment

Office space is leased from the State on a year to year basis. Office equipment is capitalized if the value exceeds $5,000. These assets are recorded at cost and are reported net of depreciation in the Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position. Such assets are depreciated on a straight-line basis over 10 years. As of September 30, 1998, all capitalized equipment was fully depreciated. No additional equipment has been capitalized for the System since that date.

Related Party Transactions

Leases and Services - The System leases operating space and purchases certain administrative, data processing, legal and investment services from the State. The space and services are not otherwise available by competitive bid. The schedule below summarizes costs incurred by the System for such services.

Cash

At September 30, 2014, the System had $246.7 million in a common cash investment pool maintained for various State operating funds. The participating funds in the common cash pool earn interest at various rates depending upon prevailing short-term interest rates. Earnings from these activities amounted to ($0.6) thousand for the year ended September 30, 2014.

Contributions and Funding Status

The majority of the members currently participate on a contributory basis, as described above under "Benefits Provided." Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded(overfunded) actuarial accrued liability as of the September 30, 2014 valuation will be amortized over a 22 year period for the 2014 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2014.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.00 - 4.00%	18.34% - 19.61%
Member Investment Plan	3.00 - 7.00%	18.34% - 19.61%
Pension Plus	3.00 - 6.40%	18.11
Defined Contribution	0.00 - 4.00%	15.44% - 16.61%

The System may reconcile with actuarial requirements annually. If the system reconciles in a year, any funding excess or deficiency for pension benefits is smoothed over a maximum of 5 years, with at least one-fifth (20%) of the funding excess or deficiency included in the subsequent year’s contribution. This payment is not recognized as a payable or receivable in the accounting records. If the System does not reconcile in a year, any funding excess or deficiency for pension benefits is accounted for in subsequent required contributions over the remaining amortization period. For fiscal year 2014, the System did not reconcile.

In May 1996, the Internal Revenue Service issued a private letter ruling allowing the System's members to purchase service credit and repay refunds using tax-deferred (pre-tax) dollars. The program was implemented in fiscal year 1998, and payments began in fiscal year 1999.

The program allows members to purchase service credit and repay refunds on a tax-deferred basis. Members sign an irrevocable agreement that identifies the contract duration, monthly payment, total contract amount and years of service credit being purchased. The duration of the contract can range from 1 to 20 years. The amounts are withheld from members' paychecks and are treated as employer pick-up contributions pursuant to Internal Revenue Code Section 414(h). At September 30, 2014, there were 16,503 agreements. The agreements were discounted using the assumed actuarial rate of return of 8% for September 30, 2014. The average remaining length of a contract was approximately 6.0 years for 2014. The short-term receivable was $29.7 million and the discounted long-term receivable was $83.6 million at September 30, 2014.

Net Pension Liability - Non-University

Measurement of the MPSERS Net Pension Liability

The plan's net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

MPSERS (Plan) Net Pension Liability - Non-University
As of September 30, 2014

Total Pension Liability	$ 65,160,887,182
Plan Fiduciary Net Position	43,134,384,072
Net Position	$ 22,026,503,110
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.20%
Net Pension Liability as a Percentage of Covered-Employee Payroll	250.11%

Year 1 MPSERS GASB 68 implementation recognizes a 0.00% change in the reporting unit's proportionate share between beginning net pension liability and ending net pension liability.

MPSERS (Plan) Net Pension Liability - Non-University
As of October 1, 2013

Total Pension Liability	$ 62,859,499,994
Plan Fiduciary Net Position	39,427,686,072
Net Position	$ 23,431,813,922

Proportionate Share of the District's Net Pension Liability

At September 30, 2014, the District reported a liability of $27,169,033 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013. The District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all reporting units' statutorily required contributions for the measurement period. At September 30, 2014, the District's proportionate share percent was 0.12335 percent.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.00%	4.80%
% Alternative Investment Pools	18.00%	8.50%
International Equity	16.00%	6.10%
Fixed Income Pools	10.50%	1.50%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	15.50%	6.30%
Short Term Investment Pools	2.00%	-0.20%
Total	100.00%	

*Long term rate of return does not include 2.5% inflation

Rate of Return

For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 12.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

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

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

1% Decrease (Non-Hybrid/Hybrid) * 7.0%/6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) * 8.0%/7.0%	1% Decrease (Non-Hybrid/ (Non-Hybrid/Hybrid) * 9.0%/8.0%
$ 35,820,004	$ 27,169,033	$ 19,880,462

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed every year. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total pension liability is required to be rolled forward from the actuarial valuation date to the pension plan's fiscal year end.

The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions

Actuarial valuations for the pension plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions:	
Wage Inflation Rate	3.5%
Investment Rate of Return	
-MIP and Basic Plans (Non-Hybrid)	8.0%
-Pension Plus Plan (Hybrid)	7.0%
Projected Salary Increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members Members
Healthcare Cost Trend Rate	8.5% Year 1 Graded to 3.5% Year 12
Mortality	RP-2000 Male and Female Combine Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.8457
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2014 MPSERS Comprehensive Annual Report.

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

For the year ended June 30, 2015, the District recognized total pension expense of $2,200,768. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Asset Class	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,002,479	$ -
Net difference between projected and actual earnings on pension plan investments	-	3,003,548

Changes in proportion and differences between District contributions and proportionate share of contributions	11	-
District contributions subsequent to the measurement date	3,193,796	-
Total	$ 4,196,286	$ 3,003,548

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ending June 30	Amount
2015	$ (490,209)
2016	$ (490,209)
2017	$ (490,209)
2018	$ (530,431)

Payables to the Pension Plan

The amount of payables to a defined benefit pension plan outstanding at the end of the reporting period were $393,690. The payables were based upon the wages being paid over the period from July 1 through August 30, 2015 which were for services provided prior to June 30, 2015 and therefore legally required contributions to the pension plan.

NOTE H OTHER POST-EMPLOYMENT BENEFITS

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

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

Retiree Healthcare Reform of 2012

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

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

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

	Defined Benefit Plan	Defined Contribution Plan	Pension Healthcare Fund	
Fiscal Year Ending June 30,	Employer Health Contributions	Employer Health Contributions	Employer Contributions	Employee Contributions
2015	$ 324,686	$ 3,017	$ 22,353	$ 22,353
2014	715,178	12,406	20,037	20,037
2013	957,312	2,144	9,552	9,552

NOTE I RELATED PARTY TRANSACTIONS

There were no related party transactions for the fiscal year ended June 30, 2015.

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

In August 2014, the School entered into a State Aid Note for $1,700,000 with Chemical Bank for the purpose of providing money for school operations for the fiscal year ending June 30, 2015. The note bears interest at .79% and was repaid in August 2015.

Short-Term Debt Outstanding, July 1, 2014	$ 1,800,000
Debt Added During the Year	1,700,000
Debt Retired During the Year	(1,800,000)
Short-Term Debt Outstanding June 30, 2015	$ 1,700,000

NOTE K FIXED ASSETS

Capital asset balances and for the year ended June 30, 2015 were as follows:

Governmental-Type Activities	Balance 6/30/2014	Additions	Adjustments Deletions	Balance 6/30/2015
Capital Assets not being depreciated				
Land	$ 1,575,257	$ -	$ -	$ 1,575,257
Total Capital Assets, not being depreciated	1,575,257	-	-	1,575,257
Capital Assets Being Depreciated				
Buildings and Improvements	57,446,879	283,163	-	57,730,042
Equipment and Vehicles	11,169,314	1,086,813	(300,552)	11,955,575
Subtotal	$68,616,193	$ 1,369,976	$ (300,552)	$ 69,685,617
Less Accumulated Depreciation for				
Buildings and Improvements	$13,766,613	$ 2,112,484	$ -	$ 15,879,097
Equipment and Vehicles	3,269,033	135,340	(300,552)	3,103,821
Subtotal	17,035,646	2,247,824	(300,552)	18,982,918
Net Capital Assets being depreciated	51,580,547	(877,848)	-	50,702,699
Total Governmental Activities Capital Assets - Net of Depreciation	$53,155,804	$ (877,848)	$ -	$ 52,277,956

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 2,112,483
Support Services-Administration	9,947
Operation and Maintenance	7,904
Student Transportation	83,592
Food Services	11,114
Athletics	22,784
Total Depreciation Expense	$ 2,247,824

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.

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 79.0% percent of total General Fund revenues.

NOTE N SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2015, the most recent balance sheet presented herein, through October 28, 2015, the date these financial statements were available to be issued. The following significant events or transactions were identified:

<u>State Aid Note</u>
The School District entered into an additional State Aid Note for $1,200,000 on September 23, 2015. The note will bear interest at 1.04% and mature August 23, 2016.

<u>Tenure Lawsuit</u>
On August 4, 2015 a settlement was reached beween the District and a teacher who was terminated for misconduct. The settlement called for $61,240 to be paid to the teacher with 50% of that sum ($30,620) being paid by the District's insurannce company. The District paid their 50% portion of the settlement on September 29, 2015.

NOTE O ADOPTION OF NEW ACCOUNTING STANDARD

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* was implemented during the year. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, was implemented during the year as it is required to be applied simultaneously with the provisions of GASB Statement No. 68 and it amends paragraph 137 of GASB Statement No. 68 and requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

NOTE P UPCOMING ACCOUNTING PRONOUNCEMENTS

In March 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurement. The District is currently evaluating the impact this standard will have on the financial statements when adopted for the District's 2015-2016 fiscal year.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2016-2017 fiscal year.

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

NOTE Q RESTATEMENT OF BEGINNING NET POSITION

Beginning net position has been restated for governmental activities due to a change in accounting principles.

Beginning net position	$	4,590,662
Net pension liability		(28,621,853)
Beginning deferred outflows for contributions subsequent to the measurement date		3,458,591
Beginning deferred inflows for differences between expected and actual experience and projected and actual plan investment earnings		(2,520,132)
Restated beginning net position	$	(23,092,732)

FREMONT PUBLIC SCHOOLS

Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variances Positive (Negative)	
	Original	Final	Actual	Original to Final	Final to Actual
Revenues					
Local Sources	$2,968,245	$2,942,323	$2,889,859	$ (25,922)	$ (52,464)
State Sources	16,306,603	16,402,269	16,342,525	95,666	(59,744)
Federal Sources	976,815	969,675	947,281	(7,140)	(22,394)
Other Sources	466,331	502,757	502,757	36,426	-
Total Revenues	20,717,994	20,817,024	20,682,422	99,030	(134,602)
Expenditures					
Instruction					
Basic Programs	9,681,079	9,588,214	9,560,444	(92,865)	27,770
Added Needs	3,741,053	3,731,701	3,718,083	(9,352)	13,618
Adult Education	162,002	144,268	105,561	(17,734)	38,707
Total Instruction	13,584,134	13,464,183	13,384,088	(119,951)	80,095
Support Services:					
Pupil	538,513	588,506	589,194	49,993	(688)
Instructional Staff	277,799	275,167	254,512	(2,632)	20,655
General Administration	460,699	464,114	455,912	3,415	8,202
School Administration	1,263,056	1,258,855	1,254,119	(4,201)	4,736
Business	328,347	322,743	313,640	(5,604)	9,103
Operations & Maintenance	1,590,638	1,575,178	1,535,756	(15,460)	39,422
Pupil Transportation	1,042,510	1,198,068	1,183,012	155,558	15,056
Central	443,669	440,624	425,276	(3,045)	15,348
Athletics	425,298	409,611	409,778	(15,687)	(167)
Total Support Services	6,370,529	6,532,866	6,421,199	162,337	111,667
Community Services	321,941	304,858	308,741	(17,083)	(3,883)
Debt Service	86,739	84,084	86,739	(2,655)	(2,655)
Total Expenditures	20,363,343	20,385,991	20,200,767	22,648	185,224
Excess (deficiency) of Revenue Over Expenditures	354,651	431,033	481,655	76,382	50,622
Other Financing Sources (Uses)					
Sale of Fixed Assets	12,102	12,102	12,102	-	-
Proceeds from Long-Term Debt	165,602	165,602	165,602	-	-
Indirect Cost Allocation	-	-	53,541	-	53,541
Operating Transfers Out	-	(50,000)	(55,273)	(50,000)	(5,273)
Total Other Financing Sources (Uses)	177,704	127,704	175,972	(50,000)	48,268
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	532,355	558,737	657,627	26,382	98,890
Fund Balance - July 1	717,423	717,423	717,423	-	-
Fund Balance - June 30	$ 1,249,778	$ 1,276,160	$ 1,375,050	$ 26,382	$ 98,890

FREMONT PUBLIC SCHOOLS

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

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

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

Notes to the Required Supplementary Information

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

Changes of assumptions: Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension
Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.8457.
Recognition period for assets in years is 5.0000.
Full actuarial assumptions are available in the 2014 MPSERS Comprehensive Annual Report.

FREMONT PUBLIC SCHOOLS

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,884,798
B. Contributions in relation to statutorily required contributions *	-	-	-	-	-	-	-	-	-	3,884,798
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. District's covered-employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,725,021
E. Contributions as a percentage of covered-employee payroll										36.22%

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

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

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - General Fund
June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Assets		
Cash/Investments	$ 1,481,833	$ 1,347,722
Accounts Receivable	80,153	76,532
Due From Other Funds	-	1,431
Due From Other Governmental Units	3,226,122	2,908,562
Inventory	62,793	66,843
Prepaid Expenses	6,387	-
Total Assets	$ 4,857,288	$ 4,401,090
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	$ 9,587	$ 24,013
Salaries/Severance Payable	937,113	951,875
Retirement Payable	405,605	384,557
Health Insurance Payable	275,762	261,411
Payroll Taxes Payable	67,803	75,014
Unearned Revenue	85,162	177,202
Due to Other Funds	1,206	9,596
Notes Payable	1,700,000	1,800,000
Total Liabilities	3,482,238	3,683,668
Fund Equity		
Non-Spendable - Inventory	62,793	66,843
Non-Spendable - Prepaid Expenses	6,387	-
Assigned for IFT Payback	392,316	392,316
Unassigned	913,554	258,263
Total Fund Equity	1,375,050	717,422
Total Liabilities and Fund Equity	$ 4,857,288	$ 4,401,090

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - General Fund
For the Years Ended June 30, 2015 and 2014

	2015	2014
Revenues		
Local Sources		
Property Taxes	$ 2,195,391	$ 2,208,724
Summer School Fees	1,290	-
Adult/Community Education Fees	240,796	210,641
Transportation Fees	84,777	80,877
Interest on Investments	680	683
Other Facilities	28,341	24,731
Grants and Donations	259,744	257,506
Athletics	73,774	71,859
Other	5,066	321
Total Local Sources	2,889,859	2,855,342
State Sources		
State School Aid	13,224,196	12,828,343
State School Aid-Supplemental	1,048,156	691,124
Special Education	752,543	778,502
Stem Professional Development	6,000	-
Technology Readiness Infrastructure	21,186	-
At Risk	466,682	518,657
Adult Education	169,739	73,593
TSDL/Data Collection	171,290	176,684
Teacher Technology	314,433	47,203
Renaissance Zone	168,300	177,629
Total State Sources	16,342,525	15,291,735
Federal Sources		
Title I, Part A	449,724	589,243
Title II, Part A	141,404	110,855
Title V, Part A	41,425	-
WIA	47,231	50,000
National Forest Subsidy	946	2,612
Special Education - Flow Through	266,551	275,000
Total Federal Sources	947,281	1,027,710
Interdistrict Sources		
Special Education	502,757	459,429
Total Revenues	$ 20,682,422	$ 19,634,216

FREMONT PUBLIC SCHOOLS

Comparative Statement of Expenditures - General Fund
For the Years Ended June 30, 2015 and 2014

	2015	2014
Instruction		
Basic Programs		
Elementary	$ 4,355,832	$ 4,003,696
Middle School	2,238,882	2,499,189
High School	2,563,219	2,749,809
Alternative Education	402,511	342,980
Summer School	-	15,476
Total Basic Programs	9,560,444	9,611,150
Added Needs		
Special Education	2,535,669	2,380,179
Section 31A / At-Risk	466,681	505,543
Title Programs/Improving Teacher Quality	608,986	646,489
Vocational Education	106,747	110,473
Total Added Needs	3,718,083	3,642,684
Adult Education	105,561	41,615
Total Instruction	13,384,088	13,295,449
Supporting Services		
Pupil		
Guidance	555,951	404,628
Health	29,243	18,806
Psychological	4,000	4,994
Total Pupil	589,194	428,428
Instructional Staff		
Special Education	41,684	26,901
Adult Education	74,523	73,458
Curriculum Coordinator - School Improvement	31,680	66,485
Media Services	73,266	67,191
Instruction Technology	32,122	14,725
Audio-Visual	1,237	1,290
Total Instructional Staff	254,512	250,050
General Administration		
Board of Education	182,765	98,848
Executive Administration	273,147	246,006
Total General Administration	455,912	344,854
School Administration		
Office of the Principal	1,162,624	1,088,814
Alternative Education	91,495	77,538
Copy Center	-	(508)
Total School Administration	$ 1,254,119	$ 1,165,844

Statement of Expenditures - General Fund (continued)

Business		
Fiscal Services	$ 213,557	$ 212,659
Other Business	100,083	96,531
Total Business	313,640	309,190
Operations & Maintenance	1,535,756	1,498,740
Transportation	1,183,012	1,063,499
Central		
Informational Services	13,455	25,375
Professional Development	1,987	185
Technology	326,819	333,941
Computer Information Management	24,407	17,794
Data Collection	58,608	57,760
Total Central	425,276	435,055
Athletics	409,778	405,524
Total Supporting Services	6,421,199	5,901,184
Community Services		
Community School Program	-	534
Multi-Agency Consortium	35	1,440
Day Care	183,382	166,840
Capturing Kids Hearts	-	25,290
Pals & Dads	-	2,086
After School Enrichment	125,324	121,420
Total Community Services	308,741	317,610
Debt Service		
Principal Retired	79,763	50,964
Interest	6,976	-
Total Debt Service	86,739	50,964
Total Expenditures	$ 20,200,767	$ 19,565,207

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Debt Service Fund
June 30, 2015 and 2014

	2015	2014
Assets		
Cash/Investments	$ 113,005	$ 149,133
Accounts Receivable	30,712	-
Due From Other Funds	-	7,759
Total Assets	$ 143,717	$ 156,892
Fund Equity		
Assigned	143,717	156,892
Total Liabilities and Fund Equity	$ 143,717	$ 156,892

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Fund
For the Years Ended June 30, 2015 and 2014

	2015	2014
Revenues		
Local Sources		
Property Taxes	$ 3,247,261	$ 3,153,819
Interest on Investments	1,097	1,098
Total Local Sources	3,248,358	3,154,917
Federal Sources		
Qualified Bonds Credit Payment	860,773	865,872
Total Revenues	4,109,131	4,020,789
Expenditures		
Taxes Abated	6,215	-
Principal Retired	1,840,000	1,760,000
Interest	2,910,294	2,976,350
Paying Agent	1,300	1,300
Total Debt Service	4,757,809	4,737,650
Excess Revenues Over(Under)Expenditures	(648,678)	(716,861)
Other Financing Sources(Uses)		
Proceeds from Issuance of Long-Term Debt	635,503	655,000
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(13,175)	(61,861)
Fund Equity - July 1	156,892	218,753
Fund Equity - June 30	$ 143,717	$ 156,892

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Building & Site Fund
June 30, 2015 and 2014

	2015	2014
Assets		
Cash/Investments	$ 18,745	$ 730,748
Total Assets	$ 18,745	$ 730,748
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	$ -	$ 48,356
Total Liabilities	-	48,356
Fund Equity		
Assigned	18,745	682,392
Total Fund Equity	18,745	682,392
Total Liabilities and Fund Equity	$ 18,745	$ 730,748

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - Building & Site Fund
For the Years Ended June 30, 2015 and 2014

	2015	2014
Revenues		
Local Sources		
Interest on Investments	$ 251	$ 250
Total Revenues	251	250
Expenditures		
Capital Outlay	619,222	689,131
Professional Services	-	23,630
Miscellaneous Expenses	44,676	140,481
Total Expenditures	663,898	853,242
Excess Revenues Over (Under) Expenditures	(663,647)	(852,992)
Fund Equity - July 1	682,392	1,535,384
Fund Equity - June 30	$ 18,745	$ 682,392

FREMONT PUBLIC SCHOOLS

Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2015

	Special Revenue Food Service	Capital Improvement Fund	Capital Projects Sinking Fund	Total Non-Major Governmental Funds
Assets and Other Debits				
Cash/Investments	$ 358,500	$ 30,277	$ 506,657	$ 895,434
Accounts Receivable	-	50,000	-	50,000
Inventory	29,884	-	-	29,884
Total Assets and Other Debits	$ 389,590	$ 80,277	$ 506,657	$ 976,524
Liabilities				
Accounts Payable	$ 10,544	$ -	$ 17,763	$ 28,307
Total Liabilities	10,544	-	17,763	28,307
Fund Equity and Other Credits				
Fund Balances				
Non-Spendable	29,884	-	-	29,884
Assigned	349,162	80,277	488,894	918,333
Total Fund Equity and Other Credits	379,046	80,277	488,894	948,217
Total Liabilities, Fund Equity, and Other Credits	$ 389,590	$ 80,277	$ 506,657	$ 976,524

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, 2015

	Special Revenue Food Service	Capital Improvement Fund	Capital Projects Sinking Fund	Total Non-Major Governmental Funds
Revenues				
Local Sources	$ 347,303	$ 7	$ 583	$ 347,893
State Sources	41,433	-	-	41,433
Federal Sources	692,808	-	-	692,808
Total Revenues	1,081,544	7	583	1,082,134
Expenditures				
Supporting Services				
Capital Outlay	-	-	327,447	327,447
Food Service	1,125,575	-	-	1,125,575
Total Expenditures	1,125,575	-	327,447	1,453,022
Excess Revenues Over (Under) Expenditures	(44,031)	7	(326,864)	(370,888)
Other Financing Sources				
Operating Transfers In	-	55,273	-	55,273
Sale of Fixed Assets	100	-	-	100
Total Other Financing Sources	100	55,273	-	55,373
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	(43,931)	55,280	(326,864)	(315,515)
Fund Equity - July 1	422,977	24,997	815,758	1,263,732
Fund Equity - June 30	$ 379,046	$ 80,277	$ 488,894	$ 948,217

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet
Non-Major Food Service Special Revenue Fund
June 30, 2015 and 2014

	2015	2014
Assets		
Cash/Investments	$ 358,500	$ 360,228
Accounts Receivable	-	4,191
Due From Other Governmental Units	-	21,068
Due From Other Funds	1,206	1,799
Inventory	29,884	42,313
Total Assets	$ 389,590	$ 429,599
Liabilities		
Accounts Payable	$ 10,544	$ 5,191
Due to Other Funds	-	1,431
Total Liabilities	10,544	6,622
Fund Equity		
Non-Spendable	29,884	42,313
Assigned	349,162	380,664
Total Fund Equity	379,046	422,977
Total Liabilities and Fund Equity	$ 389,590	$ 429,599

FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2015

	Food Service		
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Local Sources	$ 345,330	$ 347,303	$ 1,973
State Sources	41,433	41,433	-
Federal Sources	693,000	692,808	(192)
Total Revenues	1,079,763	1,081,544	1,781
Expenditures			
Food Service	1,119,424	1,125,575	(6,151)
Total Expenditures	1,119,424	1,125,575	(6,151)
Excess Revenues Over (Under) Expenditures	(39,661)	(44,031)	(4,370)
Other Financing Sources (Uses)			
Sale of Fixed Assets	-	100	100
Total Other Financing Sources (Uses)	-	100	100
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(39,661)	(43,931)	(4,270)
Fund Equity - July 1	422,977	422,977	-
Fund Equity - June 30	$ 383,316	$ 379,046	$ (4,270)

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, 2015 and 2014

	2015	2014
Revenues		
Local Sources		
Children's Lunches and Breakfasts	$ 191,587	$ 155,096
Ala Carte	110,722	164,876
Adult Lunches and Breakfasts	7,191	8,068
Interest	230	241
Other	37,573	51,200
Total Local Sources	347,303	379,481
State Sources	41,433	40,451
Federal Sources	692,808	635,922
Total Revenues	1,081,544	1,055,854
Expenditures		
Salaries:		
Coordinator	48,087	47,063
Manager	25,496	23,445
Cooks	38,602	28,123
Servers and Others	227,986	226,624
Payroll Taxes and Other Fringe Benefits	157,313	133,319
Local Travel	1,485	1,755
Equipment Repairs and Maintenance	5,397	6,566
Other Purchased Services	9,062	8,890
Food	469,811	426,215
Vehicle Expense	1,967	3,283
Non-food Supplies and Miscellaneous	25,327	32,148
Indirect Costs	53,541	45,213
Sales Tax	383	247
Dues and Subscriptions	19	1,530
Capital Outlay	61,099	3,593
Total Expenditures	1,125,575	988,014
Excess Revenues Over (Under) Expenditures	(44,031)	67,840
Other Financing Sources		
Sale of Fixed Assets	100	15
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(43,931)	67,855
Fund Equity - July 1	422,977	349,538
Prior Period Adjustment	-	5,584
Fund Equity - June 30	$ 379,046	$ 422,977

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet
Non-Major Capital Improvement Capital Projects Fund
June 30, 2015 and 2014

	2015	2014
Assets		
Cash/Investments	$ 30,277	$ 24,997
Accounts Receivable	50,000	-
Total Assets	$ 80,277	$ 24,997
Fund Equity		
Assigned	$ 80,277	$ 24,997
Total Fund Equity	80,277	24,997
Total Liabilities and Fund Equity	$ 80,277	$ 24,997

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures and Changes
in Fund Balances - Non-Major Capital Improvement Capital Projects Fund
For the Years Ended June 30, 2015 and 2014

	2015	2014
Revenues		
Local Sources		
Interest	$ 7	$ -
Total Revenues	7	-
Expenditures		
Miscellaneous	-	3
Total Expenditures	-	3
Excess Revenues Over (Under) Expenditures	7	(3)
Other Financing Sources		
Operating Transfers In	55,273	25,000
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	55,280	24,997
Fund Equity - July 1	24,997	-
Fund Equity - June 30	$ 80,277	$ 24,997

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Non-Major Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, and 2005

	Sinking Fund										
	June 30 2015	June 30 2014	June 30 2013	June 30 2012	June 30 2011	June 30 2010	June 30 2009	June 30 2008	June 30 2007	June 30 2006	June 30 2005
Assets											
Cash	$ 506,657	$ 815,720	$ 937,773	$ 981,814	$ 732,384	$ 357,419	$ 126,937	$ 44,754	$ 4,220	$ 184,961	$ 3,345
Due from Other Governmental Units	-	-	-	-	-	-	-	-	4,322	-	-
Due from Other Funds	-	38	38	-	-	50	-	19,179	19,196	-	115
Total Assets	$ 506,657	$ 815,758	$ 937,811	$ 981,814	$ 732,384	$ 357,469	$ 126,937	$ 63,933	$ 27,738	$ 184,961	$ 3,460
Liabilities											
Accounts Payable	$ 17,763	$ -	$ -	$ -	$ 91,668	$ -	$ 5,340	$ 35,806	$ -	$ -	$ -
Due to Other Governmental Units	-	-	-	-	-	-	-	-	175	-	-
Due to Other Funds	-	-	-	-	42	29	-	100,000	128,531	-	-
Total Liabilities	17,763	-	-	-	91,710	29	5,340	135,806	128,706	-	-
Fund Equity											
Assigned	488,894	815,758	937,811	981,814	640,674	357,440	121,597	(71,873)	(100,968)	184,961	3,460
Total Liabilities and Fund Equity	$ 506,657	$ 815,758	$ 937,811	$ 981,814	$ 732,384	$ 357,469	$ 126,937	$ 63,933	$ 27,738	$ 184,961	$ 3,460

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, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, and 2005

	June 30 2015	June 30 2014	June 30 2013	June 30 2012	June 30 2011	June 30 2010
Revenues						
Local Sources						
Property Taxes	$ 72	$ -	$ 814	$ 734,402	$ 743,737	$ 763,974
Interest on Investments	511	875	983	1,114	1,124	579
Miscellaneous Income	-	-	-	27,216	-	150
Total Local Sources	583	875	1,797	762,732	744,861	764,703
Expenditures						
Supporting Services						
Taxes Abated	-	-	9	733	3,512	20
Capital Outlay	286,436	101,336	35,598	407,464	453,398	516,338
Professional Services	26,231	-	290	995	2,442	6,096
Miscellaneous Expense	14,780	21,592	9,903	12,400	2,275	6,406
Total Supporting Services	327,447	122,928	45,800	421,592	461,627	528,860
Debt Service						
Principal Retired	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
Total Expenditures	327,447	122,928	45,800	421,592	461,627	528,860
Excess Revenues Over (Under) Expenditures	(326,864)	(122,053)	(44,003)	341,140	283,234	235,843
Fund Equity - July 1	815,758	937,811	981,814	640,674	357,440	121,597
Fund Equity - June 30	$ 488,894	$ 815,758	$ 937,811	$ 981,814	$ 640,674	$ 357,440

June 30 2009	June 30 2008	June 30 2007	June 30 2006	June 30 2005	Totals
$ 722,848	$ 699,881	$ 667,257	$ 628,340	$ 597,747	$ 5,559,072
294	1,401	2,536	3,068	1,120	13,605
-	-	-	-	-	27,366
723,142	701,282	669,793	631,408	598,867	5,600,043
4,502	-	-	-	-	8,776
491,303	645,044	842,844	321,013	699,030	4,799,804
33,274	-	-	-	-	69,328
593	27,143	5,156	14,124	1,860	116,232
529,672	672,187	848,000	335,137	700,890	4,994,140
-	-	100,675	100,675	100,675	302,025
-	-	7,047	14,095	21,142	42,284
-	-	107,722	114,770	121,817	344,309
529,672	672,187	955,722	449,907	822,707	5,338,449
193,470	29,095	(285,929)	181,501	(223,840)	261,594
(71,873)	(100,968)	184,961	3,460	227,300	-
$ 121,597	$ (71,873)	$ (100,968)	$ 184,961	$ 3,460	$ 261,594

FREMONT PUBLIC SCHOOLS

Balance Sheet
Fiduciary Fund
Student Activities Agency Fund
June 30, 2015

Assets	
Cash and Investments	$ 456,869
Total Assets	$ 456,869
Liabilities	
Due to Student Groups	$ 456,869
Total Liabilities	$ 456,869

FREMONT PUBLIC SCHOOLS

Statement of Changes in Assets and Liabilities
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2015

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
Assets				
Cash and Investments	$ 470,804	$ 563,729	$ 577,664	$ 456,869
Liabilities				
Due to Student Groups	$ 470,804	$ 563,729	$ 577,664	$ 456,869

FREMONT PUBLIC SCHOOLS

Statement of Cash Receipts and Disbursements
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2015

	Balance 6/30/2014	Receipts	Disbursements	Balance 6/30/2015
Interest on Investment	$ 1,084	$ 1,425	$ 120	$ 2,389
Administration - Miscellaneous	26,960	15,395	6,838	35,517
Daisy Brook - Book Fair	1,974	11,752	9,306	4,420
Daisy Brook - Cash for Education	12,536	1,559	3,245	10,850
Daisy Brook - Grade Funds	4,579	1	244	4,336
Daisy Brook - Activities Fund	105	11,333	11,210	228
Daisy Brook - Student Council	4,491	1,804	2,990	3,305
High School - Alumni Band	35	-	-	35
High School - Art/Pekel	2,135	5,338	3,844	3,629
High School - Athletic Uniforms	38,154	121,987	100,379	59,762
High School - Athletic Endowment	12,465	5,097	8,867	8,695
High School - Brad Blamer Pay to Play	590	70	-	660
High School - Candy Machine Sales	3,953	345	2,199	2,099
High School - Chad Paulsen Memorial	300	-	-	300
High School - Dakota Scholarship	450	2,201	-	2,651
High School - Industrial Arts	8,905	9,546	15,214	3,237
High School - Cheerleaders	469	-	-	469
High School - Chase Curtice Memorial	-	3,765	-	3,765
High School - Class of 2013	396	-	-	396
High School - Class of 2014	1,093	-	1,394	(301)
High School - Class of 2015	-	3,350	2,567	783
High School - Class of 2016	250	-	128	122
High School - Conservation Club	5	-	-	5
High School - Germany Trip	937	-	-	937
High School - FACF Girls BB Grant	(480)	1,680	4,225	(3,025)
High School - Escape	8,943	16,243	14,412	10,774
High School - Embroidery	104	-	-	104
High School - Equestrian Team	6	200	-	206
High School - FACF Baseball Grant	48	-	-	48
High School - FACF Boys BB Grant	2,725	500	-	3,225
High School - FACF Softball	10	-	-	10
High School - Poker Fundraising	602	-	-	602
High School - F.F.A. Project	6,151	34,976	34,430	6,697
High School - Hall of Fame	-	4,460	4,184	276
High School - John Kingsnorth Memorial	6,935	-	500	6,435
High School - Lakes 8	1,541	6,749	7,072	1,218
High School - May Pekel Memorial	-	735	-	735
High School - Media	128	-	-	128
High School - Miscellaneous	3,421	-	-	3,421

Statement of Cash Receipts and Disbursements (continued)

	6/30/2014	Receipts	Disbursements	Balance 6/30/2015
High School - Mike Converse Memorial	-	440	-	440
High School - Mogul	6,638	15,838	7,548	14,928
High School - Music Boosters	39,405	26,660	28,465	37,600
High School - National Honor Society	6,077	3,048	4,230	4,895
High School - Orchestra	60	-	156	(96)
High School - Parking Permits	4,800	473	189	5,084
High School - Peace Jam	-	380	21	359
High School - Photography	1,264	1	359	906
High School - Pop	(242)	8,994	6,344	2,408
High School - Quiz bowl	366	-	-	366
High School - Community Connection	5,542	-	-	5,542
High School - Scholarship Fund	23,191	1,000	500	23,691
High School - Science Exploration	491	-	-	491
High School - Scoreboard Advertising	100	-	-	100
High School - Store	(190)	17,731	17,062	479
High School - String Quartet	1,539	(1,539)	-	-
High School - Student Council	4,038	5,944	2,428	7,554
High School - Theatre	1,164	1,409	1,593	980
High School - Theatre Endowment	13,578	-	-	13,578
High School - Trip Fund	482	-	-	482
High School - Chess Club	36	-	-	36
High School - Varsity Club	291	900	(720)	1,911
High School - Vocal Music	(1,539)	1,539	-	-
High School - Video Productions	(94)	601	326	181
High School - Spanish Club	97	-	-	97
High School - Prom	12,343	2,451	1,621	13,173
High School - YANA	266	-	-	266
High School - 44th Street Project	112,662	36,661	105,430	43,893
Middle School - Art Club	15	-	-	15
Middle School - Band Fund	(447)	3,756	2,989	320
Middle School - Beaver Island Group	(6,450)	17,766	5,731	5,585
Middle School - Circle of Friends	317	-	-	317
Middle School - Cash for Education	6,177	1,112	1,590	5,699
Middle School - Candy and Pop	2,522	362	327	2,557
Middle School - Cheerleaders	877	-	-	877
Middle School - Ebay	628	1,693	492	1,829
Middle School - Ford Donation	-	3,000	-	3,000
Middle School - Instrument Repair/Rental	58	1,230	1,246	42
Middle School - Japan Friendship City	4,107	31,795	32,904	2,998
Middle School - Linda Bergklint Memorial	910	-	-	910
Middle School - Outdoor Fitness	162	-	-	162
Middle School - Parent Group	33	-	-	33
Middle School - Pride Club	583	-	500	83

Statement of Cash Receipts and Disbursements (continued)

	6/30/2014	Receipts	Disbursements	Balance 6/30/2015
Middle School - Rain Forest Fund	7,591	7,192	292	14,491
Middle School - Sixth Grade Camp	5,210	9,302	9,068	5,444
Middle School - Teacher Lounge Pop	509	161	160	510
Middle School - Student Council	(573)	2,009	639	797
Middle School - Yearbook	1,119	-	153	966
Pathfinder - Activity Fund	14,911	6,837	11,125	10,623
Pathfinder - Book Fair	3,236	4,599	6,262	1,573
Pathfinder - Office Activity	9,234	116	6,512	2,838
Pathfinder - Cash for Education	6,233	3,248	4,584	4,897
Pathfinder - Parent Group	10,767	74,514	61,161	24,120
Pathfinder - Poker Fundraiser	2,654	(2,654)	-	-
Pathfinder - Pop Fund	550	3,398	774	3,174
Pathfinder - Families Together	-	550	580	(30)
Pine Street - Book Fair	426	(375)	-	51
Pine Street - Activity Fund	8,402	-	8,063	339
Pine Street - Cash for Education	1,287	-	433	854
Quest - CE Scrip Program	712	10,114	10,531	295
Quest - Daycare Program	1,444	711	1,583	572
Quest - Student Activity	2,604	134	1,000	1,738
Quest - Pop Fund	152	117	45	224
Soccer Fields	479	-	-	479
Total	$ 470,804	$ 563,729	$ 577,664	$ 456,869

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, 2015

Function and Activity	Balance 6/30/2014	Additions	Adjustments/ Deletions	Balance 6/30/2015
Instruction	$66,747,681	$ 947,060	$ -	$67,694,741
Support Service				
Students & Staff	305,412	-	-	305,412
Administration	108,216	13,964	-	122,180
Operation & Maintenance	179,778	-	-	179,778
Student Transportation Services	1,955,033	370,213	(300,552)	2,024,694
Food Services	139,183	33,655	-	172,838
Athletics	756,147	5,084	-	761,231
Total	$70,191,450	$ 1,369,976	$ (300,552)	$71,260,874

FREMONT PUBLIC SCHOOLS

Schedule of Changes in Long-Term Debt Obligations
June 30, 2015

	Refunding Bond 2013	Building America Bond 2009	Refunding Bond 2008	School Bus Capital Lease	School Bond Loan Fund Loan	School Bond Loan Fund Loan	Compensated Absence/Early Retirement	Total
Long-Term Debt Outstanding June 30, 2014	$ 1,975,000	$40,925,000	$5,520,000	$ 192,933	$ -	$2,904,820	$ 34,555	$51,552,308
Debt Added During Year	-	-	-	-	165,602	739,866	90,851	996,319
Debt Retired During Year	(280,000.00)	(850,000)	(710,000)	(46,642)	(33,120)	-	(72,418)	(1,992,180)
Long-Term Debt Outstanding June 30, 2015	$ 1,695,000	$ 40,075,000	$4,810,000	$ 146,291	$ 132,482	$3,644,686	$ 52,988	$50,556,447

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
$43,875,000 of School Building & Site Bonds Dated June 2009
June 30, 2015

Estimated Payment Date	Rate	Principal	Interest	Total	Treasury Credit
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)

Estimated Payment Date	Rate	Principal	Interest	Total	Treasury Credit
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	74,066	2,224,066	(25,923)
		$40,075,000	$38,446,786	$78,521,786	$(13,456,375)

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
$8,210,000 of General Obligation Bonds Dated February 2008
June 30, 2015

Estimated Payment Date	Rate	Principal	Interest	Total
November 1, 2015		-	101,631	101,631
May 1, 2016	3.38	750,000	101,631	851,631
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
		$ 4,810,000	$ 723,262	$ 5,533,262

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
$2,210,000 of Refunding Bonds Dated February 2013
June 30, 2015

Estimated Payment Date	Rate	Principal	Interest	Total
November 1, 2015		-	11,684	11,684
May 1, 2016	1.00	275,000	11,684	286,684
November 1, 2016		-	10,309	10,309
May 1, 2017	1.15	300,000	10,309	310,309
November 1, 2017		-	8,584	8,584
May 1, 2018	1.25	280,000	8,584	288,584
November 1, 2018		-	6,834	6,834
May 1, 2019	1.45	295,000	6,834	301,834
November 1, 2019		-	4,695	4,695
May 1, 2020	1.65	280,000	4,695	284,695
November 1, 2020		-	2,385	2,385
May 1, 2021	1.80	265,000	2,385	267,385
		$ 1,695,000	$ 88,982	$ 1,783,982

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
School Bus Capital Lease Dated August 2013
June 30, 2015

Estimated Payment Date	Rate	Principal	Interest	Total
August 12, 2015	2.20	47,687	3,277	50,964
August 12, 2016	2.20	48,755	2,209	50,964
August 12, 2017	2.20	49,849	1,116	50,965
		$ 146,291	$ 6,602	$ 152,893

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
School Bus Note Payable Dated July 2014
June 30, 2015

Estimated Payment Date	Rate	Principal	Interest	Total
April 22, 2016	1.99	33,120	2,636	35,756
April 22, 2017	1.99	33,120	1,977	35,097
April 22, 2018	1.99	33,121	1,318	34,439
April 22, 2019	1.99	33,121	659	33,780
		$ 132,482	$ 6,590	$ 139,072

FREMONT PUBLIC SCHOOLS

Schedule of Cash and Investments
June 30, 2015

General Fund		
Petty Cash	$ 820	
Checking Accounts - Chemical Bank	56,877	
Athletic Funds - Chemical Bank	433	
Athletic Funds - Huntington Bank	4,850	
Receiving CSP - Huntington Bank	-	
MBIA Asset Management	-	
Michigan Liquid Asset Fund	1,418,853	$ 1,481,833
Special Revenue Fund		
Food Service Fund		
Petty Cash	$ 1,266	
Checking Account - Newaygo County SECU	107,602	
Savings - Newaygo County SECU	45,656	
Savings - Newaygo County SECU	103,976	
Certificate of Deposit - Chemical Bank	100,000	358,500
Debt Service Fund		
Money Market Account - Huntington Bank		113,006
Capital Project/Improvement Funds		
Sinking Fund -Checking Account - Chemical Bank		506,657
Improvement Fund - Checking Account - Chemical Bank		30,277
Building & Site Fund - Checking Account - Chemical Bank	18,745	
Building & Site Fund - Investments - Fifth Third Bank	-	18,745
Total Capital Projects Funds		555,679
Student Activity Agency Fund		
Checking - Newaygo County SECU	105,816	
Savings - Newaygo County SECU	5	
Certificate of Deposit - Chemical Bank	113,006	
MIA Asset Management	238,042	456,869
		$ 2,965,887
Governmental Funds		
Major Funds		1,613,584
Non-Major Funds		895,434
		2,509,018
Fiduciary Funds		456,869
		$ 2,965,887

FREMONT PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards
June 30, 2015

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Award Amount	Accrued (Unearned) Revenue 6/30/2014	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued or (Unearned) Revenue at 6/30/2015
U.S. Department of Education							
Passed Through Michigan Department of Education							
Federal Adult Education-English							
151190-151998	84.002A	$ 30,000	$ -	$ -	$ 27,231	$ 24,582	$ 2,649
151130-151998	84.002A	20,000	-	-	20,000	20,000	-
141190-141998	84.002A	30,000	10,417	30,000	-	10,417	-
141130-141998	84.002A	20,000	9,723	20,000	-	9,723	-
Total		100,000	20,140	50,000	47,231	64,722	2,649
Title I Part A Improving Basic Programs Cluster							
151530-1415	84.010	449,724	-	-	449,724	361,317	88,407
141530-1314	84.010	589,243	36,605	589,243	-	36,605	-
Total		1,038,967	36,605	589,243	449,724	397,922	88,407
Title II Part A Regular-Improving Teacher Quality							
150520-1415	84.367	166,782	-	-	141,404	114,402	27,002
140520-1314	84.367	127,277	32,343	110,855	-	32,376	(33)
Total		294,059	32,343	110,855	141,404	146,778	26,969
Title VI Part B Rural and Low-Income School Program							
150660-1415	84.358	41,425	-	-	41,425	41,425	-
Total		41,425	-	-	41,425	41,425	-
Total Passed Through Michigan Department of Education		1,474,451	89,088	750,098	679,784	650,847	118,025

Passed Through Newaygo Regional Educational Service Agency							
Special Education							
030450-Flow Through	84.027	266,551	46,268	-	266,551	182,154	130,665
Total U.S. Department of Education		1,741,002	135,356	750,098	946,335	833,001	248,690
U.S. Department of Agriculture							
Passed Through Newaygo County	10.665	946	-	-	946	946	-
U.S. Department of Agriculture (See next page)		1,137,446	21,068	517,128	692,808	713,876	-
Total U.S. Department of Agriculture		1,138,392	21,068	517,128	693,754	714,822	-
Total Federal Financial Assistance		$ 2,879,394	$ 156,424	$ 1,267,226	$ 1,640,089	$ 1,547,823	$ 248,690

NOTES:

1. The significant accounting policies used in preparing this schedule are the same as those utilized in preparing the general purpose financial statements and are explained on pages 20 through 26.

2. Management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards.

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, 2015

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Award Amount	Accrued (Unearned) Revenue 6/30/2014	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued or (Unearned) Revenue at 6/30/2015
U.S. Department of Agriculture							
Passed Through Michigan Department of Education							
Nutrition Cluster							
151980 Snacks	10.555	$ 24,532	$ -	$ -	$ 24,532	$ 24,532	$ -
141980 Snacks	10.555	15,804	686	15,804	2,186	2,872	-
151960 Sec II Free & Reduced	10.555	445,872	-	-	445,872	445,872	-
141960 Sec II Free & Reduced	10.555	416,589	16,807	416,589	59,687	76,494	-
Total		902,797	17,493	432,393	532,277	549,770	-
151970 Breakfast	10.553	95,218	-	-	95,218	95,218	-
141970 Breakfast	10.553	84,735	3,575	84,735	10,617	14,192	-
Total		179,953	3,575	84,735	105,835	109,410	-
Total Passed Through Michigan Department of Education		1,082,750	21,068	517,128	638,112	659,180	-
Direct U.S.D.A.							
Entitlement Commodities	10.550	54,696	-	-	54,696	54,696	-
Total Direct U.S.D.A.		54,696	-	-	54,696	54,696	-
Total Federal		$ 1,137,446	$ 21,068	$ 517,128	$ 692,808	$ 713,876	$ -

FREMONT PUBLIC SCHOOLS

Schedule of Reconciliation of Revenues
With Expenditures for Federal Awards
For the Year Ended June 30, 2015

Revenue from Federal Sources - Per Financial Statement (Includes all Funds)	$ 2,500,862
Less: Federal Qualified Bonds Credit Payment	(860,773)
	$ 1,640,089
Federal Expenditures Per the Schedule of Federal Financial Assistance (Excludes Local or State Matching Funds, Prior Year Expenditures, etc.)	$ 1,640,089

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

Board of Education
Fremont Public School District
Fremont, Michigan 49412

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Fremont Public School's basic financial statements, and have issued our report thereon dated October 28, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies - 2015-001

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Compliance and Other Matters

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

Purpose of this Report

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

H & S Companies, P.C.

H & S Companies, P.C.
Certified Public Accountants
October 28, 2015

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Education
Fremont Public School District
Fremont, Michigan 49412

Report on Compliance for Each Major Federal Program

We have audited Fremont Public School's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Fremont Public School's major federal programs for the year ended June 30, 2015. Fremont Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fremont Public School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Fremont Public School's compliance.

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Opinion on Each Major Federal Program

In our opinion, Fremont Public School's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Fremont Public School's, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont Public School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont Public School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

H & S Companies, P.C.

H & S Companies, P.C.
Certified Public Accountants
October 28, 2015

FREMONT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

1. Internal control over major programs:
   a. No material weaknesses identified.
   b. No significant deficiency(ies) identified that are not considered to be material weaknesses.
2. The type of auditor's report issued on compliance for major programs is unmodified.
3. Audit findings were disclosed that are required to be reported in accordance with section 510(a) of Circular A-133.
4. The programs tested as a major programs included:
   Title I Part A CFDA #: 84.010
5. The threshold for distinguishing Types A and B programs was $300,000.
6. Fremont Public School District was determined to be a low risk auditee.

Section II - Financial Statement Findings

2015-001

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, 2015

Audit Period: For the Year Ended June 30, 2014

The finding from the June 30, 2014 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

2014-001

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.

COMPANIES
COMPREHENSIVE BUSINESS SOLUTIONS

October 28, 2015

To the Board of Education
Fremont Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 28, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fremont Public Schools are described in Note A to the financial statements. During 2014-2015, the District implemented GASB Statement no. 68, *Accounting and Financial Reporting for Pensions,* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date –An Amendment of GASB Statement No. 68.* We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of the depreciation of fixed assets is based on the straight-line method of depreciation over the estimated useful life of the related asset.
>
> We evaluated the key factors and assumptions used to develop the estimates above in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

- Adjustment to record additional payables in the Sinking Fund.

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Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 28, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restrictions on Use

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

Very truly yours,

H&S Companies, P.C.

H & S Companies, P.C.