



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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019



711 W. Main Street
Fremont, MI 49412

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 13
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet - All Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	18
Reconciliation of Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities	19
Fiduciary Funds:	
Statement of Net Position	20
Notes to the Financial Statements	21 - 45
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule for the General Fund	46
Schedule of Proportionate Share of Net Pension Liability	47
Schedule of Pension Contributions	48
Schedule of Proportionate Share of Net OPEB Liability	49
Schedule of OPEB Contributions	50
SUPPLEMENTAL INFORMATION	
General Fund	
Comparative Balance Sheet	51
Comparative Statement of Revenues	52
Comparative Statement of Expenditures	53 - 54

Table of Contents (Continued)

Debt Service Fund	
Comparative Balance Sheet	55
Comparative Statement of Revenues, Expenditures, and Change in Fund Balance	56
Capital Project Sinking Fund	
Comparative Balance Sheet	57
Comparative Statement of Revenues, Expenditures, and Change in Fund Balance	58
Comparative Balance Sheet - Multi-year Comparison	59
Cumulative Statement of Revenues, Expenditures, and Change in Fund Balance	60-61
Non-Major Governmental Funds	
Combining Balance Sheet - Non-Major Funds	62
Combining Statement of Revenues, Expenditures, and Change in Fund Balance - Non-Major Funds	63
Comparative Balance Sheet - Food Service Fund	64
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - Food Service Fund	65
Comparative Statement of Revenues, Expenditures, and Change in Fund Balance - Food Service Fund	66
Combining Balance Sheet - Capital Improvement Capital Projects Fund	67
Combining Statement of Revenues, Expenditures, and Change in Fund Balance - Capital Improvement Capital Projects Fund	68
Fiduciary Fund	
Student Activities Agency Fund	
Balance Sheet	69
Statement of Changes in Assets and Liabilities	70
Statement of Cash Receipts and Disbursements	71 - 73
Capital Assets and Debt	
Capital Assets Used in Operation of Governmental Funds Schedule of Changes by Function and Activity	74

Table of Contents (Continued)

Schedule of Changes in Long-Term Debt	75
Schedule of Principal and Interest Payments	
\$2,210,000 of Refunding Bonds dated February 2013	76
\$35,095,000 of Refunding Bonds dated February 2019	77- 78
Schedule of Cash and Investments	79
FEDERAL FINANCIAL ASSISTANCE	
Schedule of Expenditures of Federal Awards	80 - 81
Notes to Schedule of Expenditures of Federal Awards	82 - 83
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84 - 85
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	86 - 87
Schedule of Findings and Questioned Costs	88



Independent Auditor's Report

The Board of Education
Fremont Public Schools
Fremont, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2019, 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, each major fund, and the aggregate remaining fund information of Fremont Public Schools as of June 30, 2019, and the respective changes in financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 on our consideration of Fremont Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fremont Public School's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Fremont Public School's internal control and compliance.

H & S Companies, P.C.

H & S Companies, P.C.
Fremont, MI
September 30, 2019

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, 2019. 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 decreased over \$754,000 during the year and amounted to a deficit of \$40.4 million at June 30, 2019.

General revenues accounted for \$22.5 million, or 79.3%, of all fiscal year 2019 revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for nearly \$5.9 million or 20.7% of total fiscal year 2019 revenues. Revenues increased over \$400,000 from the prior year. The major changes include an increase in property taxes of \$165,000, an increase in state aid of \$528,000 and a decrease in operating grants and contributions of \$410,000.

- The District had about \$29.1 million in expenses related to governmental activities; of which nearly \$5.9 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$22.5 million covered 96.8% of the remaining costs of these programs. Expenses increased \$1.2 million compared to last year. Instruction expenditures increased \$506,000 and support services increased \$236,000.

- The General Fund, a major fund for the District, had nearly \$22.0 million in revenue and other financing sources which primarily consisted of state aid and property taxes. The General Fund also had over \$21.5 million in expenditures and other uses. The General Fund's fund balance increased by \$524,000.

- General Fund revenues increased \$357,000 while expenditures increased \$238,000 compared to the prior year.

- The Debt Service Fund is a major fund for the District. The Debt Service Fund property taxes increased \$137,000 from the prior year level of \$3.3 million. The Debt Service Fund also received nearly \$620,000 in bond interest credits from the federal government. Expenditures increased from \$4.77 million to \$43.7 million due to paying off old bonds. After borrowing \$39 million in new bonds to refund old bonds, the Debt Service fund balance increased \$97,000.

- The Capital Projects Sinking Fund is another major fund for the District. The Capital Projects Sinking Fund property taxes increased \$40,000 from the prior year level of \$1.08 million. Expenditures increased from \$264,000 to \$1.3 million due to capital outlay purchases. The Capital Projects Sinking fund balance decreased \$227,000.

- The Capital Projects-Capital Improvement Fund and the Food Service Fund are non-major funds for the District. Together they accounted for over \$1.07 million in revenue and over \$1.09 million in expenses. The fund balances of these funds decreased by nearly \$13,000.

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 - 45 of this report.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

Net Position - The District's combined net position was less on June 30, 2019 than the year before. The following summarizes the net position at fiscal years ended June 30, 2019 and 2018:

Net Position Summary

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets	\$ 6,792,495	\$ 6,359,835
Noncurrent Assets	45,165,928	46,064,433
Total Assets	<u>51,958,423</u>	<u>52,424,268</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	11,506,865	6,790,394
Deferred Outflows Related to OPEB	1,801,277	716,175
Liabilities		
Current Liabilities	4,179,626	5,243,465
Long-Term Liabilities	44,580,991	44,466,649
Net Pension Liability	39,241,349	34,636,102
Net OPEB Liability	10,173,764	11,825,960
Total Liabilities	<u>98,175,730</u>	<u>96,172,176</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	4,790,372	2,707,311
Deferred Inflows Related to OPEB	2,706,990	703,126
Net Position		
Net Investment in Capital Assets	(640,063)	(741,682)
Restricted for Debt Service	295,315	198,581
Unrestricted	(40,061,779)	(39,108,675)
Total Net Position	<u>\$ (40,406,527)</u>	<u>\$ (39,651,776)</u>

Results of Operations:

For the fiscal years ended June 30, 2019 and 2018, the District wide results of operations are reported below.

	Year Ended 2019		Year Ended 2018	
	Amount	%	Amount	%
Revenues:				
Program Revenues:				
Charges for Services	\$ 865,894	3.05	\$ 859,518	3.08
Operating Grants/Contr.	5,018,716	17.68	5,429,067	19.42
General Revenues:				
Property Taxes	7,003,621	24.68	6,838,257	24.47
State Aid	15,299,010	53.90	14,770,639	52.85
Interest and Other	195,728	0.69	53,030	0.19
Total Revenue	<u>28,382,969</u>	100.00	<u>27,950,511</u>	100.00
Expenses:				
Instruction				
Basic Programs	12,880,738	44.21	12,357,485	44.25
Added Needs	4,000,087	13.73	4,042,248	14.47
Adult Education	188,973	0.65	163,847	0.59
Total Instruction	<u>17,069,798</u>	58.58	<u>16,563,580</u>	59.31
Support Services				
Pupil	549,269	1.89	606,841	2.17
Instructional Staff	486,733	1.67	395,609	1.42
General Administration	500,877	1.72	463,795	1.66
School Administration	1,434,798	4.92	1,366,612	4.89
Business	339,744	1.17	354,997	1.27
Operations/Maintenance	1,627,125	5.58	1,639,123	5.87
Pupil Transportation	1,159,627	3.98	1,115,683	4.00
Central	535,499	1.84	454,560	1.63
Total Support Services	<u>6,633,672</u>	22.77	<u>6,397,220</u>	22.91
Community Services	394,121	1.35	405,395	1.45
Food Service	1,066,250	3.66	1,021,161	3.66
Athletics	620,666	2.13	591,138	2.12
Capital Outlay	253,404	0.87	59,095	0.21
Interest on Debt	3,099,809	10.64	2,888,297	10.34
Total Expenses	<u>29,137,720</u>	100.00	<u>27,925,886</u>	100.00
Change in Net Position	(754,751)		24,625	
Beginning Net Position	<u>(39,651,776)</u>		<u>(39,676,401)</u>	
Ending Net Position	<u><u>\$ (40,406,527)</u></u>		<u><u>\$ (39,651,776)</u></u>	

Debt Administration

At year-end, the District had nearly \$41 million in long-term obligations of which \$1,225,000 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, 2019.

Compensated Absences	\$	29,228
Bond Issues		40,963,598
		\$ 40,992,826

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, 2019, the net increase in accumulated depreciation was over \$2,251,000. Depreciation expense totaled over \$2,130,000 and there was over \$121,000 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 \$2,251,000 in assets during the year.

Capital Outlay Acquisitions

Actual capital outlay acquisitions during the year were over \$1.1 million while over \$121,000 of assets were disposed of for the fiscal year ended June 30, 2019.

Net Acquisitions combined with the increase in accumulated depreciation, net investment in capital assets (i.e., net book value) decreased by \$1.1 million 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 2018-2019 fiscal year was \$2,554,645. The non-homestead tax levy increased by 1.71% 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
2018-2019	2,554,645	1.71%
2017-2018	2,511,601	2.66%
2016-2017	2,446,508	2.03%
2015-2016	2,397,845	2.28%
2014-2015	2,344,493	-1.53%

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 \$7,871 per student for the 2018-2019 school year. This represented an increase of \$240 per student compared to the allowance of \$7,631 for the 2017-2018 school year.

Student Enrollment:

The District’s student enrollment for the fall count of 2018-2019 was 2,134 students. The following summarizes fall student enrollments in the past five years:

<u>Fiscal Year</u>	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2018-2019	2,134	32
2017-2018	2,102	(27)
2016-2017	2,129	(2)
2015-2016	2,131	(107)
2014-2015	2,238	15

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 2018-2019 the District’s debt millage levy was 7.0 mills, which generated a levy of \$3,437,807.

Food Service Sales to Students & Adults:

The District’s local sources of revenues increased over \$12,000 from the prior school year. State Sources increased over \$2,200 while Federal Sources decreased over \$33,000. The total expenditures for Food Service operations increased over \$37,000 from the prior year. Expenditures exceeded revenues by over \$12,000.

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
2014-2015	20,363,343	20,335,991	20,145,494	-1.07%	-0.94%
2015-2016	20,577,121	20,623,108	20,696,704	0.58%	0.36%
2016-2017	19,879,004	21,171,605	21,456,149	7.93%	1.34%
2017-2018	20,533,491	20,943,164	21,286,840	3.67%	1.64%
2018-2019	21,684,876	21,992,065	21,524,491	-0.74%	-2.13%
Five-Year Average Over (Under) Budget				2.49%	0.07%

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
2014-2015	20,730,096	20,829,126	20,748,065	0.09%	-0.39%
2015-2016	20,506,768	20,325,525	20,691,521	0.90%	1.80%
2016-2017	19,820,547	21,272,528	21,527,377	8.61%	1.20%
2017-2018	20,408,974	21,195,501	21,627,484	5.97%	2.04%
2018-2019	21,731,389	22,009,099	21,984,548	1.16%	-0.11%
Five-Year Average Over (Under) Budget				3.88%	0.85%

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	\$	21,731,389	
Total Revenues Final Budget		22,009,099	
Increase in Budgeted Revenues	\$	277,710	1.28%

The District’s final general fund revenues differed from the final budget by \$24,551. This is a variance of .11%.

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	\$	21,684,876	
Total Expenditures Final Budget		21,992,065	
Increase in Budgeted Expenditures	\$	307,189	1.42%

The District’s final general fund expenditures differed from the final budget by \$467,574. This is a variance of 2.13%.

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

- Increase in Basic Programs
- 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 2019-2020 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 2019-2020. Budgeted expenditures in the General Fund are \$21,524,491 which is an increase of \$834,524 from the 2018-2019 actual expenditures. General Fund Revenues were budgeted at \$22,097,774. This is a \$412,898 decrease from the 2018-2019 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, 2019

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash/Investments	\$ 2,174,862
Accounts Receivable	61,288
Due from Other Governmental Units	3,459,947
Inventory	63,276
Prepaid Expenses	21,009
Restricted Cash/Investments-Capital Projects and Debt Service	1,012,113
Total Current Assets	6,792,495
Noncurrent Assets:	
Bond Issuance Costs (net of amortization)	294,295
Land	1,575,257
Capital Assets (net of accumulated depreciation)	43,296,376
Total Noncurrent Assets	45,165,928
Total Assets	51,958,423
Deferred Outflows of Resources	
Deferred Outflows of Resources Related to Pensions	11,506,865
Deferred Outflows of Resources Related to OPEB	1,801,277
Total Deferred Outflows of Resources	13,308,142
Liabilities	
Current Liabilities:	
Accounts Payable	15,655
Salaries/Severance Payable	1,025,369
Retirement Payable	525,817
Health Insurance Payable	247,018
Payroll Taxes Payable	69,908
Unearned Revenue	70,859
Note Payable - Short Term	1,000,000
Current Portion of Long-Term Obligations	1,225,000
Total Current Liabilities	4,179,626
Noncurrent Liabilities:	
Bond Issue Premium (net of amortization)	4,813,165
Noncurrent Portion of Long-Term Obligations	39,767,826
Net Pension Liability	39,241,349
Net OPEB Liability	10,173,764
Total Noncurrent Liabilities	93,996,104
Total Liabilities	98,175,730
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to Pensions	4,790,372
Deferred Inflows of Resources Related to OPEB	2,706,990
Total Deferred Inflows of Resources	7,497,362
Net position	
Net Investment in Capital Assets	(640,063)
Restricted For Debt Service	295,315
Unrestricted	(40,061,779)
Total Net Position	\$ (40,406,527)

See independent auditor's report and accompanying notes to the financial statements.

FREMONT PUBLIC SCHOOLS

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Basic Programs	\$ 12,880,738	\$ -	\$ 423,755	\$ (12,456,983)
Added Needs	4,000,087	-	2,926,736	(1,073,351)
Adult Education	188,973	-	291,082	102,109
Total Instruction	17,069,798	-	3,641,573	(13,428,225)
Support Services:				
Pupil	549,269	-	-	(549,269)
Instructional Staff	486,733	-	-	(486,733)
General Administration	500,877	-	-	(500,877)
School Administration	1,434,798	-	-	(1,434,798)
Business	339,744	-	-	(339,744)
Operations and Maintenance	1,627,125	-	-	(1,627,125)
Pupil Transportation	1,159,627	83,176	-	(1,076,451)
Central	535,499	-	-	(535,499)
Total Support Services	6,633,672	83,176	-	(6,550,496)
Community Services	394,121	370,944	-	(23,177)
Food Services	1,066,250	316,078	757,523	7,351
Athletics	620,666	95,696	-	(524,970)
Capital Outlay (Under \$5,000)	253,404	-	-	(253,404)
Interest and Fees on Debt	3,099,809	-	619,620	(2,480,189)
Total School District	\$ 29,137,720	\$ 865,894	\$ 5,018,716	\$ (23,253,110)

FREMONT PUBLIC SCHOOLS

Statement of Activities (Continued)
For the Year Ended June 30, 2019

General Revenues

Property Taxes	
General Purposes	\$ 2,446,142
Debt Services	3,437,807
Sinking Fund	1,119,672
State and Federal Aids Not Restricted To Specific Functions:	
General	15,299,010
Interest and Investment Earnings	29,715
Miscellaneous	20,333
Gain (Loss) on Disposition of Capital Assets	4,172
Amortized Bond Premium	141,508
Total General Revenues	<u>22,498,359</u>
Change in Net Position	(754,751)
Net Position - Beginning of Year	<u>(39,651,776)</u>
Net Position - Ending of Year	<u><u>\$ (40,406,527)</u></u>

See independent auditor's report and accompanying notes to the financial statements.

FREMONT PUBLIC SCHOOLS

Balance Sheet - All Governmental Funds

June 30, 2019

	General Fund	Debt Services Fund	Capital Projects Sinking Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash/Investments	\$ 1,706,689	\$ 294,653	\$ 717,460	\$ 468,173	\$ 3,186,975
Accounts Receivable	60,626	662	-	-	61,288
Due from Other Governmental Units	3,459,947	-	-	-	3,459,947
Inventory	55,389	-	-	7,887	63,276
Prepaid Expenses	21,009	-	-	-	21,009
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 5,303,660</u>	<u>\$ 295,315</u>	<u>\$ 717,460</u>	<u>\$ 476,060</u>	<u>\$ 6,792,495</u>
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$ 15,655	\$ -	\$ -	\$ -	15,655
Salaries/Severance Payable	1,025,369	-	-	-	1,025,369
Retirement Payable	525,817	-	-	-	525,817
Benefits Payable	247,018	-	-	-	247,018
FICA Taxes Payable	69,908	-	-	-	69,908
Unearned Revenue	69,582	-	-	1,277	70,859
Notes Payable	1,000,000	-	-	-	1,000,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	2,953,349	-	-	1,277	2,954,626
Fund Equity					
Non-Spendable - Inventory	55,389	-	-	7,887	63,276
Non-Spendable - Prepaid Expenses	21,009	-	-	-	21,009
Assigned	-	295,315	717,460	466,896	1,479,671
Unassigned	2,273,913	-	-	-	2,273,913
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Equity	2,350,311	295,315	717,460	474,783	3,837,869
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$ 5,303,660</u>	<u>\$ 295,315</u>	<u>\$ 717,460</u>	<u>\$ 476,060</u>	<u>\$ 6,792,495</u>

See independent auditor's report and accompanying notes to the financial statements.

FREMONT PUBLIC SCHOOLS

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
June 30, 2019

Total Governmental Fund Balances	\$	3,837,869
----------------------------------	----	-----------

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

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

Governmental Capital Assets	\$ 70,841,705	
Governmental Accumulated Depreciation	<u>(25,675,777)</u>	
		45,165,928

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	11,506,865	
Deferred Outflows of Resources Related to OPEB	1,801,277	
Deferred Inflows of Resources Related to Pensions	(4,790,372)	
Deferred Inflows of Resources Related to OPEB	<u>(2,706,990)</u>	
		5,810,780

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	(45,805,991)	
Net Pension Liability	(39,241,349)	
Net OPEB Liability	<u>(10,173,764)</u>	
		<u>(95,221,104)</u>

Total Net Position - Governmental Activities:	\$	<u><u>(40,406,527)</u></u>
-----------------------------------------------	----	----------------------------

See independent auditor's report and accompanying notes to the financial statements.

FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds For the Year Ended June 30, 2019

	General Fund	Debt Service Fund	Capital Projects Sinking Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Sources	\$ 3,286,480	\$ 3,439,617	\$ 1,120,217	\$ 315,764	\$ 8,162,078
State Sources	17,472,973	-	-	86,463	17,559,436
Federal Sources	948,715	619,620	-	671,060	2,239,395
Other Sources	276,380	-	-	-	276,380
Total Revenues	21,984,548	4,059,237	1,120,217	1,073,287	28,237,289
Expenditures					
Instruction					
Basic Programs	10,232,964	-	-	-	10,232,964
Added Needs	3,772,159	-	-	-	3,772,159
Adult Education	193,370	-	-	-	193,370
Support Services:					
Pupil	524,680	-	-	-	524,680
Instructional Staff	462,727	-	-	-	462,727
General Administration	465,210	-	-	-	465,210
School Administration	1,346,385	-	-	-	1,346,385
Business	323,653	-	-	-	323,653
Operations & Maintenance	1,613,105	-	-	-	1,613,105
Pupil Transportation	1,073,609	-	-	-	1,073,609
Central	520,681	-	-	-	520,681
Community Services	379,077	-	-	-	379,077
Athletics	583,138	-	-	-	583,138
Food Services	-	-	-	1,086,986	1,086,986
Capital Outlay	-	-	1,347,190	-	1,347,190
Debt Service	33,733	43,672,849	-	-	43,706,582
Total Expenditures	21,524,491	43,672,849	1,347,190	1,086,986	67,631,516
Excess Revenues Over (Under)					
Expenditures	460,057	(39,613,612)	(226,973)	(13,699)	(39,394,227)

FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Change
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Debt Service Fund	Capital Projects Sinking Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Transfers to Other School Districts	\$ 3,172	\$ -	\$ -	\$ -	\$ 3,172
Sale of Fixed Assets	-	-	-	1,000	1,000
Proceeds from Long-Term Debt	-	35,095,000	-	-	35,095,000
Indirect Cost Allocation	61,742	-	-	-	61,742
Premiums and Discounts	-	4,913,439	-	-	4,913,439
Bond Issuance Costs	-	(298,092)	-	-	(298,092)
Total Other Financing Sources (Uses)	<u>64,914</u>	<u>39,710,347</u>	<u>-</u>	<u>1,000</u>	<u>39,776,261</u>
Excess Revenues and Other Sources Over (Under) Expend. and Other Uses	524,971	96,735	(226,973)	(12,699)	382,034
Fund Balances - July 1, 2018	<u>1,825,340</u>	<u>198,580</u>	<u>944,433</u>	<u>487,482</u>	<u>3,455,835</u>
Fund Balances - June 30, 2019	<u><u>\$ 2,350,311</u></u>	<u><u>\$ 295,315</u></u>	<u><u>\$ 717,460</u></u>	<u><u>\$ 474,783</u></u>	<u><u>\$ 3,837,869</u></u>

See independent auditor's report and accompanying notes to the financial statements.

FREMONT PUBLIC SCHOOLS

Reconciliation of Statement of Revenues, Expenditures and Change in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	382,034
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay reported in governmental fund statements	\$	1,175,268
Depreciation expense reported in the statement of activities		<u>(2,251,235)</u>
Amount by which capital outlays are more than depreciation and sale of assets in the current period		(1,075,967)
<p>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.</p>		
Proceeds from debt issues in the current year		(35,294,505)
The amount of debt principal payments in the current year		40,935,466
Current year bond issue premium and issuance costs net of amortization		<u>(4,603,090)</u>
		1,037,871
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Decrease in compensated absences		(4,286)
Increase in deferred outflows of resources related to pensions		4,716,471
Increase in deferred outflows of resources related to OPEB		1,085,102
Increase in deferred inflows of resources related to pensions		(2,083,061)
Increase in deferred inflows of resources related to OPEB		(2,003,864)
Increase in net pension liability		(4,605,247)
Decrease in net OPEB liability		<u>1,652,196</u>
		(1,242,689)
Decrease in post-retirement benefits that are recorded when earned in the statement of activities.		<u>144,000</u>
Change in Net Position - Governmental Activities.	\$	<u><u>(754,751)</u></u>

See independent auditor's report and accompanying notes to the financial statements.

FREMONT PUBLIC SCHOOLS

Statement of Net Position - Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
Assets	
Cash/Investments	\$ 379,222
Total Assets	<u>\$ 379,222</u>
Liabilities and Net Position	
Liabilities	
Due to Student Groups	\$ 379,222
Total Liabilities	379,222
Net Position	
Net Position	<u>-</u>
Total Liabilities and Net Position	<u>\$ 379,222</u>

See independent auditor's report and accompanying notes to the financial statements.

FREMONT PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2019

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 2,100 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.

See independent auditor's report.

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

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

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

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

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

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

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

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

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

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 - 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.

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 District maintains full control of these funds. The School Service Fund maintained by the District is the Food Service Fund.

Capital Improvement Fund - The Capital Improvement Fund is used to account for financial resources to be used for the acquisition, construction, renovation or repair of major capital facilities. The Capital Improvement Fund records capital project activities funded by transfers from other funds of the District.

See independent auditor's report.

Additionally, the District also reports the following fund types:

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

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

4. Deposits and Investments

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

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

5. Receivables and Payables

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

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

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

The 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.

Fremont Public Schools
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2019

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

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

	General Fund	Combined Nonmajor Funds	Total
Accounts Receivable	\$ 60,626	\$ 662	\$ 61,288
Due from Other Governments	3,459,947	-	3,459,947
	<u>\$3,520,573</u>	<u>\$ 662</u>	<u>\$ 3,521,235</u>

6. Inventories

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

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

	General Fund	Special Revenue
Operating Supplies	\$ 55,389	\$ -
Food and Non-Food Supplies	-	7,887
Total Inventories	<u>\$ 55,389</u>	<u>\$ 7,887</u>

7. Prepaid Items

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

8. Unearned Revenue

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

	Unavailable	Unearned
Grants	\$ -	\$ 70,859

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.

See independent auditor's report.

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

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

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

10. Long-term Obligations

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

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

11. Pension

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

12. OPEB

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

13. Net Position

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

14. 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 be 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.

15. 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.

16. 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.

17. Interfund Activity

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

NOTE B DEPOSITS AND INVESTMENTS

As of June 30, 2019, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Standard & Poor's Rating</u>
Michigan Liquid Asset Fund *	\$ 263,501	N/A	AAAm
Michigan CLASS	711,914	N/A	AAAm
Total Fair Value	<u>\$ 975,415</u>		

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

The District voluntarily invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2019, the fair value of the District's investments is the same as the value of the pool shares. MILAF, as defined by the GASB, is recorded at amortized cost which approximates fair value. These funds are not subject to fair value disclosures.

The other fund is Michigan Cooperative Liquid Assets Securities System (Michigan CLASS) which is considered a local government investment pool of "qualified" investments for Michigan school districts. Michigan CLASS is not regulated nor is it registered with the SEC. Michigan CLASS reports as of June 30, 2019, the fair value of the District's investments is the same as the value of the pooled shares. Michigan CLASS does not meet all of the criteria to report investments at amortized cost, therefore, it is recorded at fair value and is subject to fair value measurement at level 2.

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

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

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

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

As of June 30, 2019, \$2,353,150 of the District's bank balance of \$3,565,424 was exposed to custodial credit risk as follows:

Insured or Collateralized	\$ 1,212,274
Uninsured and Uncollateralized	1,674,906
Uninsured and collateral held by pledging bank's trust department not in District's name.	<u>678,244</u>
Total Bank Balance	<u>\$ 3,565,424</u>

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

The 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 District evaluates each financial institution with which it deposits District funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk level are used as depositories.

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

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

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

NOTE C STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State of Michigan Public Act 621 requires that the General Fund and Special Revenue Funds of the 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 District follows these procedures in establishing the budget data reflected in the financial statements:

See independent auditor's report.

Fremont Public Schools
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2019

- A. Starting in the spring, administrative personnel and department heads work with the Business Manager to establish a proposed operating budget for the fiscal year commencing the following July 1.
- B. In June a preliminary operating budget is submitted to the Board of Education by the Superintendent of Schools. This budget includes proposed expenditures and the means of financing them.
- C. Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budget.
- D. After the budget is finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- E. The budgets were amended at periodic times during the year to comply with PA 621.
- F. Budgets for the General, Special Revenue, and Debt Service funds are adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.
- G. The budgets shown in these financial statements are as last amended through June 30, 2019.
- H. PA 621 of 1978, section 18(1), as amended, provides that a school district shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2019, there were no material overexpenditures.

NOTE D INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivables/Payables

		Due From				Total
		General Fund	Food Service Fund	Sinking Fund	Debt Service Fund	
Due To	General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
	Food Service Fund	-	-	-	-	-
	Debt Retirement Fund	-	-	-	-	-
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There were no interfund balance as of the year ended June 30, 2019.

See independent auditor's report.

Fremont Public Schools
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2019

Transfers

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

There were no transfers between funds for the year ended June 30, 2019.

NOTE E GENERAL LONG-TERM OBLIGATIONS

Summary - The long-term debt includes bond issues 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, 2019:

	Outstanding Principal 6/30/2019	Due Within One Year
\$2,210,000, 2013 General Obligation (Refunding) serial bonds due in annual installments of \$265,000 to \$280,000 through 2021; interest payable semiannually at 1.65 to 1.80 percent.	\$ 545,000	\$ 280,000
\$35,095,000, 2019 General Obligation (Refunding) serial bonds due in annual installments of \$945,000 to \$2,120,000 through 2039; interest payable semiannually at 4.00 to 5.00 percent.	34,215,000	945,000
\$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.	6,203,598	-
Total Bonds & Capital Leases	<u>\$ 40,963,598</u>	<u>\$ 1,225,000</u>

Advance Refunding

In 2008, the District 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 District advance refunded the callable portion of the 2003 General Obligation Bond issue and issued \$2,210,000 of General Obligation Refunding. In 2019, the District refunded the callable portion of the 2008 General Obligation Bond issue and the 2009 General Obligation Bond issue and issued \$35,095,000 of General Obligation Refunding bonds. As a result, the refunded bonds are considered legally defeased and the liability has been removed from the general long-term debt obligations.

See independent auditor's report.

Fremont Public Schools
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2019

The refunding was undertaken to take advantage of the low interest rates available in 2008, 2013, and 2019. 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. The 2019 refunding reduced the District's interest expense approximately \$2,585,194 through lower debt payments over the following 20 years.

	Outstanding Principal 6/30/2019	Due Within One Year
<u>Compensated Absences</u>		
Compensated Absences - At present, Fremont Public School Administrative employees accumulate up to 5 unused vacation days and are reimbursed at their current hourly or salary rate upon retirement.	29,228	-
Total Compensated Absences	\$ 29,228	\$ -

The annual requirements to amortize long-term debt outstanding as of June 30, 2019, including interest detailed as follows:

Year Ended June 30,	2019 Bond Issue		2013 Bond Issue	
	Principal	Interest	Principal	Interest
2020	\$ 945,000	\$ 1,691,300	\$ 280,000	\$ 9,390
2021	1,000,000	1,653,500	265,000	4,770
2022	1,300,000	1,613,500	-	-
2023	1,355,000	1,548,500	-	-
2024	1,410,000	1,480,750	-	-
2025-2029	7,930,000	6,292,000	-	-
2030-2034	9,770,000	4,124,250	-	-
2035-2039	10,505,000	1,580,750	-	-
Total	\$ 34,215,000	\$ 19,984,550	\$ 545,000	\$ 14,160

Changes in Long-Term Debt - The following is a summary of debt transactions of the District for the year ended June 30, 2019.

Governmental-Type Activities	Bond Issues	Capital Lease & Note Payable	Compensated Absences/Early Retirement Payable	Total
Debt Outstanding-July 1	\$ 46,574,093	\$ 30,466	\$ 168,943	\$ 46,773,502
Debt Added During Year	35,294,505	-	64,522	35,359,027
Debt Retired During Year	(40,905,000)	(30,466)	(204,237)	(41,139,703)
Debt Outstanding-June 30	\$ 40,963,598	\$ -	\$ 29,228	\$ 40,992,826
Amount Due Within One Year	\$ 1,225,000	\$ -	\$ -	\$ 1,225,000

See independent auditor's report.

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 14 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 District for the 2018 levy had a taxable value of \$438 million. For the 2018 levy, the District's operating tax rate was 18 mills and its debt service tax rate was 7 mills.

NOTE G MPSERS PENSION PLAN

Plan Description

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

The System'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, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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.

See independent auditor's report.

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21 year period beginning October 1, 2017 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the fiscal year ended September 30, 2018.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.00 - 4.00%	17.89%
Member Investment Plan	3.00 - 7.00%	17.89%
Pension Plus	3.00 - 6.40%	16.61%
Pension Plus 2	6.20%	19.74%
Defined Contribution	0.00%	13.54%

Required contributions to the pension plan from District were \$3,554,511 for the year ended September 30, 2018.

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

At June 30, 2019, the District reported a liability of \$39,241,349 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2017. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was .13053557 percent which was an increase of .00312101 percent from its proportion measured as of September 30, 2017.

For the year ended June 30, 2019, the District recognized total pension expense of \$5,231,168. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Fremont Public Schools
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2019

<u>Asset Class</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ 182,087	\$ 285,160
Changes of assumptions	9,088,264	-
Net difference between projected and actual earnings on pension plan investments	-	2,683,111
Changes in proportion and differences between District contributions and proportionate share of contributions	689,460	664,639
District section 147c revenue related to pension contributions subsequent to the measurement date	-	1,157,462
District contributions subsequent to the measurement date	<u>1,547,054</u>	<u>-</u>
Total	<u>\$ 11,506,865</u>	<u>\$ 4,790,372</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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)

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 2,817,900
2020	1,911,704
2021	1,159,659
2022	437,638

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

See independent auditor's report.

Summary of Actuarial Assumptions

Valuation Date	September 30, 2017
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	2.75%
Investment Rate of Return	
-MIP and Basic Plans (Non-Hybrid)	7.05%
-Pension Plus Plan (Hybrid)	7.00%
-Pension Plus 2 Plan	6.00%
Projected Salary Increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the
- September 30, 2017 valuation. The total pension liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, 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: 4.5304.
 - Recognition period for assets in years is 5.0000.
 - Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

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, 2018, are summarized in the following table:

Fremont Public Schools
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.00%	5.70%
Private Equity Pools	18.00%	9.20%
International Equity Pools	16.00%	7.20%
Fixed Income Pools	10.50%	0.50%
Real Estate and Infrastructure Pools	10.00%	3.90%
Absolute Return Pools	15.50%	5.20%
Short Term Investment Pools	2.00%	0.00%
Total	100.00%	

*Long term rate of return does not include 2.3% inflation

Rate of Return

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 11.11%. 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 7.05% was used to measure the total pension liability (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). This discount rate was based on the long term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% for the Hybrid 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 6.05%/6.0%/5.0%	Current Single Discount Rate Assumption 7.05%/7.0%/6.0%	1% Increase 8.05%/8.0%/7.0%
\$ 51,520,860	\$ 39,241,349	\$ 29,039,071

* Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

See independent auditor's report.

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Pension Plan

The amount of payables to a defined benefit pension plan outstanding at the end of the reporting period were \$310,539. The payables were based upon the wages being paid over the period from July 1 through August 31, 2019 which were for services provided prior to June 30, 2018 and therefore legally required contributions to the pension plan.

NOTE H MPERS OPEB PLAN

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, 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 healthcare 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 limited 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 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. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

See independent auditor's report.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, 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 February 1, 2013.

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% employee contribution into their 457 account as of their transition date, earning them 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 were deposited into their 401(k) account.

Contributions

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

Employer OPEB 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. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21 year period beginning October 1, 2017 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for the fiscal year ended September 30, 2018.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.00%	6.44%
Personal Healthcare Fund (PHF)	0.00%	6.13%

Required contributions to the OPEB plan from the District were \$830,770 for the year ended September 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District reported a liability of \$10,173,764 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2017. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was .12798875 percent which was a decrease of .00555536 percent from its proportion measured as of October 1, 2017.

For the year ended June 30, 2019, the District recognized total OPEB expense of \$405,788. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Asset Class	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ 1,893,599
Changes of assumptions	1,077,407	-
Net difference between projected and actual earnings on OPEB plan investments	-	391,002
Changes in proportion and differences between District contributions and proportionate share of contributions	3,306	422,389
District contributions subsequent to the measurement date	720,564	-
Total	<u>\$ 1,801,277</u>	<u>\$ 2,706,990</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year Ending June 30	Amount
2019	\$ (388,964)
2020	(388,964)
2021	(388,964)
2022	(309,666)
2023	(149,719)

See independent auditor's report.

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2017
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	2.75%
Investment Rate of Return	7.15%
Projected Salary Increases	2.75% - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate	7.5% Year 1 graded to 3.0% Year 12
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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, 2017 valuation. The total OPEB liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, 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: 5.6018.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

See independent auditor's report.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB 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 OPEB 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 OPEB plan’s target asset allocation as of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.00%	5.70%
Private Equity Pools	18.00%	9.20%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	0.50%
Real Estate and Infrastructure Pools	10.00%	3.90%
Absolute Return Pools	15.50%	5.20%
Short Term Investment Pools	2.00%	0.00%
Total	100.00%	

*Long term rate of return does not include 2.3% inflation

Rate of Return

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 10.75%. 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 7.15% was used to measure the total OPEB liability. This discount rate was based on the long term expected rate of return on OPEB plan investments of 7.15%. 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
\$ 12,213,397	\$ 10,173,764	\$ 8,458,184

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 8,367,809	\$ 10,173,764	\$ 12,245,563

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2018 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Pension Plan

The amount of payables to the defined benefit OPEB plan outstanding at the end of the reporting period were \$143,493. The payables were based upon the wages being paid over the period from July 1 through August 31, 2019 which were for services provided prior to June 30, 2019 and therefore legally required contributions to the OPEB plan.

NOTE I SHORT TERM NOTE PAYABLE

In October 2018, the District entered into a State Aid Note for \$1,000,000 with Chemical Bank for the purpose of providing money for school operations for the fiscal year ending June 30, 2019. The note bears interest at 2.49% and was repaid in August 2019. The District did not borrow money in anticipation of State Aid in the fall of 2019.

Short-Term Debt Outstanding, July 1, 2018	\$ 1,000,000
Debt Added During the Year	1,000,000
Debt Retired During the Year	<u>(1,000,000)</u>
Short-Term Debt Outstanding June 30, 2019	<u>\$ 1,000,000</u>

Fremont Public Schools
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2019

NOTE J FIXED ASSETS

Capital asset balances and for the year ended June 30, 2019 were as follows:

Governmental-Type Activities	Balance 6/30/2018	Additions	Adjustments Deletions	Balance 6/30/2019
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	56,253,967	954,975	-	57,208,942
Equipment and Vehicles	11,664,062	220,293	(121,144)	11,763,211
Subtotal	67,918,029	1,175,268	(121,144)	68,972,153
Less Accumulated Depreciation for				
Buildings and Improvements	20,761,290	2,115,370	-	22,876,660
Equipment and Vehicles	2,784,396	135,865	(121,144)	2,799,117
Subtotal	23,545,686	2,251,235	(121,144)	25,675,777
Net Capital Assets being depreciated	44,372,343	(1,075,967)	-	43,296,376
Total Governmental Activities Capital Assets - Net of Depreciation	<u>\$45,947,600</u>	<u>\$ (1,075,967)</u>	<u>\$ -</u>	<u>\$ 44,871,633</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,115,370
Support Services-Administration	14,272
Operation and Maintenance	-
Student Transportation	102,517
Food Services	5,002
Athletics	14,074
Total Depreciation Expense	<u>\$ 2,251,235</u>

NOTE K RISK MANAGEMENT

The 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 District carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE L ECONOMIC DEPENDENCE

Effective for fiscal year ended June 30, 1995, the revision of the State of Michigan (State) school aid formula for local public schools significantly increased State school aid and the change in property tax laws significantly decreased local property tax revenues. As a result, State of Michigan revenues represent 79.5% percent of total General Fund revenues.

See independent auditor's report.

NOTE M SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2019, the most recent balance sheet presented herein, through September 30, 2019, the date these financial statements were available to be issued.

NOTE N TAX ABATEMENTS

The District received reduced property tax revenues during the fiscal year ended June 30, 2019 as a result of industrial facilities tax exemptions (IFT's). The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the county. The abatements amounted to approximately \$213,000 in reduced tax revenues for the year ended June 30, 2019.

NOTE O UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2019-2020 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of a governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2020-2021 fiscal year.

FREMONT PUBLIC SCHOOLS

Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2019

	Budget Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local Sources	\$3,396,707	\$3,417,263	\$3,286,480	\$ 20,556	\$ (130,783)
State Sources	17,063,942	17,362,966	17,472,973	299,024	110,007
Federal Sources	991,642	952,629	948,715	(39,013)	(3,914)
Other Sources	279,098	276,241	276,380	(2,857)	139
Total Revenues	<u>21,731,389</u>	<u>22,009,099</u>	<u>21,984,548</u>	<u>277,710</u>	<u>(24,551)</u>
Expenditures					
Instruction					
Basic Programs	10,232,109	10,306,733	10,232,964	74,624	73,769
Added Needs	3,908,017	3,819,253	3,772,159	(88,764)	47,094
Adult Education	177,729	211,994	193,370	34,265	18,624
Total Instruction	<u>14,317,855</u>	<u>14,337,980</u>	<u>14,198,493</u>	<u>20,125</u>	<u>139,487</u>
Support Services:					
Pupil	559,349	545,233	524,680	(14,116)	20,553
Instructional Staff	329,049	511,758	462,727	182,709	49,031
General Administration	447,866	467,866	465,210	20,000	2,656
School Administration	1,342,730	1,338,910	1,346,385	(3,820)	(7,475)
Business	371,811	374,105	323,653	2,294	50,452
Operations & Maintenance	1,667,849	1,699,127	1,613,105	31,278	86,022
Pupil Transportation	1,117,806	1,155,628	1,073,609	37,822	82,019
Central	510,225	527,607	520,681	17,382	6,926
Athletics	584,191	605,353	583,138	21,162	22,215
Total Support Services	<u>6,930,876</u>	<u>7,225,587</u>	<u>6,913,188</u>	<u>294,711</u>	<u>312,399</u>
Community Services	405,021	397,374	379,077	(7,647)	18,297
Debt Service	31,124	31,124	33,733	-	(2,609)
Total Expenditures	<u>21,684,876</u>	<u>21,992,065</u>	<u>21,524,491</u>	<u>307,189</u>	<u>467,574</u>
Excess (deficiency) of Revenue Over Expenditures	46,513	17,034	460,057	(29,479)	443,023
Other Financing Sources (Uses)					
Transfers to Other School Districts	-	-	3,172	-	3,172
Indirect Cost Allocation	-	-	61,742	-	61,742
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>64,914</u>	<u>-</u>	<u>64,914</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	46,513	17,034	524,971	(29,479)	507,937
Fund Balance - July 1, 2018	<u>1,825,340</u>	<u>1,825,340</u>	<u>1,825,340</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2019	<u>\$ 1,871,853</u>	<u>\$ 1,842,374</u>	<u>\$ 2,350,311</u>	<u>\$ (29,479)</u>	<u>\$ 507,937</u>

FREMONT PUBLIC SCHOOLS

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. District's proportion of net pension liability (%)	-	-	-	-	-	0.13054%	0.13366%	0.13285%	0.12781%	0.12335%
B. District's proportionate share of net pension liability	-	-	-	-	-	\$ 39,241,349	\$ 34,636,102	\$ 33,144,863	\$ 31,216,635	\$ 27,169,033
C. District's covered-employee payroll	-	-	-	-	-	\$ 10,903,708	\$ 11,115,805	\$ 11,380,315	\$ 10,622,388	\$ 10,630,504
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	-	-	-	-	-	359.88995%	311.59329%	291.24732%	293.87586%	255.57615%
E. Plan fiduciary net position as a percentage of total pension liability	-	-	-	-	-	62.36%	64.21%	63.27%	63.17%	66.20%

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

Notes to the Required Supplementary Information

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

FREMONT PUBLIC SCHOOLS

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,983,061	\$ 2,722,618	\$ 2,760,008	\$ 2,771,111	\$ 3,575,356
B. Contributions in relation to statutorily required contributions *	-	-	-	-	-	1,983,061	2,722,618	2,760,008	2,771,111	3,575,356
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,150,650	\$ 10,880,179	\$ 11,106,943	\$ 10,731,997	\$ 10,725,021
E. Contributions as a percentage of covered-employee payroll						17.78%	25.02%	24.85%	25.82%	33.34%

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

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

FREMONT PUBLIC SCHOOLS

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. District's proportionate share of net OPEB liability (%)	-	-	-	-	-	-	-	-	0.12799%	0.13354%
B. District's proportionate share of net OPEB liability	-	-	-	-	-	-	-	-	\$ 10,173,764	\$ 11,825,960
C. District's covered-employee payroll (OPEB)	-	-	-	-	-	-	-	-	\$ 10,903,708	\$ 11,115,805
D. District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	-	-	-	-	-	-	-	-	93.30554%	106.38870%
E. Plan fiduciary net position as a percentage of total OPEB liability	-	-	-	-	-	-	-	-	42.95%	36.39%

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.

Notes to the Required Supplementary Information

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

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

FREMONT PUBLIC SCHOOLS

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

	<u>2027</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily required OPEB contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 918,729	\$ 872,041
B. OPEB contributions in relation to statutorily required contributions *	-	-	-	-	-	-	-	-	918,729	872,041
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. District's covered-employee payroll (OPEB)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,150,650	\$ 10,880,179
E. OPEB contributions as a percentage of covered-employee payroll									8.24%	8.01%

* Contributions in relation to statutorily required OPEB contributions are the contributions the District actually made to the OPEB Plan, as distinct 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.

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - General Fund
June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
Assets		
Cash/Investments	\$ 1,706,689	\$ 1,283,787
Accounts Receivable	60,626	81,419
Due From Other Governmental Units	3,459,947	3,250,118
Inventory	55,389	67,837
Prepaid Expenses	21,009	72,091
	<u>5,303,660</u>	<u>4,755,252</u>
Total Assets	<u>\$ 5,303,660</u>	<u>\$ 4,755,252</u>
 Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$ 15,655	\$ 236,186
Salaries/Severance Payable	1,025,369	967,305
Retirement Payable	525,817	492,574
Health Insurance Payable	247,018	108,785
Payroll Taxes Payable	69,908	69,135
Unearned Revenue	69,582	13,745
Due to Other Funds	-	42,182
Notes Payable	1,000,000	1,000,000
	<u>2,953,349</u>	<u>2,929,912</u>
Total Liabilities	2,953,349	2,929,912
 Fund Equity		
Non-Spendable - Inventory	55,389	67,837
Non-Spendable - Prepaid Expenses	21,009	72,091
Unassigned	2,273,913	1,685,414
	<u>2,350,311</u>	<u>1,825,340</u>
Total Fund Equity	2,350,311	1,825,340
Total Liabilities and Fund Equity	<u>\$ 5,303,660</u>	<u>\$ 4,755,252</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - General Fund
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Local Sources		
Property Taxes	\$ 2,446,142	\$ 2,458,089
Summer School Fees	950	700
Adult/Community Education Fees	286,451	280,373
Transportation Fees	83,176	97,322
Interest on Investments	26,724	16,873
Other Facilities	61,247	62,674
Grants and Donations	244,356	340,491
Athletics	95,696	83,736
Other	41,738	37,978
Total Local Sources	<u>3,286,480</u>	<u>3,378,236</u>
State Sources		
State School Aid	13,650,112	13,216,709
State School Aid-Supplemental	1,648,898	1,553,930
Special Education	724,119	802,536
Vocational Education	21,598	6,361
Technology Readiness Infrastructure	37,500	5,025
At Risk	858,685	896,556
Adult Education	291,082	271,030
Early Literacy	-	24,150
Best Practices/Data Collection	54,676	53,453
Teacher Technology	6,904	2,880
Renaissance Zone	179,399	172,474
Total State Sources	<u>17,472,973</u>	<u>17,005,104</u>
Federal Sources		
Title I, Part A	396,163	429,857
Title II, Part A	119,335	78,312
Title V, Part A	29,220	45,876
Adult Education	121,198	125,014
National Forest Subsidy	1,841	2,122
Special Education - Flow Through	280,958	281,326
Total Federal Sources	<u>948,715</u>	<u>962,507</u>
Interdistrict Sources		
Special Education	<u>276,380</u>	<u>281,637</u>
Total Revenues	<u><u>\$ 21,984,548</u></u>	<u><u>\$ 21,627,484</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Expenditures - General Fund
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Instruction		
Basic Programs		
Elementary	\$ 4,156,724	\$ 4,047,570
Middle School	2,391,823	2,356,739
High School	3,163,901	3,107,968
Alternative Education	520,516	452,972
Total Basic Programs	<u>10,232,964</u>	<u>9,965,249</u>
Added Needs		
Special Education	2,459,959	2,444,026
Early Literacy	-	24,723
Section 31A / At-Risk	640,790	760,843
Title Programs/Improving Teacher Quality	518,640	533,768
Vocational Education	152,770	136,811
Total Added Needs	<u>3,772,159</u>	<u>3,900,171</u>
Adult Education	<u>193,370</u>	<u>170,786</u>
Total Instruction	<u>14,198,493</u>	<u>14,036,206</u>
Supporting Services		
Pupil		
Guidance	377,980	450,607
Health	11,668	15,998
Social Work	72,823	68,284
Homeless Youth	40,347	36,563
Other Pupil	21,712	19,658
Teacher Consultant - Special Education	150	150
Total Pupil	<u>524,680</u>	<u>591,260</u>
Instructional Staff		
Special Education	525	433
Adult Education	142,190	135,970
Curriculum Coordinator - School Improvement	172,428	67,312
Media Services	96,436	82,810
Instruction Technology	50,454	61,855
Audio-Visual	694	705
Total Instructional Staff	<u>462,727</u>	<u>349,085</u>
General Administration		
Board of Education	128,404	101,510
Executive Administration	336,806	332,488
Total General Administration	<u>465,210</u>	<u>433,998</u>

Statement of Expenditures - General Fund (continued)

	<u>2019</u>	<u>2018</u>
School Administration		
Office of the Principal	1,279,710	1,239,654
Alternative Education	66,675	68,577
Copy Center	-	1
Total School Administration	<u>\$ 1,346,385</u>	<u>\$ 1,308,232</u>
Business		
Fiscal Services	\$ 260,569	\$ 271,235
Other Business	63,084	71,119
Total Business	<u>323,653</u>	<u>342,354</u>
Operations & Maintenance	1,613,105	1,633,858
Transportation	1,073,609	1,099,311
Central		
Informational Services	15,324	15,691
Professional Development	1,678	2,258
Technology	403,185	339,227
Computer Information Management	43,158	30,832
Data Collection	57,336	56,175
Total Central	<u>520,681</u>	<u>444,183</u>
Athletics	583,138	564,234
Total Supporting Services	<u>6,913,188</u>	<u>6,766,515</u>
Community Services		
Parent Advisory - Title I	4,076	3,965
Day Care	221,559	225,315
Pals & Dads	-	58
After School Enrichment	153,442	162,284
Private/Parochial - Title II, A	-	7,098
Total Community Services	<u>379,077</u>	<u>398,720</u>
Debt Service		
Principal Retired	33,120	82,969
Interest	613	2,430
Total Debt Service	<u>33,733</u>	<u>85,399</u>
Total Expenditures	<u><u>\$ 21,524,491</u></u>	<u><u>\$ 21,286,840</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Debt Service Fund
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash/Investments	\$ 294,653	\$ 197,824
Accounts Receivable	662	-
Due From Other Funds	-	756
Total Assets	<u>\$ 295,315</u>	<u>\$ 198,580</u>
 Liabilities and Fund Equity		
Liabilities		
Due to Other Funds	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	-	-
 Fund Equity		
Assigned	<u>295,315</u>	<u>198,580</u>
Total Liabilities and Fund Equity	<u>\$ 295,315</u>	<u>\$ 198,580</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Change
in Fund Balance - Debt Service Fund
For the Years Ended June 30, 2019 and 2018

	2019	2018
Revenues		
Local Sources		
Property Taxes	\$ 3,437,807	\$ 3,300,815
Interest on Investments	1,810	1,232
Total Local Sources	3,439,617	3,302,047
Federal Sources		
Qualified Bonds Credit Payment	619,620	822,898
Total Revenues	4,059,237	4,124,945
Expenditures		
Taxes Abated	64	-
Principal Retired	40,905,000	2,085,000
Interest	2,766,735	2,678,357
Paying Agent	1,050	1,300
Total Debt Service	43,672,849	4,764,657
Excess Revenues Over(Under)Expenditures	(39,613,612)	(639,712)
Other Financing Sources(Uses)		
Proceeds from Issuance of Long-Term Debt	35,095,000	600,000
Bond Issuance Costs	(298,092)	-
Premiums and Discounts	4,913,439	-
Total Other Financing Sources	39,710,347	600,000
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	96,735	(39,712)
Fund Equity - July 1	198,580	238,292
Fund Equity - June 30	\$ 295,315	\$ 198,580

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Capital Projects Sinking Fund
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash/Investments	\$ 717,460	\$ 944,163
Due From Other Funds	-	270
Total Assets	<u>\$ 717,460</u>	<u>\$ 944,433</u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	-	-
Fund Equity		
Assigned	<u>717,460</u>	<u>944,433</u>
Total Liabilities and Fund Equity	<u>\$ 717,460</u>	<u>\$ 944,433</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Change
in Fund Balance - Capital Projects Sinking Fund
For the Years Ended June 30, 2019 and 2018

	2019	2018
Revenues		
Local Sources		
Property Taxes	\$ 1,119,672	\$ 1,079,353
Interest on Investments	545	491
Total Local Sources	1,120,217	1,079,844
Expenditures		
Capital Outlay	1,310,926	205,665
Professional Services	27,429	50,997
Miscellaneous	8,812	7,796
Total Expenditures	1,347,190	264,458
Excess Revenues Over(Under)Expenditures	(226,973)	815,386
Fund Equity - July 1	944,433	129,047
Fund Equity - June 30	\$ 717,460	\$ 944,433

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Non-Major Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010

	Sinking Fund									
	June 30 2019	June 30 2018	June 30 2017	June 30 2016	June 30 2015	June 30 2014	June 30 2013	June 30 2012	June 30 2011	June 30 2010
Assets										
Cash	\$ 717,460	\$ 944,163	\$ 129,047	\$ 186,650	\$ 506,657	\$ 815,720	\$ 937,773	\$ 981,814	\$ 732,384	\$ 357,419
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	270	-	-	-	38	38	-	-	50
Total Assets	<u>\$ 717,460</u>	<u>\$ 944,433</u>	<u>\$ 129,047</u>	<u>\$ 186,650</u>	<u>\$ 506,657</u>	<u>\$ 815,758</u>	<u>\$ 937,811</u>	<u>\$ 981,814</u>	<u>\$ 732,384</u>	<u>\$ 357,469</u>
Liabilities										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 17,763	\$ -	\$ -	\$ -	\$ 91,668	\$ -
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	42	29
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,710</u>	<u>29</u>
Fund Equity										
Assigned	717,460	944,433	129,047	186,650	488,894	815,758	937,811	981,814	640,674	357,440
Total Liabilities and Fund Equity	<u>\$ 717,460</u>	<u>\$ 944,433</u>	<u>\$ 129,047</u>	<u>\$ 186,650</u>	<u>\$ 506,657</u>	<u>\$ 815,758</u>	<u>\$ 937,811</u>	<u>\$ 981,814</u>	<u>\$ 732,384</u>	<u>\$ 357,469</u>

FREMONT PUBLIC SCHOOLS

Cumulative Statements of Revenues, Expenditures, and Change
in Fund Balance - Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Revenues					
Local Sources					
Property Taxes	\$1,119,672	\$1,079,353	\$ -	\$ -	\$ 72
Interest on Investments	545	491	165	189	511
Miscellaneous Income	-	-	-	-	-
Total Local Sources	<u>1,120,217</u>	<u>1,079,844</u>	<u>165</u>	<u>189</u>	<u>583</u>
Expenditures					
Supporting Services					
Taxes Abated	23	-	-	10	-
Capital Outlay	1,310,926	205,665	26,812	297,042	286,436
Professional Services	27,429	50,997	27,602	-	26,231
Miscellaneous	8,812	7,796	3,354	5,381	14,780
Total Expenditures	<u>1,347,190</u>	<u>264,458</u>	<u>57,768</u>	<u>302,433</u>	<u>327,447</u>
Excess Revenues Over (Under) Expenditures	(226,973)	815,386	(57,603)	(302,244)	(326,864)
Fund Equity - July 1	<u>944,433</u>	<u>129,047</u>	<u>186,650</u>	<u>488,894</u>	<u>815,758</u>
Fund Equity - June 30	<u>\$ 717,460</u>	<u>\$ 944,433</u>	<u>\$ 129,047</u>	<u>\$ 186,650</u>	<u>\$ 488,894</u>

FREMONT PUBLIC SCHOOLS

Cumulative Statements of Revenues, Expenditures, and Change
in Fund Balance - Capital Projects Fund - Sinking Fund

For the Years Ended June 30, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010

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

FREMONT PUBLIC SCHOOLS

Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2019

	Special Revenue Food Service	Capital Improvement Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash/Investments	\$ 387,851	\$ 80,322	\$ 468,173
Inventory	7,887	-	7,887
Total Assets	<u>\$ 395,738</u>	<u>\$ 80,322</u>	<u>\$ 476,060</u>
 Liabilities			
Deferred Revenue	\$ 1,277	\$ -	\$ 1,277
Total Liabilities	1,277	-	1,277
 Fund Equity			
Fund Balances			
Non-Spendable	7,887	-	7,887
Assigned	386,574	80,322	466,896
Total Fund Equity	<u>394,461</u>	<u>80,322</u>	<u>474,783</u>
Total Liabilities and Fund Equity	<u>\$ 395,738</u>	<u>\$ 80,322</u>	<u>\$ 476,060</u>

FREMONT PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures and Change
in Fund Balance - All Non-Major Governmental Funds - By Fund Type
For the Year Ended June 30, 2019

	Special Revenue Food Service	Capital Improvement Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Local Sources	\$ 315,764	\$ -	\$ 315,764
State Sources	86,463	-	86,463
Federal Sources	<u>671,060</u>	<u>-</u>	<u>671,060</u>
Total Revenues	1,073,287	-	1,073,287
Expenditures			
Supporting Services			
Food Service	<u>1,086,986</u>	<u>-</u>	<u>1,086,986</u>
Total Expenditures	<u>1,086,986</u>	<u>-</u>	<u>1,086,986</u>
Excess Revenues Over (Under) Expenditures	(13,699)	-	(13,699)
Other Financing Sources			
Sale of Fixed Assets	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Other Financing Sources	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing (Uses)	(12,699)	-	(12,699)
Fund Equity - July 1	<u>407,160</u>	<u>80,322</u>	<u>487,482</u>
Fund Equity - June 30	<u><u>\$ 394,461</u></u>	<u><u>\$ 80,322</u></u>	<u><u>\$ 474,783</u></u>

FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Change in
Fund Balance - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2019

	Food Service		
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Local Sources	\$ 326,630	\$ 315,764	\$ (10,866)
State Sources	86,462	86,463	1
Federal Sources	678,884	671,060	(7,824)
Total Revenues	1,091,976	1,073,287	(18,689)
Expenditures			
Food Service	1,096,080	1,086,986	9,094
Total Expenditures	1,096,080	1,086,986	9,094
Excess Revenues Over (Under) Expenditures	(4,104)	(13,699)	(9,595)
Other Financing Sources (Uses)			
Sale of Fixed Assets	-	1,000	1,000
Total Other Financing Sources (Uses)	-	1,000	1,000
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(4,104)	(12,699)	(8,595)
Fund Equity - July 1	407,160	407,160	-
Fund Equity - June 30	\$ 403,056	\$ 394,461	\$ (8,595)

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet
Non-Major Food Service Special Revenue Fund
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash/Investments	\$ 387,851	\$ 375,454
Due From Other Funds	-	41,155
Inventory	<u>7,887</u>	<u>6,820</u>
Total Assets	<u><u>\$ 395,738</u></u>	<u><u>\$ 423,429</u></u>
Liabilities		
Deferred Revenue	<u>\$ 1,277</u>	<u>\$ 16,269</u>
Total Liabilities	1,277	16,269
Fund Equity		
Non-Spendable	7,887	6,820
Assigned	<u>386,574</u>	<u>400,340</u>
Total Fund Equity	<u>394,461</u>	<u>407,160</u>
Total Liabilities and Fund Equity	<u><u>\$ 395,738</u></u>	<u><u>\$ 423,429</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Change in Fund Balance - Non-Major Food Service Special Revenue Fund For the Years Ended June 30, 2019 and 2018

	2019	2018
Revenues		
Local Sources		
Children's Lunches and Breakfasts	\$ 218,040	\$ 203,283
Ala Carte	71,787	73,952
Adult Lunches and Breakfasts	7,972	7,791
Interest	636	526
Other	17,329	17,982
Total Local Sources	315,764	303,534
State Sources	86,463	84,206
Federal Sources	671,060	704,985
Total Revenues	1,073,287	1,092,725
Expenditures		
Salaries:		
Manager	113,709	111,892
Cooks	18,991	18,680
Servers and Others	203,341	201,133
Payroll Taxes and Other Fringe Benefits	154,227	151,951
Local Travel	3,523	2,023
Equipment Repairs and Maintenance	10,493	7,273
Other Purchased Services	12,856	13,232
Food	442,280	445,155
Vehicle Expense	1,849	2,101
Non-food Supplies and Miscellaneous	28,151	28,275
Indirect Costs	61,742	58,352
Sales Tax	452	438
Dues and Subscriptions	5,030	1,850
Capital Outlay	30,342	7,307
Total Expenditures	1,086,986	1,049,662
Excess Revenues Over (Under) Expenditures	(13,699)	43,063
Other Financing Sources		
Sale of Fixed Assets	1,000	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(12,699)	43,063
Fund Equity - July 1	407,160	364,097
Fund Equity - June 30	\$ 394,461	\$ 407,160

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet
Non-Major Capital Improvement Capital Projects Fund
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash/Investments	\$ 80,322	\$ 80,322
Total Assets	<u>\$ 80,322</u>	<u>\$ 80,322</u>
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Equity		
Assigned	<u>80,322</u>	<u>80,322</u>
Total Fund Equity	<u>80,322</u>	<u>80,322</u>
Total Fund Equity	<u>\$ 80,322</u>	<u>\$ 80,322</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Change
in Fund Balance - Non-Major Capital Improvement Capital Projects Fund
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Local Sources		
Interest	\$ -	\$ 13
Total Local Sources	-	13
Expenditures		
Miscellaneous	-	-
Total Expenditures	-	-
Excess Revenues Over (Under) Expenditures	-	13
Fund Equity - July 1	<u>80,322</u>	<u>80,309</u>
Fund Equity - June 30	<u><u>\$ 80,322</u></u>	<u><u>\$ 80,322</u></u>

FREMONT PUBLIC SCHOOLS

Balance Sheet
Fiduciary Fund
Student Activities Agency Fund
June 30, 2019

Assets	
Cash and Investments	<u>\$ 379,222</u>
Total Assets	<u><u>\$ 379,222</u></u>
Liabilities and Net Position	
Liabilities	
Due to Student Groups	<u>\$ 379,222</u>
Total Liabilities	379,222
Net Position	
Net Position	<u>-</u>
Total Liabilities and Net Position	<u><u>\$ 379,222</u></u>

FREMONT PUBLIC SCHOOLS

Statement of Changes in Assets and Liabilities
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2019

	<u>Balance</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2019</u>
Assets				
Cash and Investments	<u>\$ 353,630</u>	<u>\$ 544,299</u>	<u>\$ 518,707</u>	<u>\$ 379,222</u>
Liabilities				
Due to Student Groups	<u>\$ 353,630</u>	<u>\$ 544,299</u>	<u>\$ 518,707</u>	<u>\$ 379,222</u>

FREMONT PUBLIC SCHOOLS

Statement of Cash Receipts and Disbursements
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2019

	Balance 6/30/2018	Receipts	Disbursements	Balance 6/30/2019
Interest on Investment	\$ 2,029	\$ 3,188	\$ 76	\$ 5,141
Administration - Miscellaneous	50,961	12,621	5,462	58,120
Daisy Brook - Book Fair	3,206	6,127	4,101	5,232
Daisy Brook - Cash for Education	6,690	3,081	3,149	6,622
Daisy Brook - Dogwood Library Grant	-	4,000	2,500	1,500
Daisy Brook - School/Store	(1,495)	-	-	(1,495)
Daisy Brook - Grade Funds	(52)	-	-	(52)
Daisy Brook - Positivity Project	301	-	-	301
Daisy Brook - Activities Fund	6,600	28,808	14,450	20,958
Daisy Brook - Student Council	1,872	987	1,685	1,174
High School - Academic Honor Roll	-	1,875	1,740	135
High School - Alumni Band	35	-	-	35
High School - Art/Pekel	4,804	4,712	6,817	2,699
High School - Athletic Uniforms	51,020	144,441	136,038	59,423
High School - Athletic Endowment	5,839	5,266	6,378	4,727
High School - Best of Belize	2,250	-	-	2,250
High School - Bob Robart Football Fund	1,890	(172)	-	1,718
High School - Brad Blamer Pay to Play	660	-	-	660
High School - Cam Beattie Memorial	55	-	-	55
High School - Candy Machine Sales	(732)	1,066	-	334
High School - Chad Paulsen Memorial	300	-	-	300
High School - Charles Sischo Memorial	834	-	-	834
High School - Industrial Arts	682	8,757	5,792	3,647
High School - Cheerleaders	247	100	31	316
High School - Class of 2015	283	2,247	2,406	124
High School - Class of 2016	6,430	4,295	2,386	8,339
High School - Conservation Club	5	-	-	5
High School - Picket Fence Café	-	300	-	300
High School - Germany Trip	937	-	-	937
High School - FACF Girls BB Grant	-	1,961	1,961	-
High School - FFA Ag Science	6,310	9,332	-	15,642
High School - Escape	15,239	12,648	11,780	16,107
High School - Embroidery	104	-	-	104
High School - Equestrian Team	(97)	2,173	1,835	241
High School - FACF Boys BB Grant	-	3,432	3,432	-
High School - Freshman Class	99	-	-	99
High School - F.F.A. Project	4,117	41,184	39,842	5,459
High School - John Kingsnorth Memorial	5	1,597	1,600	2

Statement of Cash Receipts and Disbursements (continued)

	Balance 6/30/2018	Receipts	Disbursements	Balance 6/30/2019
High School - Johnny Stariha Memorial	\$ 500	\$ -	\$ -	\$ 500
High School - Lakes 8	2,373	5,201	5,265	2,309
High School - Lila Ramey Memorial	390	-	-	390
High School - May Pekel Memorial	735	-	-	735
High School - Miscellaneous	2,131	-	2,560	(429)
High School - Mike Converse Memorial	440	(440)	-	-
High School - Mogul	10,419	14,663	13,733	11,349
High School - Music Boosters	25,838	21,613	25,939	21,512
High School - National Honor Society	7,463	4,125	1,010	10,578
High School - Orchestra	(1,155)	-	300	(1,455)
High School - Parking Permits	2,679	1,045	(20)	3,744
High School - Peace Jam	-	300	-	300
High School - Photography	1,861	670	40	2,491
High School - Pop	(674)	3,651	469	2,508
High School - Positive Behavior Incentives	821	-	717	104
High School - Principal Account	812	263	1,644	(569)
High School - Quiz Bowl	515	684	636	563
High School - Community Connection	5,542	-	-	5,542
High School - Scholarship Fund	2,492	-	-	2,492
High School - Science Exploration	369	-	-	369
High School - Scoreboard Advertising	100	-	-	100
High School - Sophomore Class	150	-	-	150
High School - Store	2,141	6,280	8,121	300
High School - String Quartet	-	5	-	5
High School - Student Council	4,646	5,223	9,272	597
High School - Theatre	(4,676)	10,924	9,964	(3,716)
High School - Theatre Endowment	12,566	-	5,407	7,159
High School - Tom Isenhardt Memorial	130	-	-	130
High School - Monte Johnson Memorial	482	-	-	482
High School - Chess Club	173	-	-	173
High School - Varsity Club	1,117	100	150	1,067
High School - Zach Hall Memorial	975	-	-	975
High School - Spanish Club	97	-	-	97
High School - Prom	11,348	4,311	5,247	10,412
High School - 2D Art	-	1,784	282	1,502
High School - 44th Street Project	21,563	33,877	40,882	14,558
Middle School - Art Club	15	-	48	(33)
Middle School - Band Fund	1,198	3,868	1,794	3,272
Middle School - Beaver Island Group	7,637	2,800	7,553	2,884
Middle School - Be Nice	-	152	-	152
Middle School - Circle of Friends	230	-	-	230
Middle School - Cash for Education	5,336	114	497	4,953
Middle School - Candy and Pop	2,384	284	107	2,561
Middle School - Cheerleaders	877	-	-	877

Statement of Cash Receipts and Disbursements (continued)

	Balance 6/30/2018	Receipts	Disbursements	Balance 6/30/2019
Middle School - Ebay	\$ 160	\$ 1	\$ 206	\$ (45)
Middle School - Ford Donation	4,669	-	912	3,757
Middle School - Instrument Repair/Rental	(105)	62	185	(228)
Middle School - Japan Friendship City	283	47,170	47,404	49
Middle School - Juice Fund	-	430	361	69
Middle School - Linda Bergklint Memorial	910	-	-	910
Middle School - Outdoor Fitness	162	-	-	162
Middle School - Parent Group	77	-	-	77
Middle School - Pride Club	83	-	-	83
Middle School - Principal Account	1,949	4,382	3,366	2,965
Middle School - Rain Forest Fund	(1,391)	2,281	250	640
Middle School - Sixth Grade Camp	5,418	8,062	7,939	5,541
Middle School - Teacher Lounge Pop	510	119	120	509
Middle School - Theatre	322	585	-	907
Middle School - Student Council	1,139	216	419	936
Middle School - Water Wells for Nigeria	-	366	-	366
Middle School - Yearbook	966	300	-	1,266
Pathfinder - Activity Fund	(2,247)	12,345	8,975	1,123
Pathfinder - Book Fair	1,884	4,807	4,935	1,756
Pathfinder - Office Activity	599	-	217	382
Pathfinder - Cash for Education	3,872	1,551	1,954	3,469
Pathfinder - Parent Group	14,790	28,592	37,814	5,568
Pathfinder - Pathways to Potential	246	59	-	305
Pathfinder - Pop Fund	252	17	135	134
Pathfinder - Families Together	121	-	120	1
Pathfinder - Ford Donation	2,936	-	926	2,010
Pine Street - Activity Fund	210	-	-	210
Pine Street - Cash for Education	853	-	109	744
Quest - CE Scrip Program	709	4,806	5,353	162
Quest - Daycare Program	4,700	100	807	3,993
Quest - Student Activity	2,636	1,000	-	3,636
Quest - Pop Fund	2,970	1,525	1,122	3,373
Soccer Fields	479	-	-	479
Total	<u>\$ 353,630</u>	<u>\$ 544,299</u>	<u>\$ 518,707</u>	<u>\$ 379,222</u>

FREMONT PUBLIC SCHOOLS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Year Ended June 30, 2019

<u>Function and Activity</u>	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 6/30/2019</u>
Instruction	\$66,237,229	\$ 1,088,031	\$ -	\$67,325,260
Support Service				
Students & Staff	69,336	-	-	69,336
Administration	184,622	5,093	-	189,715
Operation & Maintenance	111,664	-	-	111,664
Student Transportation Services	1,970,803	74,595	(121,144)	1,924,254
Food Services	155,569	-	-	155,569
Athletics	764,063	7,549	-	771,612
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$69,493,286</u>	<u>\$ 1,175,268</u>	<u>\$ (121,144)</u>	<u>\$70,547,410</u>

FREMONT PUBLIC SCHOOLS

Schedule of Changes in Long-Term Debt Obligations
June 30, 2019

	Refunding Bond 2013	Building America Bond 2009	Refunding Bond 2008	Refunding Bond 2019	School Bus Note Payable	School Bond Loan Fund Loan	Compensated Absence/Early Retirement	Total
Long-Term Debt Outstanding June 30, 2018	\$ 840,000	\$37,225,000	\$2,505,000	\$ -	\$ 30,466	\$6,004,093	\$ 168,943	\$46,773,502
Debt Added During Year	-	-	-	35,095,000	-	199,505	64,522	35,359,027
Debt Retired During Year	<u>(295,000)</u>	<u>(37,225,000)</u>	<u>(2,505,000)</u>	<u>(880,000)</u>	<u>(30,466)</u>	<u>-</u>	<u>(204,237)</u>	<u>(41,139,703)</u>
Long-Term Debt Outstanding June 30, 2019	<u>\$ 545,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$34,215,000</u>	<u>\$ -</u>	<u>\$6,203,598</u>	<u>\$ 29,228</u>	<u>\$40,992,826</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
\$2,210,000 of Refunding Bonds Dated February 2013
June 30, 2019

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2019		-	4,695	4,695
May 1, 2020	1.65	280,000	4,695	284,695
November 1, 2020		-	2,385	2,385
May 1, 2021	1.80	265,000	2,385	267,385
		<u>\$ 545,000</u>	<u>\$ 14,160</u>	<u>\$ 559,160</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
 \$35,095,000 of Refunding Bonds Dated February 2019
 June 30, 2019

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2019		-	845,650	845,650
May 1, 2020	4.00	945,000	845,650	1,790,650
November 1, 2020		-	826,750	826,750
May 1, 2021	4.00	1,000,000	826,750	1,826,750
November 1, 2021		-	806,750	806,750
May 1, 2022	5.00	1,300,000	806,750	2,106,750
November 1, 2022		-	774,250	774,250
May 1, 2023	5.00	1,355,000	774,250	2,129,250
November 1, 2023		-	740,375	740,375
May 1, 2024	5.00	1,410,000	740,375	2,150,375
November 1, 2024		-	705,125	705,125
May 1, 2025	5.00	1,465,000	705,125	2,170,125
November 1, 2025		-	668,500	668,500
May 1, 2026	5.00	1,505,000	668,500	2,173,500
November 1, 2026		-	630,875	630,875
May 1, 2027	5.00	1,580,000	630,875	2,210,875
November 1, 2027		-	591,375	591,375
May 1, 2028	5.00	1,650,000	591,375	2,241,375
November 1, 2028		-	550,125	550,125
May 1, 2029	5.00	1,730,000	550,125	2,280,125
November 1, 2029		-	506,875	506,875
May 1, 2030	5.00	1,815,000	506,875	2,321,875
November 1, 2030		-	461,500	461,500
May 1, 2031	5.00	1,895,000	461,500	2,356,500
November 1, 2031		-	414,125	414,125
May 1, 2032	5.00	1,955,000	414,125	2,369,125
November 1, 2032		-	365,250	365,250
May 1, 2033	5.00	2,035,000	365,250	2,400,250

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
 \$35,095,000 of Refunding Bonds Dated February 2019
 June 30, 2019

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2033		-	314,375	314,375
May 1, 2034	5.00	2,070,000	314,375	2,384,375
November 1, 2034		-	262,625	262,625
May 1, 2035	5.00	2,080,000	262,625	2,342,625
November 1, 2035			210,625	210,625
May 1, 2036	5.00	2,090,000	210,625	2,300,625
November 1, 2036			158,375	158,375
May 1, 2037	5.00	2,105,000	158,375	2,263,375
November 1, 2037			105,750	105,750
May 1, 2038	5.00	2,110,000	105,750	2,215,750
November 1, 2038			53,000	53,000
May 1, 2039	5.00	2,120,000	53,000	2,173,000
		<u>\$34,215,000</u>	<u>\$19,984,550</u>	<u>\$54,199,550</u>

FREMONT PUBLIC SCHOOLS

Schedule of Cash and Investments

June 30, 2019

General Fund		
Petty Cash	\$ 500	
Checking Accounts - Chemical Bank	127,968	
Athletic Funds - Chemical Bank	5,857	
Athletic Funds - Huntington Bank	5,000	
MBIA Asset Management	448,413	
Michigan Liquid Asset Fund	<u>1,118,951</u>	\$ 1,706,689
Special Revenue Fund		
Food Service Fund		
Petty Cash	273	
Checking Account - Newaygo County SECU	123,514	
Savings - Newaygo County SECU	88,525	
Savings - Newaygo County SECU	73,926	
Certificate of Deposit - Chemical Bank	<u>101,613</u>	387,851
Debt Service Fund		
Money Market Account - Huntington Bank		294,653
Capital Project/Improvement Funds		
Sinking Fund -Checking Account - Chemical Bank	717,460	
Improvement Fund - Certificate of Deposit - Chemical Bank	80,000	
Improvement Fund - Checking Account - Chemical Bank	<u>322</u>	797,782
Student Activity Agency Fund		
Checking - Newaygo County SECU	115,716	
Savings - Newaygo County SECU	5	
Certificate of Deposit - Chemical Bank	155,959	
MBIA Asset Management	<u>107,542</u>	379,222
		<u>\$ 3,566,197</u>
Governmental Funds		
Major Funds		\$ 2,001,342
Non-Major Funds		<u>1,185,633</u>
		3,186,975
Fiduciary Funds		
		<u>379,222</u>
		<u>\$ 3,566,197</u>

FREMONT PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Program Title/Project Number Subrecipient name	Federal CFDA Number	Grant or Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 6/30/2018	Adjustments and Transfers	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2019
<u>U.S. Department of Agriculture</u>									
Passed through the Michigan Department of Education:									
<i>Child Nutrition Cluster</i>									
Non-cash assistance (commodities):									
Entitlement Commodities	10.555	N/A	\$ 73,571	\$ -	\$ -	\$ -	\$ 52,176	\$ 52,176	\$ -
Total non-cash assistance			73,571	-	-	-	52,176	52,176	-
Cash assistance:									
National School Lunch Program - Section 11	10.555	181980	16,749	-	-	15,104	1,645	1,645	-
National School Lunch Program - Section 11	10.555	191980	12,045	-	-	-	12,045	12,045	-
National School Lunch Program - Section 11	10.555	181960	519,029	-	-	452,808	66,221	66,221	-
National School Lunch Program - Section 11	10.555	191960	419,586	-	-	-	419,586	419,586	-
			967,409	-	-	467,912	499,497	499,497	-
Total CFDA #10.555			1,040,980	-	-	467,912	551,673	551,673	-
School Breakfast Program	10.553	181970	118,051	-	-	104,971	13,080	13,080	-
School Breakfast Program	10.553	191970	106,307	-	-	-	106,307	106,307	-
Total CFDA #10.553			224,358	-	-	104,971	119,387	119,387	-
Total cash assistance			1,191,767	-	-	572,883	618,884	618,884	-
Total Michigan Department of Education (cluster total)			1,265,338	-	-	572,883	671,060	671,060	-
Passed through Newaygo County									
National Forest Subsidy	10.665	N/A	1,841	-	-	-	1,841	1,841	-
Total U.S. Department of Agriculture			\$ 1,267,179	\$ -	\$ -	\$ 572,883	\$ 672,901	\$ 672,901	\$ -
<u>U.S. Department of Education</u>									
Passed through the Michigan Department of Education									
Federal Adult Education	84.002	181130-181998	\$ 65,014	\$ 3,200	\$ -	\$ 65,014	\$ -	\$ 3,200	\$ -
Federal Adult Education	84.002	191130-181998	61,814	-	-	-	61,257	59,651	1,606
Federal Adult Education	84.002	191190-191998	60,000	-	-	-	59,941	59,941	-
			186,828	3,200	-	65,014	121,198	122,792	1,606

See Notes to Schedule of Expenditures of Federal Awards

FREMONT PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

Program Title/Project Number Subrecipient name	Federal CFDA Number	Grant or Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 6/30/2018	Adjustments and Transfers	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2019
U.S. Department of Education (Continued)									
Passed through the Michigan Department of Education (Continued)									
Title I Part A 18/19	84.010	191530	\$ 397,447	\$ -	\$ -	\$ -	\$ 397,447	\$ 397,447	\$ -
Title I Part A 17/18	84.010	181530	429,857	34,325	-	429,857	-	34,325	-
Title I Part A 16/17	84.010	171530	476,689	-	(1,284)	475,405	-	(1,284)	-
			<u>1,303,993</u>	<u>34,325</u>	<u>(1,284)</u>	<u>905,262</u>	<u>397,447</u>	<u>430,488</u>	<u>-</u>
Title II Part A 18/19	84.367	190520	122,190	-	-	-	122,190	122,190	-
Title II Part A 17/18	84.367	180520	89,381	10,834	-	78,312	-	10,834	-
Title II Part A 16/17	84.367	170520	122,466	-	(2,855)	119,611	-	(2,855)	-
			<u>334,037</u>	<u>10,834</u>	<u>(2,855)</u>	<u>197,923</u>	<u>122,190</u>	<u>130,169</u>	<u>-</u>
Title IV Part A Student Support & Acad. Enrich	84.424	180750	29,220	-	-	-	29,220	29,220	-
Total Michigan Department of Education			<u>1,854,078</u>	<u>48,359</u>	<u>(4,139)</u>	<u>1,168,199</u>	<u>670,055</u>	<u>712,669</u>	<u>1,606</u>
Passed through Newaygo County Regional Educational Service Agency									
Special Education - Grants to States	84.027	180450/1718	281,326	49,236	-	281,326	-	49,236	-
Special Education - Grants to States	84.027	190450/1819	280,958	-	-	-	280,958	238,737	42,221
			<u>562,284</u>	<u>49,236</u>	<u>-</u>	<u>281,326</u>	<u>280,958</u>	<u>287,973</u>	<u>42,221</u>
Total U.S. Department of Education			<u>\$ 2,416,362</u>	<u>\$ 97,595</u>	<u>\$ (4,139)</u>	<u>\$ 1,449,525</u>	<u>\$ 951,013</u>	<u>\$ 1,000,642</u>	<u>\$ 43,827</u>
Total Federal Awards			<u>\$ 3,683,541</u>	<u>\$ 97,595</u>	<u>\$ (4,139)</u>	<u>\$ 2,022,408</u>	<u>\$ 1,623,914</u>	<u>\$ 1,673,543</u>	<u>\$ 43,827</u>

See Notes to Schedule of Expenditures of Federal Awards

FREMONT PUBLIC SCHOOLS

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Fremont Public Schools under programs for the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Fremont Public Schools, it is not intended to and does not present the financial position or changes in net position of Fremont Public Schools.

The District does not pass through federal funds.

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

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and in OMB Circular A-87 *Cost Principles for States, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

(3) Adjustments and Transfers

During the year, the Michigan Department of Education (MDE) performed a review of the District's Title I and Title II programs for 2016-17 school year, resulting in disallowed costs of \$4,139. These funds were repaid to MDE via reduction from 2018-19 program fund requests. See Reconciliation of Revenues with Expenditures of Federal Award Programs.

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

Current cash payments per Cash Management System (CMS)	\$ 1,331,554
Add items not on CMS report:	
Food Distribution Program - Entitlement Commodities	52,176
IDEA Flowthrough Grant	287,973
National Forest Subsidy	1,841
Rounding	<u>(1)</u>
Current year receipts (cash basis) per	
Schedule of Expenditures of Federal Awards	<u><u>\$ 1,673,543</u></u>

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

FREMONT PUBLIC SCHOOLS

Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

(6)	<u>Reconciliation of Revenues with Expenditures of Federal Award Programs:</u>	
	Revenues from Governmental Funds - Statement of Revenues,	
	Expenditures and Changes in Fund Balance	\$ 2,239,395
	Less: Federal Qualified Bonds Credit Payment	(619,620)
	Plus: Adjustments (See (3) above)	<u>4,139</u>
	Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 1,623,914</u></u>



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

Board of Education
Fremont Public Schools
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, each major fund, and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2019, 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 September 30, 2019.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

H & S Companies, P.C.

H & S Companies, P.C.
Certified Public Accountants
Fremont, MI
September 30, 2019



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

Board of Education
Fremont Public Schools
Fremont, Michigan 49412

Report on Compliance for Each Major Federal Program

We have audited Fremont Public School's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Fremont Public School's major federal programs for the year ended June 30, 2019. Fremont Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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



Opinion on Each Major Federal Program

In our opinion, Fremont Public Schools 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, 2019.

Report on Internal Control Over Compliance

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

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

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

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

H & S Companies, P.C.

H & S Companies, P.C.
Certified Public Accountants
Fremont, MI
September 30, 2019

FREMONT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

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. No significant deficiencies were identified.
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. No audit findings were disclosed that are required to be reported in accordance with Uniform Guidance.
4. The programs tested as a major programs included:

School Lunch Program	CFDA #:	10.553
National School Lunch Program	CFDA #:	10.555
5. The threshold for distinguishing Types A and B programs was \$750,000.
6. Fremont Public School District was determined to be a low risk auditee.

Section II - Financial Statement Findings

No Findings

Section III - Federal Award Findings and Questioned Costs

No Findings



September 30, 2019

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, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 28, 2019. 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. 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.

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 September 30, 2019.

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.

Comments and Recommendations

Condition of Accounting Records and Accounting Controls

We would like to thank the accounting personnel for their efforts in accumulating the information needed for our audit. We encourage you to review your internal and accounting controls on an annual basis to ensure they are adequate and operating as intended.

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.
Fremont, MI