

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

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 12
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statement	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet - All Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds	
The Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund	
Balances - Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	18
Fiduciary Funds:	
Statement of Net Position	19
Notes to the Financial Statements	20 - 40
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule for the General Fund	41
Schedule of Proportionate Share of Net Pension Liability	42
Schedule of Contributions	43
SUPPLEMENTAL INFORMATION	
General Fund	
Comparative Balance Sheet	44
Comparative Statement of Revenues	45
Comparative Statement of Expenditures	46 - 47

Table of Contents (Continued)

Debt Service	
Comparative Balance Sheet	48
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	49
Building & Site Fund	
Comparative Balance Sheet	50
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	51
Non-Major Governmental Funds	
Combining Balance Sheet - Non-Major Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Funds	53
Comparative Balance Sheet - Food Service Fund	54
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Food Service Fund	55
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Food Service Fund	56
Capital Projects - Non-Major Fund	
Sinking Fund	
Comparative Balance Sheet	57
Comparative Statement of Revenues, Expenditures & Changes in Fund Balance	58
Comparative Balance Sheet - Multi-year Comparison	59
Cumulative Statement of Revenues, Expenditures And Changes in Fund Balance	60 - 61
Fiduciary Fund	
Student Activities Agency Fund	
Balance Sheet	62
Statement of Changes in Assets and Liabilities	63
Statement of Cash Receipts and Disbursements	64 - 66
Capital Assets and Debt	
Capital Assets Used in Operation of Governmental Funds Schedule of Changes by Function and Activity	67

Table of Contents (Continued)

Schedule of Changes in Long-Term Debt	68
Schedule of Principal and Interest Payments	
\$43,875,000 of School Building & Site Bonds dated June 24, 2009	69 - 70
\$ 8,210,000 of Refunding Bonds dated February 14, 2008	71
\$ 2,210,000 of Refunding Bonds dated February 2013	72
School Bus Capital Lease dated August 2013	73
School Bus Note Payable Lease dated July 2014	74
Schedule of Cash and Investments	75
FEDERAL FINANCIAL ASSISTANCE	
Schedule of Expenditures of Federal Awards	76
Notes to Schedule of Expenditures of Federal Awards	77
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>	78 - 79
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	80 - 81
Schedule of Findings and Questioned Costs	82



The Board of Education
Fremont Public Schools
Fremont, MI

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of Fremont Public Schools as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2017 on our consideration of Fremont Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Fremont Public School's internal control and compliance.

H&S Companies, P.C.

H&S Companies, P.C.
Fremont, MI

October 24, 2017

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, 2017. 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 \$2.1 million during the year and amounted to a deficit of \$27.2 million at June 30, 2017.
- General revenues accounted for \$20.1 million, or 75.3%, of all fiscal year 2017 revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for nearly \$6.6 million or 24.7% of total fiscal year 2017 revenues. Revenues increased over \$1.2 million from the prior year. The major changes include an decrease in property taxes of \$92,000, an increase in state aid of \$420,000 and an increase in operating grants and contributions of \$302,000.
- The District had about \$28.7 million in expenses related to governmental activities; of which nearly \$6.6 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$20.1 million covered 90.5% of the remaining costs of these programs. Expenses decreased by \$70,000 compared to last year. Instruction expenditures decreased \$46,000 while support services increased \$32,000.
- The General Fund, a major fund for the District, had nearly \$21.5 million in revenue and other financing sources which primarily consisted of state aid and property taxes. The General Fund also had over \$21.4 million in expenditures and other uses. The General Fund's fund balance increased by \$71,000.
- General Fund revenues increased \$838,000 while expenditures increased \$759,000 compared to the prior year.
- The Debt Service Fund is also a major fund for the district. The Debt Service Fund property taxes decreased \$120,000 from the prior year level of \$3.4 million. The Debt Service Fund also received over \$835,000 in bond interest credits from the federal government. Expenditures increased from \$4.766 million to \$4.769 million due to payments on the bonds. After borrowing \$720,000 from the School Bond Loan Fund, the Debt Service fund balance increased \$39,000.

- The Capital Projects-Sinking Fund, Capital Projects-Capital Improvement Fund, and Food Service Funds are non-major funds for the District. Together they accounted for over \$1.07 million in revenue and over \$1.12 million in expenses. The fund balances of these funds decreased by over \$40,000.

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 20 - 40 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, 2017 than the year before. The following summarizes the net position at fiscal years ended June 30, 2017 and 2016:

Net Position Summary

	2017	2016
Assets		
Current Assets	\$ 6,147,119	\$ 5,460,881
Capital Assets	69,513,707	69,901,864
Less: Accumulated Depreciation	(21,560,290)	(19,860,025)
Capital Assets, Net Book Value	47,953,417	50,041,839
Total Assets	54,100,536	55,502,720
Deferred Outflows of Resources	5,167,729	4,035,853
Liabilities		
Current Liabilities	6,221,202	5,329,183
Long-Term Liabilities	46,060,038	47,257,279
Net Pension Liability	33,144,863	31,216,635
Total Liabilities	85,426,103	83,803,097
Deferred Inflows of Resources	1,011,750	798,016
Net Position		
Net Investment in Capital Assets	(466,589)	700,030
Restricted for Debt Service	238,293	199,712
Unrestricted	(26,941,292)	(25,962,282)
Total Net Position	\$ (27,169,588)	\$ (25,062,540)

Results of Operations:

For the fiscal years ended June 30, 2017 and 2016, the District wide results of operations are reported below.

	Year Ended 2016		Year Ended 2015	
	Amount	%	Amount	%
Revenues:				
Program Revenues:				
Charges for Services	\$ 808,189	3.03	\$ 824,303	3.25
Operating Grants/Contr.	5,774,187	21.68	5,472,026	21.57
General Revenues:				
Property Taxes	5,537,481	20.79	5,629,511	22.19
State Aid	14,430,657	54.17	14,008,910	55.23
Interest and Other	87,134	0.33	(568,743)	(2.24)
Total Revenue	<u>26,637,648</u>	<u>100.00</u>	<u>25,366,007</u>	<u>100.00</u>
Expenses:				
Instruction				
Basic Programs	12,978,264	45.15	13,005,941	45.15
Added Needs	4,335,209	15.08	4,447,612	15.44
Adult Education	198,862	0.69	149,119	0.52
Total Instruction	<u>17,512,335</u>	<u>60.92</u>	<u>17,602,672</u>	<u>61.11</u>
Support Services				
Pupil	619,593	2.16	645,587	2.24
Instructional Staff	407,900	1.42	289,722	1.01
General Administration	417,901	1.45	447,271	1.55
School Administration	1,356,233	4.72	1,412,795	4.90
Business	323,025	1.12	310,566	1.08
Operations/Maintenance	1,614,912	5.62	1,609,667	5.59
Pupil Transportation	1,041,437	3.62	1,055,438	3.66
Central	520,164	1.81	454,343	1.58
Total Support Services	<u>6,301,165</u>	<u>21.92</u>	<u>6,225,389</u>	<u>21.61</u>
Community Services	374,073	1.30	347,878	1.21
Food Service	1,023,030	3.56	1,100,111	3.82
Athletics	539,983	1.88	493,788	1.71
Capital Outlay	41,803	0.15	21,761	0.08
Interest on Debt	2,952,314	10.27	3,013,992	10.46
Total Expenses	<u>28,744,703</u>	<u>100.00</u>	<u>28,805,591</u>	<u>100.00</u>
Change in Net Position	(2,107,055)		(3,439,584)	
Beginning Net Position	<u>(25,062,533)</u>		<u>(21,622,956)</u>	
Ending Net Position	<u><u>\$ (27,169,588)</u></u>		<u><u>\$ (25,062,540)</u></u>	

Debt Administration

At year-end, the District had over \$48 million in long-term obligations of which \$2,359,970 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, 2017.

Compensated Absences	\$	31,572
Early Retirement		336,000
Bond Issues		48,004,615
		48,372,187
	\$	48,372,187

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, 2017, the net increase in accumulated depreciation was \$2,199,603. Depreciation expense totaled \$2,199,603 and there was \$0 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 \$2,199,603 in assets during the year.

Capital Outlay Acquisitions

Actual capital outlay acquisitions during the year were \$147,010 while \$0 assets were disposed of for the fiscal year ended June 30, 2017.

Net Acquisitions combined with the increase in accumulated depreciation, net investment in capital assets (i.e., net book value) decreased by \$2,052,593 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 2016-2017 fiscal year was \$2,446,508. The non-homestead tax levy increased by 2.03% 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
2016-2017	2,446,508	2.03%
2015-2016	2,397,845	2.28%
2014-2015	2,344,493	-1.53%
2013-2014	2,381,039	9.40%
2012-2013	2,176,478	0.42%

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 \$7,511 per student for the 2016-2017 school year. This represented an increase of \$120 per student compared to the allowance of \$7,391 for the 2015-2016 school year.

Student Enrollment:

The District's student enrollment for the fall count of 2016-2017 was 2,129 students. The following summarizes fall student enrollments in the past five years:

	Student FTE	FTE Change from Prior Year
2016-2017	2,129	(2)
2015-2016	2,131	(107)
2014-2015	2,238	15
2013-2014	2,223	16
2012-2013	2,207	(87)

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 2016-2017 the District's debt millage levy was 7.0 mills, which generated a levy of \$2,979,268.

Food Service Sales to Students & Adults:

The District's local sources of revenues decreased by \$31,000 from the prior school year. State Sources increased \$7,000 while Federal Sources decreased \$3,000. The total expenditures for Food Service operations decreased by \$43,000 from the prior year. Revenues exceeded expenditures by \$17,000.

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
2012-2013	19,424,365	19,935,915	19,861,047	2.25%	-0.38%
2013-2014	19,141,825	19,525,176	19,540,207	2.08%	0.08%
2014-2015	20,363,343	20,335,991	20,145,494	-1.07%	-0.94%
2015-2016	20,577,121	20,623,108	20,696,704	0.58%	0.36%
2016-2017	19,879,004	21,171,605	21,456,149	7.93%	1.34%
Five-Year Average Over (Under) Budget				2.54%	-0.28%

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
2012-2013	18,968,064	19,217,119	19,056,909	0.47%	-0.83%
2013-2014	19,201,095	19,773,062	19,714,627	2.67%	-0.30%
2014-2015	20,730,096	20,829,126	20,748,065	0.09%	-0.39%
2015-2016	20,506,768	20,325,525	20,691,521	0.90%	1.80%
2016-2017	19,820,547	21,272,528	21,527,377	8.61%	1.20%
Five-Year Average Over (Under) Budget				2.99%	0.10%

General Fund Budgetary Highlights:

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

General Fund Revenues:

Total Revenues Original Budget	\$	19,820,547	
Total Revenues Final Budget		21,272,528	
 Increase in Budgeted Revenues	 \$	 1,451,981	 7.33%

The District’s final general fund revenues differed from the final budget by \$254,849. This is a variance of 1.20%.

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

- Increase in Local Sources
- Increase in State Sources

General Fund Expenditures:

Total Expenditures Original Budget	\$	19,879,004	
Total Expenditures Final Budget		21,171,605	
 Increase in Budgeted Expenditures	 \$	 1,292,601	 6.50%

The District’s final general fund expenditures differed from the final budget by \$284,544. This is a variance of 1.34%.

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 2017-2018 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 2017-2018. Budgeted expenditures in the General Fund are \$20,533,491 which is an decrease of \$922,658 from the 2016-2017 actual expenditures. General Fund Revenues were budgeted at \$20,408,974. This is a \$1,050,999 decrease from the 2016-2017 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, 2017

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash/Investments	\$ 2,159,035
Accounts Receivable	66,950
Due from Other Governmental Units	3,362,084
Inventory	109,544
Due from Other Funds	62,203
Restricted Cash/Investments-Capital Projects and Debt Service	<u>387,303</u>
Total Current Assets	6,147,119
Noncurrent Assets:	
Bond Issuance Costs (net of amortization)	152,667
Land	1,575,257
Capital Assets (net of accumulated depreciation)	<u>46,225,493</u>
Total Noncurrent Assets	<u>47,953,417</u>
Total Assets	54,100,536
Deferred Outflows of Resources	
Deferred Outflows of Resources Related to Pensions	5,167,729
Liabilities	
Current Liabilities:	
Accounts Payable	221,699
Salaries/Severance Payable	1,002,250
Retirement Payable	633,492
Health Insurance Payable	165,276
Payroll Taxes Payable	67,533
Unearned Revenue	70,984
Note Payable - Short Term	1,700,000
Current Portion of Long-Term Obligations	<u>2,359,968</u>
Total Current Liabilities	6,221,202
Noncurrent Liabilities:	
Bond Issue Premium (net of amortization)	47,819
Noncurrent Portion of Long-Term Obligations	46,012,219
Net Pension Liability	<u>33,144,863</u>
Total Noncurrent Liabilities	<u>79,204,901</u>
Total Liabilities	85,426,103
Deferred Inflows of Resources	
Deferred Inflows of Resources Related to Pensions	<u>1,011,750</u>
Net position	
Net Investment in Capital Assets	(466,589)
Restricted For Debt Service	238,293
Unrestricted	<u>(26,941,292)</u>
Total Net Position	<u>\$ (27,169,588)</u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Government Wide Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenue
				Government Activities
Governmental Activities				
Instruction:				
Basic Programs	\$ 12,978,264	\$ -	\$ 574,310	\$ (12,403,954)
Added Needs	4,335,209	-	3,161,801	(1,173,408)
Adult Education	198,862	-	424,817	225,955
Total Instruction		-	4,160,928	(13,351,407)
Support Services:				
Pupil	619,593	-	-	(619,593)
Instructional Staff	407,900	-	-	(407,900)
General Administration	417,901	-	-	(417,901)
School Administration	1,356,233	-	-	(1,356,233)
Business	323,025	-	-	(323,025)
Operations and Maintenance	1,614,912	-	-	(1,614,912)
Pupil Transportation	1,041,437	92,938	-	(948,499)
Central	520,164	-	-	(520,164)
Total Support Services		92,938	-	(6,208,227)
Community Services	374,073	354,032	-	(20,041)
Food Services	1,023,030	296,717	775,488	49,175
Athletics	539,983	64,499	-	(475,484)
Capital Outlay (Under \$5,000)	41,803	-	-	(41,803)
Interest and Fees on Debt	2,952,314	-	837,771	(2,114,543)
Total School District	\$ 28,744,703	\$ 808,186	\$ 5,774,187	\$ (22,162,330)

General Revenues

Property Taxes	
General Purposes	\$ 2,288,440
Debt Services	3,249,041
State and Federal Aids Not Restricted To Specific Functions:	
General	14,430,657
Interest and Investment Earnings	12,093
Miscellaneous	56,983
Gain (Loss) on Disposition of Capital Assets	390
Amortized Bond Premium	<u>17,671</u>
Total General Revenues	<u>20,055,275</u>
Change in Net Position	(2,107,055)
Net Position - Beginning of Year	<u>(25,062,533)</u>
Net Position - Ending of Year	<u><u>\$ (27,169,588)</u></u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Balance Sheet - All Governmental Funds
June 30, 2017

	General Fund	Debt Services Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash/Investments	\$ 1,811,592	\$ 258,256	\$ 476,490	\$ 2,546,338
Accounts Receivable	66,731	-	219	66,950
Due from Other Funds	20,187	224	90,396	110,807
Due from Other Governmental Units	3,362,084	-	-	3,362,084
Inventory	54,980	-	54,564	109,544
Prepaid Expenses	62,203	-	-	62,203
	<u>5,377,777</u>	<u>258,480</u>	<u>621,669</u>	<u>6,257,926</u>
Total Assets	\$ 5,377,777	\$ 258,480	\$ 621,669	\$ 6,257,926
Liabilities and Fund Equity				
Liabilities				
Accounts Payable	\$ 221,699	\$ -	\$ -	\$ 221,699
Salaries/Severance Payable	1,002,250	-	-	1,002,250
Retirement Payable	633,492	-	-	633,492
Benefits Payable	165,290	-	-	165,290
FICA Taxes Payable	67,519	-	-	67,519
Unearned Revenue	55,813	-	15,171	70,984
Due to Other Funds	90,620	20,187	-	110,807
Notes Payable	1,700,000	-	-	1,700,000
	<u>3,936,683</u>	<u>20,187</u>	<u>15,171</u>	<u>3,972,041</u>
Total Liabilities	3,936,683	20,187	15,171	3,972,041
Fund Equity				
Non-Spendable - Inventory	54,980	-	54,564	109,544
Non-Spendable - Prepaid Expenses	62,203	-	-	62,203
Assigned	-	238,293	551,934	790,227
Unassigned	1,323,911	-	-	1,323,911
	<u>1,441,094</u>	<u>238,293</u>	<u>606,498</u>	<u>2,285,885</u>
Total Fund Equity	1,441,094	238,293	606,498	2,285,885
Total Liabilities and Fund Equity	\$ 5,377,777	\$ 258,480	\$ 621,669	\$ 6,257,926

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
June 30, 2017

Total Governmental Fund Balances	\$	2,285,885
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Total Net Position reported for governmental activities in the statement of Net Position are different from the amount reported as total governmental funds fund balance because:

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

Governmental Capital Assets	\$ 69,513,707	
Governmental Accumulated Depreciation	<u>(21,560,290)</u>	
		47,953,417

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	5,167,729	
Deferred Inflows of Resources Related to Pensions	<u>(1,011,750)</u>	
		4,155,979

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	(48,420,006)	
Net Pension Liability	<u>(33,144,863)</u>	
		<u>(81,564,869)</u>

Total Net Position - Governmental Activities:	\$	<u><u>(27,169,588)</u></u>
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FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2017

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Sources	\$ 3,270,284	\$ 3,250,010	\$ 296,330	\$ 6,816,624
State Sources	16,703,329	-	85,615	16,788,944
Federal Sources	951,177	837,771	689,873	2,478,821
Other Sources	535,183	-	-	535,183
Total Revenues	21,459,973	4,087,781	1,071,818	26,619,572
Expenditures				
Instruction				
Basic Programs	10,173,117	-	-	10,173,117
Added Needs	4,021,924	-	-	4,021,924
Adult Education	200,200	-	-	200,200
Support Services:				
Pupil	561,429	-	-	561,429
Instructional Staff	400,020	-	-	400,020
General Administration	393,112	-	-	393,112
School Administration	1,293,488	-	-	1,293,488
Business	310,175	-	-	310,175
Operations & Maintenance	1,599,538	-	-	1,599,538
Pupil Transportation	1,037,122	-	-	1,037,122
Central	509,027	-	-	509,027
Community Services	367,577	-	-	367,577
Athletics	503,424	-	-	503,424
Food Services	-	-	1,054,492	1,054,492
Capital Outlay	-	-	57,768	57,768
Debt Service	85,996	4,769,200	-	4,855,196
Total Expenditures	21,456,149	4,769,200	1,112,260	27,337,609
Excess Revenues Over (Under)				
Expenditures	3,824	(681,419)	(40,442)	(718,037)

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 100	\$ -	\$ 290	\$ 390
Proceeds from Long-Term Debt	-	720,000	-	720,000
Indirect Cost Allocation	67,304	-	-	67,304
Total Other Financing Sources (Uses)	<u>67,404</u>	<u>720,000</u>	<u>290</u>	<u>787,694</u>
Excess Revenues and Other Sources Over (Under) Expend. and Other Uses	71,228	38,581	(40,152)	69,657
Fund Balance - July 1	<u>1,369,866</u>	<u>199,712</u>	<u>646,650</u>	<u>2,216,228</u>
Fund Balance - June 30	<u>\$ 1,441,094</u>	<u>\$ 238,293</u>	<u>\$ 606,498</u>	<u>\$ 2,285,885</u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 69,657

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

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

Capital outlay reported in governmental fund statements	\$ 147,010	
Depreciation expense reported in the statement of activities	(2,199,603)	
Amount by which capital outlays are more than depreciation and sale of assets in the current period.		(2,052,593)

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

Proceeds from debt issues in the current year	(863,365)	
The amount of debt principal payments in the current year is:	2,084,530	
Current year bond issue premium and issuance costs net of amortization.	(20,627)	
	(20,627)	1,200,538

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

Decrease in compensated absences	21,429	
Increase in deferred outflows of resources related to pensions	1,131,876	
Increase in deferred inflows of resources related to pensions	(213,734)	
Increase in net pension liability	(1,928,228)	
	(1,928,228)	(988,657)

Increase in post-retirement benefits that are recorded when earned in the statement of activities. (336,000)

Change in Net Position - Governmental Activities. \$ (2,107,055)

FREMONT PUBLIC SCHOOLS

Statement of Net Position - Fiduciary Funds

June 30, 2017

	<u>Agency Funds</u>
Assets	
Cash/Investments	\$ 328,676
Total Assets	<u>\$ 328,676</u>
Liabilities	
Liabilities	
Due to Student Groups	\$ 328,676
Total Liabilities	<u>\$ 328,676</u>

See accompanying notes to the basic financial statements.

FREMONT PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

2. Government-Wide and Fund Financial Statements

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

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

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

The District also reports the following non-major funds:

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

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

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

Additionally, the District also reports the following fund types:

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

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

4. Deposits and Investments

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

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

5. Receivables and Payables

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

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

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

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

Notes to the Financial Statements (continued)

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

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

	General Fund	Combined Nonmajor Funds	Total
Accounts Receivable	\$ 66,731	\$ 219	\$ 66,950
Due from Other Governments	3,362,084	-	3,362,084
	<u>\$3,428,815</u>	<u>\$ 219</u>	<u>\$ 3,429,034</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	\$ 54,980	\$ -
Food and Non-Food Supplies	-	54,564
Total Inventories	<u>\$ 54,980</u>	<u>\$ 54,564</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	\$ -	\$ 70,984

9. Capital Assets

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

Notes to the Financial Statements (continued)

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

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

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

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

10. Long-term Obligations

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

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

11. Pension

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

12. Net Position

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

13. Fund Equity

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

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.

14. Encumbrances

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

15. Estimates

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

16. Interfund Activity

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

NOTE B DEPOSITS AND INVESTMENTS

As of June 30, 2017, 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 *	\$ 258,159	N/A	AAAm
Michigan CLASS	531,087	N/A	AAAm
Total Fair Value	<u>\$ 789,246</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, 2017, 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, 2017, the fair value of the District's investments is the same as the value of the pooled shares. Michigan CLASS does not meet all of the criteria to report investments at amortized cost, therefore, it is recorded at fair value and is subject to fair value measurement at level 2.

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

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

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

Notes to the Financial Statements (continued)

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

As of June 30, 2017, \$2,352,080 of the school district's bank balance of \$3,443,888 was exposed to custodial credit risk as follows:

Insured or Collateralized	\$ 1,091,808
Uninsured and Uncollateralized	409,379
Uninsured and collateral held by pledging bank's trust department not in District's name.	<u>1,942,701</u>
Total Bank Balance	<u>\$ 3,443,888</u>

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

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

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

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

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

NOTE C STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

Notes to the Financial Statements (continued)

- A. Starting in the spring, administrative personnel and department heads work with the Business Manager to establish a proposed operating budget for the fiscal year commencing the following July 1.
- B. In June a preliminary operating budget is submitted to the Board of Education by the Superintendent of Schools. This budget includes proposed expenditures and the means of financing them.
- C. Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budget.
- D. After the budget is finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- E. The budgets were amended at periodic times during the year to comply with PA 621.
- F. Budgets for the General, Special Revenue, and Debt Service funds are adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.
- G. The budgets shown in these financial statements are as last amended through June 30, 2017.
- 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, 2017, the District incurred the following material overexpenditures:

	Budget	Actual	Variance
Instruction-Basic Programs	9,931,700	10,173,117	(241,417)
Instruction-Added Needs	3,953,915	4,043,857	(89,942)

NOTE D INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivables/Payables

		Due From				Total
		General Fund	Food Service Fund	Building & Site Fund	Debt Service Fund	
Due To	General Fund	\$ -	\$ 90,396	\$ -	\$ 224	\$ 90,620
	Food Service Fund	-	-	-	-	-
	Debt Retirement Fund	20,187	-	-	-	20,187
	Total	\$ 20,187	\$ 90,396	\$ -	\$ 224	\$ 110,807

Notes to the Financial Statements (continued)

The general fund collected UAAL funds as well as lunch reimbursements that are owed to the food service fund. Also, the food service fund was charged more indirect costs and owes the general fund a reimbursement. Additionally, the general fund transferred too much property tax revenue to the debt service fund and the excess was not repaid before June 30, 2017.

Transfers

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

There were no transfers between funds for the year ended June 30, 2017.

NOTE E GENERAL LONG-TERM OBLIGATIONS

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

Long-Term Debt is comprised of the following at June 30, 2017:

	Outstanding Principal 6/30/2017	Due Within One Year
\$2,210,000, 2013 General Obligation (Refunding) serial bonds due in annual installments of \$235,000 to \$300,000 through 2021; interest payable semiannually at .65 to 1.80 percent.	\$ 1,120,000	\$ 280,000
\$43,875,000, 2009 General Obligation (unlimited tax) Build America Bonds due in annual installments of \$650,000 to \$2,150,000 through 2039; interest payable semiannually at 2.71 to 6.89 percent. Fremont Public Schools is eligible for a 35% credit of the interest payment.	38,225,000	1,000,000
\$8,210,000, 2008 General Obligation (Refunding) serial bonds due in annual installments of \$794,144 to \$875,225 through 2021; interest payable semiannually at 3.25 to 5.00 percent. Payments through 2010 are interest only.	3,310,000	805,000
\$243,897, 2014 School Bus Capital Lease due in annual installments of \$50,964 through 2018; interest payable annually at 2.2 percent.	49,849	49,848

Notes to the Financial Statements (continued)

\$165,602, 2015 School Bus Note Payable due in annual installments of \$35,757 to \$36,435 through 2019; interest payable annually at 1.99 percent.	\$ 63,586	\$ 33,120
\$2,168,800, School Bond Loan Fund loan advance due once property tax millage collection covers annual debt requirements; interest accrues at 3.00 percent.	<u>5,236,180</u>	<u>-</u>
Total Bonds & Capital Leases	<u>\$ 48,004,615</u>	<u>\$ 2,167,968</u>

Advance Refunding

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

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

Outstanding Principal <u>6/30/2017</u>	Due Within <u>One Year</u>
--	----------------------------------

Early Retirement Payable

In June of 2017, the District adopted a Voluntary Severance Plan to assist eligible teachers who elect to resign. Those that participated were to be paid \$28,000 payable to a tax deferred annuity in two payments of \$16,000 payable in August, 2017 and \$12,000 payable in August, 2018. Twelve employees accepted this offer. At June 30, 2017, the full amount of \$336,000 was outstanding.

\$ 336,000	192,000
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Compensated Absences

Compensated Absences - At present, Fremont Public School Administration accumulate up to 5 unused vacation days and are reimbursed at their current hourly or salary rate upon retirement.

<u>31,572</u>	<u>-</u>
<u>\$ 367,572</u>	<u>\$ 192,000</u>

Total Compensated Absences

Notes to the Financial Statements (continued)

The annual requirements to amortize long-term debt outstanding as of June 30, 2017, including interest detailed as follows:

Year Ended June 30,	2009 Bond Issue		2008 Bond Issue		2013 Bond Issue		2014 School Bus Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,000,000	\$ 2,521,298	\$ 805,000	\$ 140,450	\$ 280,000	\$ 17,168	\$ 49,849	\$ 1,116
2019	1,050,000	2,468,398	820,000	100,200	295,000	13,668	-	-
2020	1,125,000	2,410,228	835,000	67,400	280,000	9,390	-	-
2021	1,200,000	2,345,090	850,000	34,000	265,000	4,770	-	-
2022	1,400,000	2,272,610	-	-	-	-	-	-
2023-2027	7,825,000	9,958,740	-	-	-	-	-	-
2028-2032	9,600,000	7,147,384	-	-	-	-	-	-
2033-2037	10,725,000	3,695,230	-	-	-	-	-	-
2038-2042	4,300,000	444,404	-	-	-	-	-	-
Total	\$ 38,225,000	\$ 33,263,382	\$ 3,310,000	\$ 342,050	\$ 1,120,000	\$ 44,996	\$ 49,849	\$ 1,116

Year Ended June 30,	2015 School Bus Note Payable	
	Principal	Interest
2018	\$ 33,121	\$ 1,318
2019	30,465	659
Total	\$ 63,586	\$ 1,977

Changes in Long-Term Debt - The following is a summary of debt transactions of the District for the year ended June 30, 2017.

	Bond Issues	Capital Lease & Note Payable	Compensated Absences/Early Retirement Payable	Total
Governmental-Type Activities				
Debt Outstanding-July 1	\$ 49,027,815	\$ 197,965	\$ 53,001	\$ 49,278,781
Debt Added During Year	863,365	-	433,424	1,296,789
Debt Retired During Year	(2,000,000)	(84,530)	(118,853)	(2,203,383)
Debt Outstanding-June 30	<u>\$ 47,891,180</u>	<u>\$ 113,435</u>	<u>\$ 367,572</u>	<u>\$ 48,372,187</u>
Amount Due Within One Year	\$ 2,085,000	\$ 82,970	\$ 192,000	\$ 2,359,970

NOTE F PROPERTY TAXES

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

Property in the School District for the 2016 levy had a taxable value of \$426 million. For the 2016 levy, the School District's operating tax rate was 18 mills and its debt service tax rate was 7 mills.

NOTE G DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Benefits Provided

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

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

Contributions and Funding Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded(overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20 year period for the 2016 fiscal year.

The schedule below summarizes pension contribution rates in effect for the fiscal year 2016.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.00 - 4.00%	18.95%
Member Investment Plan	3.00 - 7.00%	18.95%
Pension Plus	3.00 - 6.40%	17.73%
Defined Contribution	0.00%	14.56%

Required contributions to the pension plan from District were \$2,983,205 for the year ended September 30, 2016.

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

At June 30, 2017, the District reported a liability of \$33,144,863 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2015. The District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all reporting units' statutorily required contributions for the measurement period. At September 30, 2016, the District's proportionate share percent was 0.1328495 percent.

For the year ended June 30, 2017, the District recognized total pension expense of \$3,619,012. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Asset Class</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ 413,073	\$ 78,554
Changes of assumptions	518,194	-
Net difference between projected and actual earnings on pension plan investments	550,867	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,547,954	83,917
District section 147c revenue related to pension contributions subsequent to the measurement date	-	849,279
District contributions subsequent to the measurement date	2,137,641	-
Total	\$ 5,167,729	\$ 1,011,750

\$2,137,641 reported as deferred outflows of resources and \$1,165,312 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ending <u>June 30</u>	<u>Amount</u>
2017	\$ 720,906
2018	\$ 677,584
2019	\$ 1,193,493
2020	\$ 275,634

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, 2015
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	3.5%
Investment Rate of Return	
-MIP and Basic Plans (Non-Hybrid)	8.0%
-Pension Plus Plan (Hybrid)	7.0%
Projected Salary Increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Mortality	RP-2000 Male and Female Combine Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the

- September 30, 2014 valuation. The total pension liability as of September 30, 2016, is based on the results of an actuarial valuation date of September 30, 2015, 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: 4.6273
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2016 MPSERS Comprehensive Annual Report.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2016, are summarized in the following table:

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

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

Discount Rate

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

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

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

1% Decrease (Non-Hybrid/Hybrid) *	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) *	1% Decrease (Non-Hybrid/ (Non-Hybrid/Hybrid) *
<u>7.0%/6.0%</u>	<u>8.0%/7.0%</u>	<u>9.0%/8.0%</u>
\$ 42,682,241	\$ 33,144,863	\$ 25,103,937

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

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

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS CAFR. See the 2016 MPSERS CAFR ([www.michigan.gov/documents/orsschools/ MPSERS _ CAFR_ 2016_Final_510211_7.pdf](http://www.michigan.gov/documents/orsschools/MPSERS_CAFR_2016_Final_510211_7.pdf)).

Payables to the Pension Plan

The amount of payables to a defined benefit pension plan outstanding at the end of the reporting period were \$308,156. The payables were based upon the wages being paid over the period from July 1 through August 31, 2017 which were for services provided prior to June 30, 2017 and therefore legally required contributions to the pension plan.

NOTE H OTHER POST-EMPLOYMENT BENEFITS

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

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

Retiree Healthcare Reform of 2012

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

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

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

Fiscal Year Ending <u>June 30.</u>	Defined Benefit <u>Plan</u>	Defined Contribution <u>Plan</u>	<u>Pension Healthcare Fund</u>	
	Employer Health <u>Contributions</u>	Employer Health <u>Contributions</u>	Employer <u>Contributions</u>	Employee <u>Contributions</u>
2017	\$ 544,159	\$ 14,954	\$ 22,978	\$ 22,978
2016	625,068	13,838	26,380	26,380
2015	324,686	3,017	22,353	22,353

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

In August 2016, the School entered into a State Aid Note for \$1,700,000 with Shelby State Bank for the purpose of providing money for school operations for the fiscal year ending June 30, 2017. The note bears interest at .99% and was repaid in August 2017.

Short-Term Debt Outstanding, July 1, 2016	\$ 1,200,000
Debt Added During the Year	1,700,000
Debt Retired During the Year	(1,200,000)
Short-Term Debt Outstanding June 30, 2017	<u>\$ 1,700,000</u>

Notes to the Financial Statements (continued)

NOTE J FIXED ASSETS

Capital asset balances and for the year ended June 30, 2017 were as follows:

Governmental-Type Activities	Balance 6/30/2016	Additions	Adjustments Deletions	Balance 6/30/2017
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	56,032,639	15,965	-	56,048,604
Equipment and Vehicles	11,606,134	131,045	-	11,737,179
Subtotal	67,638,773	147,010	-	67,785,783
Less Accumulated Depreciation for				
Buildings and Improvements	16,611,744	2,073,579	-	18,685,323
Equipment and Vehicles	2,748,943	126,024	-	2,874,967
Subtotal	19,360,687	2,199,603	-	21,560,290
Net Capital Assets being depreciated	48,278,086	(2,052,593)	-	46,225,493
Total Governmental Activities Capital Assets - Net of Depreciation	<u>\$49,853,343</u>	<u>\$ (2,052,593)</u>	<u>\$ -</u>	<u>\$ 47,800,750</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,073,579
Support Services-Students and Staff	-
Support Services-Administration	12,358
Operation and Maintenance	3,908
Student Transportation	86,130
Food Services	8,682
Athletics	14,946
Total Depreciation Expense	<u>\$ 2,199,603</u>

NOTE K RISK MANAGEMENT

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

NOTE L ECONOMIC DEPENDENCE

Effective for fiscal year ended June 30, 1995, the revision of the State of Michigan (State) school aid formula for local public schools significantly increased State school aid and the change in property tax laws significantly decreased local property tax revenues. As a result, State of Michigan revenues represent 77.8% percent of total General Fund revenues.

NOTE M SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2017, the most recent balance sheet presented herein, through October 24, 2017, the date these financial statements were available to be issued. The following significant events or transactions were identified:

State Aid Note

The School District entered into an additional State Aid Note with Chemical Bank for \$1,000,000 on September 26, 2017. The note will bear interest at 1.38% and mature August 26, 2018.

In May 2017, voters passed a sinking fund millage of 2.5 mills. Collections on this millage will be collected beginning in July 2017. The value of the millage is expected to be \$1 million and last for 10 years.

NOTE N TAX ABATEMENTS

The District received reduced property tax revenues during the fiscal year as a result of industrial facilities tax exemptions (IFT's). The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Disctricts Act (know 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 \$55,000 in

NOTE O ADOPTION OF NEW ACCOUNTING STANDARD

GASB Statement No. 75, *Tax Abatement Disclosures*, was implemented during the year. The statement requires disclosure of tax abatement information about 1) the Agency's own tax agreements and 2) those that are entered into by other governments and that reduce the Agency's tax revenues. This statement will improve the user's knowledge on how tax abatements affect the Agency's financial positions and results of operations, including their ability to raise resources in the future.

NOTE P UPCOMING ACCOUNTING PRONOUNCEMENTS

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

FREMONT PUBLIC SCHOOLS

Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2017

	Budget Amounts		Actual	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local Sources	\$3,034,640	\$3,293,141	\$3,270,284	\$ 258,501	\$ (22,857)
State Sources	15,544,618	16,532,477	16,703,329	987,859	170,852
Federal Sources	771,022	928,330	951,177	157,308	22,847
Other Sources	470,267	518,580	535,183	48,313	16,603
Total Revenues	<u>19,820,547</u>	<u>21,272,528</u>	<u>21,459,973</u>	<u>1,451,981</u>	<u>187,445</u>
Expenditures					
Instruction					
Basic Programs	9,195,470	9,931,700	10,173,117	736,230	(241,417)
Added Needs	3,720,908	3,953,915	4,021,924	233,007	(68,009)
Adult Education	170,890	203,664	200,200	32,774	3,464
Total Instruction	<u>13,087,268</u>	<u>14,089,279</u>	<u>14,395,241</u>	<u>1,002,011</u>	<u>(305,962)</u>
Support Services:					
Pupil	561,614	543,735	561,429	(17,879)	(17,694)
Instructional Staff	313,129	451,948	400,020	138,819	51,928
General Administration	407,428	394,370	393,112	(13,058)	1,258
School Administration	1,253,801	1,280,103	1,293,488	26,302	(13,385)
Business	334,927	345,744	310,175	10,817	35,569
Operations & Maintenance	1,648,593	1,553,800	1,599,538	(94,793)	(45,738)
Pupil Transportation	963,030	1,070,664	1,037,122	107,634	33,542
Central	438,520	509,783	509,027	71,263	756
Athletics	445,355	477,113	503,424	31,758	(26,311)
Total Support Services	<u>6,366,397</u>	<u>6,627,260</u>	<u>6,607,335</u>	<u>260,863</u>	<u>19,925</u>
Community Services	338,569	368,993	367,577	30,424	1,416
Debt Service	86,770	86,073	85,996	(697)	77
Total Expenditures	<u>19,879,004</u>	<u>21,171,605</u>	<u>21,456,149</u>	<u>1,292,601</u>	<u>(284,544)</u>
Excess (deficiency) of Revenue Over Expenditures	(58,457)	100,923	3,824	159,380	(97,099)
Other Financing Sources (Uses)					
Sale of Fixed Assets	-	-	100	-	100
Indirect Cost Allocation	-	-	67,304	-	67,304
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>67,404</u>	<u>-</u>	<u>67,404</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(58,457)	100,923	71,228	159,380	(29,695)
Fund Balance - July 1	<u>1,369,866</u>	<u>1,369,866</u>	<u>1,369,866</u>	-	-
Fund Balance - June 30	<u>\$ 1,311,409</u>	<u>\$ 1,470,789</u>	<u>\$ 1,441,094</u>	<u>\$ 159,380</u>	<u>\$ (29,695)</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 (%)	-	-	-	-	-	-	-	0.13285%	0.12781%	0.12335%
B. District's proportionate share of net pension liability	-	-	-	-	-	-	-	\$ 33,144,863	\$ 31,216,635	\$ 27,169,033
C. District's covered-employee payroll	-	-	-	-	-	-	-	\$ 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 (%)	-	-	-	-	-	-	-	291.24732%	293.87586%	255.57615%
E. Plan fiduciary net position as a percentage of total pension liability	-	-	-	-	-	-	-	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, beginning with FYE June 30, 2015.

Notes to the Required Supplementary Information

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

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

FREMONT PUBLIC SCHOOLS

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,760,008	\$ 2,771,111	\$ 3,575,356
B. Contributions in relation to statutorily required contributions *	-	-	-	-	-	-	-	2,760,008	2,771,111	3,575,356
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,106,943	\$ 10,731,997	\$ 10,725,021
E. Contributions as a percentage of covered-employee payroll								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, beginning with FYE September 30, 2014.

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - General Fund
June 30, 2017 and 2016

	June 30, 2017	June 30, 2016
Assets		
Cash/Investments	\$ 1,811,592	\$ 1,508,575
Accounts Receivable	66,731	67,585
Due From Other Funds	20,187	11,636
Due From Other Governmental Units	3,362,084	3,021,877
Inventory	54,980	42,276
Prepaid Expenses	62,203	-
Total Assets	<u>\$ 5,377,777</u>	<u>\$ 4,651,949</u>
 Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$ 221,699	\$ 87,144
Salaries/Severance Payable	1,002,250	973,189
Retirement Payable	633,492	472,229
Health Insurance Payable	165,290	293,529
Payroll Taxes Payable	67,519	71,721
Unearned Revenue	55,813	146,841
Due to Other Funds	90,620	37,430
Notes Payable	1,700,000	1,200,000
Total Liabilities	3,936,683	3,282,083
Fund Equity		
Non-Spendable - Inventory	54,980	42,276
Non-Spendable - Prepaid Expenses	62,203	-
Assigned for IFT Payback	-	392,316
Unassigned	1,323,911	935,274
Total Fund Equity	<u>1,441,094</u>	<u>1,369,866</u>
Total Liabilities and Fund Equity	<u>\$ 5,377,777</u>	<u>\$ 4,651,949</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - General Fund For the Years Ended June 30, 2017 and 2016

	2017	2016
Revenues		
Local Sources		
Property Taxes	\$ 2,288,440	\$ 2,260,328
Summer School Fees	1,000	1,000
Adult/Community Education Fees	301,349	298,655
Transportation Fees	92,938	88,092
Interest on Investments	10,511	3,137
Other Facilities	52,683	27,440
Grants and Donations	402,804	526,361
Athletics	64,499	82,560
Other	56,060	1,453
Total Local Sources	3,270,284	3,289,026
State Sources		
State School Aid	12,873,203	12,669,801
State School Aid-Supplemental	1,557,454	1,339,109
Special Education	965,161	892,516
Vocational Education	5,042	4,649
Technology Readiness Infrastructure	1,214	8,777
At Risk	598,546	625,071
Adult Education	424,817	233,776
Early Literacy	21,780	-
Best Practices/Data Collection	53,852	52,737
Teacher Technology	30,754	18,014
Renaissance Zone	171,506	170,993
Total State Sources	16,703,329	16,015,443
Federal Sources		
Title I, Part A	476,689	392,278
Title II, Part A	122,466	131,109
Title V, Part A	43,332	-
Adult Education	50,000	54,155
National Forest Subsidy	908	2,324
Special Education - Flow Through	257,782	263,785
Total Federal Sources	951,177	843,651
Interdistrict Sources		
Special Education	535,183	473,694
Total Revenues	\$ 21,459,973	\$ 20,621,814

FREMONT PUBLIC SCHOOLS

Comparative Statement of Expenditures - General Fund For the Years Ended June 30, 2017 and 2016

	2017	2016
Instruction		
Basic Programs		
Elementary	\$ 4,286,400	\$ 4,440,631
Middle School	2,509,774	2,264,401
High School	2,989,213	2,755,592
Alternative Education	387,730	381,322
Total Basic Programs	10,173,117	9,841,946
Added Needs		
Special Education	2,655,894	2,731,160
Early Literacy	21,780	-
Section 31A / At-Risk	598,548	624,557
Title Programs/Improving Teacher Quality	620,942	516,357
Vocational Education	124,760	131,786
Total Added Needs	4,021,924	4,003,860
Adult Education	200,200	147,459
Total Instruction	14,395,241	13,993,265
Supporting Services		
Pupil		
Guidance	548,769	554,245
Health	12,660	27,702
Total Pupil	561,429	581,947
Instructional Staff		
Special Education	49,899	43,279
Adult Education	132,054	124,146
Curriculum Coordinator - School Improvement	21,198	7,346
Media Services	82,628	76,682
Instruction Technology	113,127	18,131
Audio-Visual	1,114	1,404
Total Instructional Staff	400,020	270,988
General Administration		
Board of Education	89,156	113,157
Executive Administration	303,956	285,118
Total General Administration	393,112	398,275
School Administration		
Office of the Principal	1,224,109	1,204,733
Alternative Education	69,480	62,454
Copy Center	(101)	352
Total School Administration	\$ 1,293,488	\$ 1,267,539

Statement of Expenditures - General Fund (continued)

Business		
Fiscal Services	\$ 248,669	\$ 234,789
Other Business	61,506	51,828
Total Business	<u>310,175</u>	<u>286,617</u>
Operations & Maintenance		
Operations and Maintenance	<u>1,599,538</u>	<u>1,666,884</u>
Total Operations & Maintenance	1,599,538	1,666,884
Transportation	1,037,122	931,785
Central		
Informational Services	21,898	20,505
Professional Development	2,610	1,389
Technology	398,114	324,263
Computer Information Management	29,814	29,338
Data Collection	56,591	56,719
Total Central	<u>509,027</u>	<u>432,214</u>
Athletics	<u>503,424</u>	<u>446,298</u>
Total Supporting Services	6,607,335	6,282,547
Community Services		
Parent Advisory - Title I	3,290	2,620
Day Care	223,871	202,197
After School Enrichment	137,773	128,042
Private/Parochial - Title II, A	2,643	1,262
Total Community Services	<u>367,577</u>	<u>334,121</u>
Debt Service		
Principal Retired	81,876	80,808
Interest	4,120	5,963
Total Debt Service	<u>85,996</u>	<u>86,771</u>
Total Expenditures	<u>\$ 21,456,149</u>	<u>\$ 20,696,704</u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Debt Service Fund June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash/Investments	\$ 258,256	\$ 202,350
Due From Other Funds	224	-
Total Assets	<u>\$ 258,480</u>	<u>\$ 202,350</u>
 Liabilities and Fund Equity		
Liabilities		
Due to Other Funds	<u>\$ 20,187</u>	<u>\$ 2,638</u>
Total Liabilities	20,187	2,638
Fund Equity		
Assigned	<u>238,293</u>	<u>199,712</u>
Total Liabilities and Fund Equity	<u>\$ 258,480</u>	<u>\$ 202,350</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Fund
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Local Sources		
Property Taxes	\$ 3,249,041	\$ 3,369,183
Interest on Investments	969	811
Total Local Sources	<u>3,250,010</u>	<u>3,369,994</u>
Federal Sources		
Qualified Bonds Credit Payment	<u>837,771</u>	<u>852,606</u>
Total Revenues	4,087,781	4,222,600
Expenditures		
Taxes Abated	15	4
Principal Retired	2,000,000	1,925,000
Interest	2,767,885	2,840,301
Paying Agent	<u>1,300</u>	<u>1,300</u>
Total Debt Service	<u>4,769,200</u>	<u>4,766,605</u>
Excess Revenues Over(Under)Expenditures	(681,419)	(544,005)
Other Financing Sources(Uses)		
Proceeds from Issuance of Long-Term Debt	<u>720,000</u>	<u>600,000</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	38,581	55,995
Fund Equity - July 1	<u>199,712</u>	<u>143,717</u>
Fund Equity - June 30	<u><u>\$ 238,293</u></u>	<u><u>\$ 199,712</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Building & Site Fund
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash/Investments	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Equity		
Fund Equity		
Assigned	<u>\$ -</u>	<u>\$ -</u>
Total Fund Equity	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues - Building & Site Fund
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Local Sources		
Interest on Investments	\$ -	\$ 10
Total Local Sources	<u>-</u>	<u>10</u>
Expenditures		
Capital Outlay	-	11,392
Miscellaneous Expenses	<u>-</u>	<u>7,363</u>
Total Expenditures	<u>-</u>	<u>18,755</u>
Excess Revenues Over (Under) Expenditures	-	(18,745)
Fund Equity - July 1	<u>-</u>	<u>18,745</u>
Fund Equity - June 30	<u>\$ -</u>	<u>\$ -</u>

FREMONT PUBLIC SCHOOLS

Combining Balance Sheet
All Non-Major Governmental Funds - By Fund Type
June 30, 2017

	Special Revenue Food Service	Capital Improvement Fund	Capital Projects Sinking Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash/Investments	\$ 267,134	\$ 80,309	\$ 129,047	\$ 476,490
Accounts Receivable	219	-	-	219
Due From Other Funds	90,396	-	-	90,396
Inventory	54,564	-	-	54,564
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 412,313</u>	<u>\$ 80,309</u>	<u>\$ 129,047</u>	<u>\$ 621,669</u>
 Liabilities				
Deferred Revenue	\$ 15,171	\$ -	\$ -	\$ 15,171
Total Liabilities	15,171	-	-	15,171
 Fund Equity				
Fund Balances				
Non-Spendable	54,564	-	-	54,564
Assigned	342,578	80,309	129,047	551,934
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Equity	<u>397,142</u>	<u>80,309</u>	<u>129,047</u>	<u>606,498</u>
Total Liabilities and Fund Equity	<u>\$ 412,313</u>	<u>\$ 80,309</u>	<u>\$ 129,047</u>	<u>\$ 621,669</u>

FREMONT PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance - All Non-Major Governmental Funds - By Fund Type
For the Year Ended June 30, 2017

	<u>Special Revenue Food Service</u>	<u>Capital Improvement Fund</u>	<u>Capital Projects Sinking Fund</u>	<u>Total Non-Major Governmental Funds</u>
Revenues				
Local Sources	\$ 296,149	\$ 16	\$ 165	\$ 296,330
State Sources	85,615	-	-	85,615
Federal Sources	689,873	-	-	689,873
Total Revenues	<u>1,071,637</u>	<u>16</u>	<u>165</u>	<u>1,071,818</u>
Expenditures				
Supporting Services				
Capital Outlay	-	-	57,768	57,768
Food Service	1,054,492	-	-	1,054,492
Total Expenditures	<u>1,054,492</u>	<u>-</u>	<u>57,768</u>	<u>1,112,260</u>
Excess Revenues Over (Under) Expenditures	17,145	16	(57,603)	(40,442)
Fund Equity - July 1	<u>379,707</u>	<u>80,293</u>	<u>186,650</u>	<u>646,650</u>
Fund Equity - June 30	<u><u>\$ 397,142</u></u>	<u><u>\$ 80,309</u></u>	<u><u>\$ 129,047</u></u>	<u><u>\$ 606,498</u></u>

FREMONT PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2017

	Food Service		
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Local Sources	\$ 337,250	\$ 296,149	\$ (41,101)
State Sources	40,000	85,615	45,615
Federal Sources	665,000	689,873	24,873
Total Revenues	1,042,250	1,071,637	29,387
Expenditures			
Food Service	1,077,189	1,054,492	22,697
Total Expenditures	1,077,189	1,054,492	22,697
Excess Revenues Over (Under) Expenditures	(34,939)	17,145	52,084
Fund Equity - July 1	379,707	379,707	-
Fund Equity - June 30	\$ 344,768	\$ 397,142	\$ 52,374

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet Non-Major Food Service Special Revenue Fund June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash/Investments	\$ 267,134	\$ 320,655
Accounts Receivable	219	-
Due From Other Funds	90,396	37,430
Inventory	<u>54,564</u>	<u>30,620</u>
Total Assets	<u>\$ 412,313</u>	<u>\$ 388,705</u>
Liabilities		
Due to Other Funds	\$ -	\$ 8,998
Deferred Revenue	<u>15,171</u>	<u>-</u>
Total Liabilities	15,171	8,998
Fund Equity		
Non-Spendable	54,564	30,620
Assigned	<u>342,578</u>	<u>349,087</u>
Total Fund Equity	<u>397,142</u>	<u>379,707</u>
Total Liabilities and Fund Equity	<u>\$ 412,313</u>	<u>\$ 388,705</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures and Changes
in Fund Balances - Non-Major Food Service Special Revenue Fund
For the Years Ended June 30, 2017 and 2016

	2017	2016
Revenues		
Local Sources		
Children's Lunches and Breakfasts	\$ 190,312	\$ 198,283
Ala Carte	73,746	90,454
Adult Lunches and Breakfasts	6,275	7,526
Interest	432	466
Other	25,384	30,294
Total Local Sources	296,149	327,023
State Sources	85,615	78,538
Federal Sources	689,873	692,967
Total Revenues	1,071,637	1,098,528
Expenditures		
Salaries:		
Coordinator	65,796	48,755
Manager	24,921	24,434
Cooks	43,949	38,212
Servers and Others	227,218	229,350
Payroll Taxes and Other Fringe Benefits	168,690	169,531
Local Travel	1,379	1,276
Equipment Repairs and Maintenance	2,627	7,962
Other Purchased Services	10,237	12,267
Food	405,551	463,162
Vehicle Expense	1,639	1,963
Non-food Supplies and Miscellaneous	27,687	24,320
Indirect Costs	67,304	68,207
Sales Tax	385	386
Dues and Subscriptions	461	213
Capital Outlay	6,648	7,830
Total Expenditures	1,054,492	1,097,868
Excess Revenues Over (Under) Expenditures	17,145	660
Other Financing Sources		
Sale of Fixed Assets	290	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	17,435	660
Fund Equity - July 1	379,707	379,047
Fund Equity - June 30	\$ 397,142	\$ 379,707

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet
Non-Major Capital Improvement Capital Projects Fund
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash/Investments	\$ 80,309	\$ 80,293
Total Assets	<u>\$ 80,309</u>	<u>\$ 80,293</u>
Fund Equity		
Assigned	<u>\$ 80,309</u>	<u>\$ 80,293</u>
Total Fund Equity	<u>\$ 80,309</u>	<u>\$ 80,293</u>

FREMONT PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures and Changes
in Fund Balances - Non-Major Capital Improvement Capital Projects Fund
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Local Sources		
Interest	\$ 16	\$ 16
Total Local Sources	16	16
Expenditures		
Miscellaneous	-	-
Total Expenditures	-	-
Excess Revenues Over (Under) Expenditures	16	16
Other Financing Sources		
Operating Transfers In	-	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	16	16
Fund Equity - July 1	<u>80,293</u>	<u>80,277</u>
Fund Equity - June 30	<u><u>\$ 80,309</u></u>	<u><u>\$ 80,293</u></u>

FREMONT PUBLIC SCHOOLS

Comparative Balance Sheet - Non-Major Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, and 2007

	Sinking Fund										
	June 30 2017	June 30 2016	June 30 2015	June 30 2014	June 30 2013	June 30 2012	June 30 2011	June 30 2010	June 30 2009	June 30 2008	June 30 2007
Assets											
Cash	\$ 129,047	\$ 186,650	\$ 506,657	\$ 815,720	\$ 937,773	\$ 981,814	\$ 732,384	\$ 357,419	\$ 126,937	\$ 44,754	\$ 4,220
Due from Other Governmental Units	-	-	-	-	-	-	-	-	-	-	4,322
Due from Other Funds	-	-	-	38	38	-	-	50	-	19,179	19,196
Total Assets	<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>	<u>\$ 126,937</u>	<u>\$ 63,933</u>	<u>\$ 27,738</u>
Liabilities											
Accounts Payable	\$ -	\$ -	\$ 17,763	\$ -	\$ -	\$ -	\$ 91,668	\$ -	\$ 5,340	\$ 35,806	\$ -
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	-	175
Due to Other Funds	-	-	-	-	-	-	42	29	-	100,000	128,531
Total Liabilities	<u>-</u>	<u>-</u>	<u>17,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,710</u>	<u>29</u>	<u>5,340</u>	<u>135,806</u>	<u>128,706</u>
Fund Equity											
Assigned	129,047	186,650	488,894	815,758	937,811	981,814	640,674	357,440	121,597	(71,873)	(100,968)
Total Liabilities and Fund Equity	<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>	<u>\$ 126,937</u>	<u>\$ 63,933</u>	<u>\$ 27,738</u>

FREMONT PUBLIC SCHOOLS

Cumulative Statements of Revenues, Expenditures and Changes
in Fund Balance - Non-Major Capital Projects Fund - Sinking Fund
For the Years Ended June 30, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, and 2007

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Revenues						
Local Sources						
Property Taxes	\$ -	\$ -	\$ 72	\$ -	\$ 814	\$ 734,402
Interest on Investments	165	189	511	875	983	1,114
Miscellaneous Income	-	-	-	-	-	27,216
Total Local Sources	165	189	583	875	1,797	762,732
Expenditures						
Supporting Services						
Taxes Abated	-	10	-	-	9	733
Capital Outlay	26,812	297,042	286,436	101,336	35,598	407,464
Professional Services	27,602	-	26,231	-	290	995
Miscellaneous Expense	3,354	5,381	14,780	21,592	9,903	12,400
Total Supporting Services	57,768	302,433	327,447	122,928	45,800	421,592
Debt Service						
Principal Retired	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
Total Expenditures	57,768	302,433	327,447	122,928	45,800	421,592
Excess Revenues Over (Under) Expenditures	(57,603)	(302,244)	(326,864)	(122,053)	(44,003)	341,140
Fund Equity - July 1	186,650	488,894	815,758	937,811	981,814	640,674
Fund Equity - June 30	\$ 129,047	\$ 186,650	\$ 488,894	\$ 815,758	\$ 937,811	\$ 981,814

<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Totals</u>
\$ 743,737	\$ 763,974	\$ 722,848	\$ 699,881	\$ 667,257	\$ 4,332,985
1,124	579	294	1,401	2,536	9,771
-	150	-	-	-	27,366
<u>744,861</u>	<u>764,703</u>	<u>723,142</u>	<u>701,282</u>	<u>669,793</u>	<u>4,370,122</u>
3,512	20	4,502	-	-	8,786
453,398	516,338	491,303	645,044	842,844	4,103,615
2,442	6,096	33,274	-	-	96,930
2,275	6,406	593	27,143	5,156	108,983
<u>461,627</u>	<u>528,860</u>	<u>529,672</u>	<u>672,187</u>	<u>848,000</u>	<u>4,318,314</u>
-	-	-	-	100,675	100,675
-	-	-	-	7,047	7,047
-	-	-	-	107,722	107,722
<u>461,627</u>	<u>528,860</u>	<u>529,672</u>	<u>672,187</u>	<u>955,722</u>	<u>4,426,036</u>
283,234	235,843	193,470	29,095	(285,929)	(55,914)
<u>357,440</u>	<u>121,597</u>	<u>(71,873)</u>	<u>(100,968)</u>	<u>184,961</u>	<u>-</u>
<u>\$ 640,674</u>	<u>\$ 357,440</u>	<u>\$ 121,597</u>	<u>\$ (71,873)</u>	<u>\$ (100,968)</u>	<u>\$ (55,914)</u>

FREMONT PUBLIC SCHOOLS

Balance Sheet
Fiduciary Fund
Student Activities Agency Fund
June 30, 2017

Assets

Cash and Investments	<u>\$ 328,676</u>
Total Assets	<u><u>\$ 328,676</u></u>

Liabilities

Due to Student Groups	<u>\$ 328,676</u>
Total Liabilities	<u><u>\$ 328,676</u></u>

FREMONT PUBLIC SCHOOLS

Statement of Changes in Assets and Liabilities
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2017

	<u>Balance</u> <u>6/30/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2017</u>
Assets				
Cash and Investments	<u>\$ 332,870</u>	<u>\$ 533,471</u>	<u>\$ 537,665</u>	<u>\$ 328,676</u>
Liabilities				
Due to Student Groups	<u>\$ 332,870</u>	<u>\$ 533,471</u>	<u>\$ 537,665</u>	<u>\$ 328,676</u>

FREMONT PUBLIC SCHOOLS

Statement of Cash Receipts and Disbursements
Fiduciary Fund
Student Activities Agency Fund
For the Year Ended June 30, 2017

	Balance 6/30/2016	Receipts	Disbursements	Balance 6/30/2017
Interest on Investment	\$ 2,890	\$ 1,610	\$ 1,131	\$ 3,369
Administration - Miscellaneous	47,443	10,304	3,929	53,818
Daisy Brook - Book Fair	5,167	8,341	9,756	3,752
Daisy Brook - Cash for Education	10,012	4,996	7,666	7,342
Daisy Brook - Grade Funds	-	-	52	(52)
Daisy Brook - Activities Fund	2,337	16,044	17,367	1,014
Daisy Brook - Student Council	2,920	2,079	2,191	2,808
High School - Alumni Band	35	-	-	35
High School - Art/Pekel	2,254	4,475	2,592	4,137
High School - Athletic Uniforms	80,860	102,800	133,573	50,087
High School - Athletic Endowment	6,079	4,536	5,417	5,198
High School - Brad Blamer Pay to Play	660	-	-	660
High School - Cam Beattie Memorial	2,725	-	2,130	595
High School - Candy Machine Sales	1,074	1,000	814	1,260
High School - Chad Paulsen Memorial	300	-	-	300
High School - Charles Sischo Memorial	250	-	-	250
High School - Dakota Scholarship	-	1,000	-	1,000
High School - Industrial Arts	5,790	6,017	8,227	3,580
High School - Cheerleaders	469	772	533	708
High School - Chase Curtice Memorial	223	-	223	-
High School - Class of 2011	-	2,182	2,182	-
High School - Class of 2015	283	-	-	283
High School - Class of 2016	1,847	1,319	528	2,638
High School - Conservation Club	5	-	-	5
High School - Germany Trip	937	-	-	937
High School - FACF Girls BB Grant	(985)	985	700	(700)
High School - Escape	11,285	11,887	11,358	11,814
High School - Embroidery	104	-	-	104
High School - Equestrian Team	406	225	531	100
High School - FACF Baseball Grant	251	-	251	-
High School - FACF Boys BB Grant	(2,300)	2,300	1,585	(1,585)
High School - FACF Softball	10	-	-	10
High School - F.F.A. Project	4,427	51,943	50,126	6,244
High School - Hall of Fame	(523)	(1)	-	(524)
High School - John Kingsnorth Memorial	5	-	-	5
High School - Lakes 8	666	5,250	3,841	2,075
High School - Lila Ramey Memorial	390	-	-	390

Statement of Cash Receipts and Disbursements (continued)

	Balance 6/30/2016	Receipts	Disbursements	Balance 6/30/2017
High School - May Pekel Memorial	\$ 735	\$ -	\$ -	\$ 735
High School - Media	128	-	-	128
High School - Miscellaneous	-	10	-	10
High School - Mike Converse Memorial	440	-	-	440
High School - Mogul	11,415	13,868	16,274	9,009
High School - Music Boosters	31,280	31,337	28,635	33,982
High School - National Honor Society	5,968	2,806	1,929	6,845
High School - Orchestra	(399)	353	834	(880)
High School - Parking Permits	2,776	1,344	2,000	2,120
High School - Peace Jam	359	-	-	359
High School - Photography	906	530	792	644
High School - Pop	(460)	7,198	5,159	1,579
High School - Positive Behavior Incentives	1,200	(25)	1,224	(49)
High School - Quiz Bowl	579	100	138	541
High School - Community Connection	5,542	-	-	5,542
High School - Scholarship Fund	492	1,000	-	1,492
High School - Science Exploration	491	-	-	491
High School - Scoreboard Advertising	100	-	-	100
High School - Store	(3,480)	8,504	7,335	(2,311)
High School - Student Council	4,869	6,833	8,928	2,774
High School - Theatre	(1,602)	9,589	13,619	(5,632)
High School - Theatre Endowment	13,578	-	1,012	12,566
High School - Monte Johnson Memorial	482	-	-	482
High School - Chess Club	36	137	-	173
High School - Varsity Club	1,410	500	793	1,117
High School - Video Productions	(141)	(1)	170	(312)
High School - Spanish Club	97	-	-	97
High School - Prom	13,343	4,950	3,408	14,885
High School - YANA	266	-	-	266
High School - 44th Street Project	524	55,523	28,949	27,098
Middle School - Art Club	15	-	-	15
Middle School - Band Fund	79	3,104	1,422	1,761
Middle School - Beaver Island Group	3,501	9,075	13,555	(979)
Middle School - Circle of Friends	230	-	-	230
Middle School - Cash for Education	5,236	1,102	1,011	5,327
Middle School - Candy and Pop	2,570	81	42	2,609
Middle School - Cheerleaders	877	-	-	877
Middle School - Ebay	940	200	682	458
Middle School - Ford Donation	3,778	3,742	3,072	4,448
Middle School - Instrument Repair/Rental	322	298	180	440
Middle School - Japan Friendship City	(6,204)	52,473	46,325	(56)
Middle School - Linda Bergklint Memorial	910	-	-	910
Middle School - Outdoor Fitness	162	-	-	162

Statement of Cash Receipts and Disbursements (continued)

	Balance 6/30/2016	Receipts	Disbursements	Balance 6/30/2017
Middle School - Parent Group	\$ 33	\$ 44	\$ -	\$ 77
Middle School - Pride Club	83	-	-	83
Middle School - Principal Account	-	8,773	6,388	2,385
Middle School - Rain Forest Fund	(4,718)	3,400	-	(1,318)
Middle School - Sixth Grade Camp	5,303	7,951	7,305	5,949
Middle School - Teacher Lounge Pop	501	30	-	531
Middle School - Student Council	1,915	1,500	1,805	1,610
Middle School - Water Wells for Nigeria	-	7,248	7,248	-
Middle School - Yearbook	966	-	-	966
Pathfinder - Activity Fund	2,961	10,483	15,061	(1,617)
Pathfinder - Book Fair	1,247	7,635	8,122	760
Pathfinder - Office Activity	91	536	1,122	(495)
Pathfinder - Cash for Education	5,949	1,485	2,410	5,024
Pathfinder - Parent Group	9,452	19,411	23,397	5,466
Pathfinder - Pop Fund	2,700	33	1,086	1,647
Pathfinder - Families Together	421	-	300	121
Pathfinder - Ford Donation	1,596	2,000	971	2,625
Pine Street - Book Fair	51	-	-	51
Pine Street - Activity Fund	210	-	-	210
Pine Street - Cash for Education	853	-	-	853
Quest - CE Scrip Program	296	6,436	5,842	890
Quest - Daycare Program	3,438	1,811	1,407	3,842
Quest - Student Activity	2,636	-	-	2,636
Quest - Pop Fund	4,761	-	1,010	3,751
Soccer Fields	479	-	-	479
Total	<u>\$ 332,870</u>	<u>\$ 533,471</u>	<u>\$ 537,665</u>	<u>\$ 328,676</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, 2017

<u>Function and Activity</u>	<u>Balance 6/30/2016</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 6/30/2017</u>
Instruction	\$66,015,906	\$ 15,965	\$ -	\$66,031,871
Support Service				
Students & Staff	69,336	-	-	69,336
Administration	164,865	-	-	164,865
Operation & Maintenance	151,623	-	-	151,623
Student Transportation Services	1,905,883	125,830	-	2,031,713
Food Services	150,349	5,215	-	155,564
Athletics	756,068	-	-	756,068
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$69,214,030</u>	<u>\$ 147,010</u>	<u>\$ -</u>	<u>\$69,361,040</u>

FREMONT PUBLIC SCHOOLS

Schedule of Changes in Long-Term Debt Obligations
June 30, 2017

	Refunding Bond 2013	Building America Bond 2009	Refunding Bond 2008	School Bus Capital Lease	School Bus Note Payable	School Bond Loan Fund Loan	Compensated Absence/Early Retirement	Total
Long-Term Debt Outstanding June 30, 2016	\$ 1,420,000	\$39,175,000	\$4,060,000	\$ 98,604	\$ 99,361	\$4,372,815	\$ 53,001	\$49,278,781
Debt Added During Year	-	-	-	-	-	863,365	433,424	1,296,789
Debt Retired During Year	<u>(300,000)</u>	<u>(950,000)</u>	<u>(750,000)</u>	<u>(48,755)</u>	<u>(35,775)</u>	-	<u>(118,853)</u>	<u>(2,203,383)</u>
Long-Term Debt Outstanding June 30, 2017	<u>\$ 1,120,000</u>	<u>\$ 38,225,000</u>	<u>\$3,310,000</u>	<u>\$ 49,849</u>	<u>\$ 63,586</u>	<u>\$5,236,180</u>	<u>\$ 367,572</u>	<u>\$48,372,187</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
 \$43,875,000 of School Building & Site Bonds Dated June 2009
 June 30, 2017

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Treasury Credit</u>
November 1, 2017		-	1,260,649	1,260,649	(441,227)
May 1, 2018	5.29	1,000,000	1,260,649	2,260,649	(441,227)
November 1, 2018		-	1,234,199	1,234,199	(431,970)
May 1, 2019	5.54	1,050,000	1,234,199	2,284,199	(431,970)
November 1, 2019		-	1,205,114	1,205,114	(421,790)
May 1, 2020	5.79	1,125,000	1,205,114	2,330,114	(421,790)
November 1, 2020		-	1,172,545	1,172,545	(410,391)
May 1, 2021	6.04	1,200,000	1,172,545	2,372,545	(410,391)
November 1, 2021		-	1,136,305	1,136,305	(397,707)
May 1, 2022	6.24	1,400,000	1,136,305	2,536,305	(397,707)
November 1, 2022		-	1,092,625	1,092,625	(382,419)
May 1, 2023	6.34	1,450,000	1,092,625	2,542,625	(382,419)
November 1, 2023		-	1,046,660	1,046,660	(366,331)
May 1, 2024	6.44	1,500,000	1,046,660	2,546,660	(366,331)
November 1, 2024		-	998,360	998,360	(349,426)
May 1, 2025	6.54	1,550,000	998,360	2,548,360	(349,426)
November 1, 2025		-	947,675	947,675	(331,686)
May 1, 2026	6.60	1,625,000	947,675	2,572,675	(331,686)
November 1, 2026		-	894,050	894,050	(312,918)
May 1, 2027	6.60	1,700,000	894,050	2,594,050	(312,918)
November 1, 2027		-	837,950	837,950	(293,283)
May 1, 2028	6.60	1,775,000	837,950	2,612,950	(293,283)
November 1, 2028		-	779,375	779,375	(272,781)
May 1, 2029	6.60	1,850,000	779,375	2,629,375	(272,781)
November 1, 2029		-	718,325	718,325	(251,414)
May 1, 2030	6.79	1,925,000	718,325	2,643,325	(251,414)
November 1, 2030		-	652,971	652,971	(228,540)
May 1, 2031	6.79	2,000,000	652,971	2,652,971	(228,540)

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Treasury Credit</u>
November 1, 2031		-	585,071	585,071	(204,775)
May 1, 2032	6.79	2,050,000	585,071	2,635,071	(204,775)
November 1, 2032		-	515,474	515,474	(180,416)
May 1, 2033	6.79	2,125,000	515,474	2,640,474	(180,416)
November 1, 2033		-	443,330	443,330	(155,166)
May 1, 2034	6.79	2,150,000	443,330	2,593,330	(155,166)
November 1, 2034		-	370,338	370,338	(129,618)
May 1, 2035	6.89	2,150,000	370,338	2,520,338	(129,618)
November 1, 2035			296,270	296,270	(103,695)
May 1, 2036	6.89	2,150,000	296,270	2,446,270	(103,695)
November 1, 2036			222,203	222,203	(77,771)
May 1, 2037	6.89	2,150,000	222,203	2,372,203	(77,771)
November 1, 2037			148,135	148,135	(51,847)
May 1, 2038	6.89	2,150,000	148,135	2,298,135	(51,847)
November 1, 2038			74,068	74,068	(25,924)
May 1, 2039	6.89	2,150,000	74,066	2,224,066	(25,923)
		<u>\$38,225,000</u>	<u>\$33,263,382</u>	<u>\$71,488,382</u>	<u>\$(11,642,184)</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
\$8,210,000 of General Obligation Bonds Dated February 2008
June 30, 2017

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2017		-	70,225	70,225
May 1, 2018	5.00	805,000	70,225	875,225
November 1, 2018		-	50,100	50,100
May 1, 2019	4.00	820,000	50,100	870,100
November 1, 2019		-	33,700	33,700
May 1, 2020	4.00	835,000	33,700	868,700
November 1, 2020		-	17,000	17,000
May 1, 2021	4.00	850,000	17,000	867,000
		<u>\$ 3,310,000</u>	<u>\$ 342,050</u>	<u>\$ 3,652,050</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
\$2,210,000 of Refunding Bonds Dated February 2013
June 30, 2017

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2017		-	8,584	8,584
May 1, 2018	1.25	280,000	8,584	288,584
November 1, 2018		-	6,834	6,834
May 1, 2019	1.45	295,000	6,834	301,834
November 1, 2019		-	4,695	4,695
May 1, 2020	1.65	280,000	4,695	284,695
November 1, 2020		-	2,385	2,385
May 1, 2021	1.80	265,000	2,385	267,385
		<u>\$ 1,120,000</u>	<u>\$ 44,996</u>	<u>\$ 1,164,996</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
School Bus Capital Lease Dated August 2013
June 30, 2017

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
August 12, 2017	2.20	<u>49,849</u>	<u>1,116</u>	<u>50,965</u>
		<u>\$ 49,849</u>	<u>\$ 1,116</u>	<u>\$ 50,965</u>

FREMONT PUBLIC SCHOOLS

Schedule of Principal and Interest Payments
School Bus Note Payable Dated July 2014
June 30, 2017

<u>Estimated Payment Date</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 22, 2018	1.99	33,121	1,318	34,439
April 22, 2019	1.99	30,465	659	31,124
		<u>\$ 63,586</u>	<u>\$ 1,977</u>	<u>\$ 65,563</u>

FREMONT PUBLIC SCHOOLS

Schedule of Cash and Investments
June 30, 2017

General Fund		
Petty Cash	\$ 500	
Checking Accounts - Chemical Bank	139,516	
Athletic Funds - Chemical Bank	7,318	
Athletic Funds - Huntington Bank	5,000	
MBIA Asset Management	272,928	
Michigan Liquid Asset Fund	<u>1,386,330</u>	\$ 1,811,592
Special Revenue Fund		
Food Service Fund		
Petty Cash	1,549	
Checking Account - Newaygo County SECU	75,504	
Savings - Newaygo County SECU	74,120	
Savings - Newaygo County SECU	15,158	
Certificate of Deposit - Chemical Bank	<u>100,803</u>	267,134
Debt Service Fund		
Money Market Account - Huntington Bank		258,256
Capital Project/Improvement Funds		
Sinking Fund -Checking Account - Chemical Bank	129,047	
Improvement Fund - Checking Account - Chemical Bank	<u>80,309</u>	209,356
Student Activity Agency Fund		
Checking - Newaygo County SECU	70,512	
Savings - Newaygo County SECU	5	
Certificate of Deposit - Chemical Bank	154,717	
MBIA Asset Management	<u>103,442</u>	328,676
		<u>\$ 2,875,014</u>
Governmental Funds		
Major Funds		\$ 2,069,848
Non-Major Funds		<u>476,490</u>
		2,546,338
Fiduciary Funds		
		<u>328,676</u>
		<u>\$ 2,875,014</u>

FREMONT PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Program Title/Project Number Subrecipient name	Federal CFDA Number	Grant or Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 6/30/2016	Adjustments and Transfers	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued or (Unearned) Revenue at 6/30/2017
<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	\$ 72,260	\$ -	\$ -	\$ -	\$ 65,075	\$ 69,603	\$ (4,528)
Total non-cash assistance			<u>72,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,075</u>	<u>69,603</u>	<u>(4,528)</u>
Cash assistance:									
National School Lunch Program - Section 11	10.555	161,980	20,517	-	-	17,837	2,680	2,680	-
National School Lunch Program - Section 11	10.555	171,980	17,592	-	-	-	17,592	17,592	-
National School Lunch Program - Section 11	10.555	161,960	509,380	-	-	444,433	64,947	64,947	-
National School Lunch Program - Section 11	10.555	171,960	428,753	-	-	-	428,753	428,753	-
			<u>976,242</u>	<u>-</u>	<u>-</u>	<u>462,270</u>	<u>513,972</u>	<u>513,972</u>	<u>-</u>
Total CFDA #10.555			<u>1,048,502</u>	<u>-</u>	<u>-</u>	<u>462,270</u>	<u>579,047</u>	<u>583,575</u>	<u>(4,528)</u>
School Breakfast Program	10.553	161,970	117,143	-	-	104,949	12,194	12,194	-
School Breakfast Program	10.553	171,970	98,632	-	-	-	98,632	98,632	-
Total CFDA #10.553			<u>215,775</u>	<u>-</u>	<u>-</u>	<u>104,949</u>	<u>110,826</u>	<u>110,826</u>	<u>-</u>
Total cash assistance			<u>1,192,017</u>	<u>-</u>	<u>-</u>	<u>567,219</u>	<u>624,798</u>	<u>624,798</u>	<u>-</u>
Total Michigan Department of Education (cluster total)			<u>1,264,277</u>	<u>-</u>	<u>-</u>	<u>567,219</u>	<u>689,873</u>	<u>694,401</u>	<u>(4,528)</u>
Passed through Newaygo County									
National Forest Subsidy	10.665	N/A	908	-	-	-	908	908	-
Total U.S. Department of Agriculture			<u>1,265,185</u>	<u>-</u>	<u>-</u>	<u>567,219</u>	<u>690,781</u>	<u>695,309</u>	<u>(4,528)</u>
<u>U.S. Department of Education</u>									
Passed through the Michigan Department of Education									
Federal Adult Education - ABE Grant 15/16	84.002	161130-161998	\$ 26,000	\$ (770)	\$ -	\$ 24,055	\$ -	\$ (770)	\$ -
Federal Adult Education - ABE Grant 16/17	84.002	171130-161998	20,000	-	-	-	20,000	20,000	-
Federal Adult Education - ABE Grant 16/17	84.002	171190-161998	30,000	-	-	-	30,000	30,000	-
			<u>76,000</u>	<u>(770)</u>	<u>-</u>	<u>24,055</u>	<u>50,000</u>	<u>49,230</u>	<u>-</u>

<u>Program Title/Project Number</u> <u>Subrecipient name</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant or</u> <u>Project</u> <u>Number</u>	<u>Approved</u> <u>Grant Award</u> <u>Amount</u>	<u>Accrued</u> <u>(Unearned)</u> <u>Revenue</u> <u>6/30/2016</u>	<u>Adjustments</u> <u>and</u> <u>Transfers</u>	<u>(Memo Only)</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Current</u> <u>Year</u> <u>Expenditures</u>	<u>Current</u> <u>Year</u> <u>Cash Receipts</u>	<u>Accrued or</u> <u>(Unearned)</u> <u>Revenue at</u> <u>6/30/2017</u>
Title I Part A 15/16	84.010	161530	406,351	6,661	-	392,747	-	6,661	-
Title I Part A 16/17	84.010	171530	476,689	-	-	-	476,689	472,340	4,349
			<u>883,040</u>	<u>6,661</u>	<u>-</u>	<u>392,747</u>	<u>476,689</u>	<u>479,001</u>	<u>4,349</u>
Title VI Part B 16/17	84.358	161530	43,332	-	-	-	43,332	43,332	-
Title II Part A 15/16	84.367	160520	140,720	5,632	-	133,926	-	5,632	-
Title II Part A 16/17	84.367	170520	122,466	-	-	-	122,466	108,232	14,234
			<u>263,186</u>	<u>5,632</u>	<u>-</u>	<u>133,926</u>	<u>122,466</u>	<u>113,864</u>	<u>14,234</u>
Total Michigan Department of Education			<u>1,265,558</u>	<u>11,523</u>	<u>-</u>	<u>550,728</u>	<u>692,487</u>	<u>685,427</u>	<u>18,583</u>
Passed through Newaygo County Regional Educational Service Agency									
Special Education Flow Through Grant	84.027	160450/1516	263,785	63,455	-	263,785	-	63,455	-
Special Education Flow Through Grant	84.027	170450/1617	257,782	-	-	-	257,782	232,562	25,220
			<u>521,567</u>	<u>63,455</u>	<u>-</u>	<u>263,785</u>	<u>257,782</u>	<u>296,017</u>	<u>25,220</u>
Total U.S. Department of Education			<u>1,787,125</u>	<u>74,978</u>	<u>-</u>	<u>814,513</u>	<u>950,269</u>	<u>981,444</u>	<u>43,803</u>
Total Federal Awards			<u>\$ 3,052,310</u>	<u>\$ 74,978</u>	<u>\$ -</u>	<u>\$ 1,381,732</u>	<u>\$ 1,641,050</u>	<u>\$ 1,676,753</u>	<u>\$ 39,275</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, 2017

(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, 2017. 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) Reconciliation of Grant Auditor Report with Schedule of Expenditures of Federal Awards:

Current cash payments per Cash Management System (CMS)	\$ 1,310,225
Add items not on CMS report:	
Food Distribution Program - Entitlement Commodities	69,603
IDEA Flowthrough Grant	296,017
National Forest Subsidy	<u>908</u>
Current year receipts (cash basis) per	
Schedule of Expenditures of Federal Awards	<u><u>\$ 1,676,753</u></u>

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

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

Revenues from Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 2,478,821
Less: Federal Qualified Bonds Credit Payment	<u>(837,771)</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 1,641,050</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, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Fremont Public School's basic financial statements, and have issued our report thereon dated October 24, 2017.

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.
Fremont, MI

October 24, 2017



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

Board of Education
Fremont Public 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, 2017. 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, 2017.

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.
Fremont, MI

October 24, 2017

FREMONT PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

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



October 24, 2017

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, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 24, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fremont Public Schools are described in Note A to the financial statements. During 2016-2017, the District implemented GASB Statement no. 77, *Tax Abatement Disclosures*. 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 October 24, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restrictions on Use

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

Very truly yours,

H & S Companies, P.C.

H & S Companies, P.C.