LLP
Certified Public Accountants

FREMONT PUBLIC SCHOOLS

FREMONT, MICHIGAN

JUNE 30, 2023

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Fremont Public Schools
Fremont, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools, Fremont, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fremont Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fremont Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Schools' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fremont Public Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-12 and 48-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont Public Schools' basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all 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 9, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fremont Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont Public Schools' internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
October 9, 2023

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

Fremont Public Schools, a K-12 school district located in Muskegon, Newaygo and Oceana Counties, Michigan, offers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of the following three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. The government-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The *Statement of Net Position* includes all of the District's assets and liabilities. All of the year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

Over time, increases and decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all shown in one category titled "Governmental Activities". These activities, including regular and special education, transportation, administration, food services, athletic activities, and community services, are primarily financed with state and federal aid and property taxes.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called "non-major" funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

Notes to Financial Statements

The notes 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 financial statements can be found on pages 21-47 of this report.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

C. Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30. The prior year has not been adjusted for prior period adjustments.

	2023	2022
Assets		
Current Assets	$ 9,670,697	$ 8,837,679
Non Current Assets		
Capital Assets	77,674,688	73,922,761
Less Accumulated Depreciation	(33,804,441)	(32,112,963)
Total Non Current Assets	43,870,247	41,809,798
Total Assets	53,540,944	50,647,477

	2023	2022
Deferred Outflows of Resources	19,744,999	7,648,961
Liabilities		
Current Liabilities	4,746,661	3,993,876
Non Current Liabilities	89,247,665	75,475,185
Total Liabilities	93,994,326	79,469,061
Deferred Inflows of Resources	9,793,237	20,357,705
Net Position		
Net Investment in Capital Assets	6,905,298	743,291
Restricted for Debt Service	112,847	812,480
Unrestricted (Deficit)	(37,519,765)	(43,086,099)
Total Net Position (Deficit)	$ (30,501,620)	$ (41,530,328)

D. Analysis of Financial Position

During the fiscal year ended June 30, 2023, the District's net position increased by $6,876,088. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation and Amortization Expense

The school district is required to maintain a record of annual depreciation and amortization expense and the accumulation of depreciation and amortization expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation and amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation and amortization expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2023, $1,714,874 was recorded for depreciation and amortization expense.

2. Pension and Other Postemployment Benefits Expense

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increases or decreases in any given year.

3. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2023, expenditures of $3,775,323 were capitalized and recorded as assets of the District. Additions to the District's capital assets are depreciated and amortized over time as explained above.

The net effect of the new capital assets, assets sold during the year, and the current year's depreciation and amortization is a net increase in capital assets in the amount of $2,060,449 for the fiscal year ended June 30, 2023.

E. Results of Operations

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30. The prior year has not been adjusted for prior period adjustments.

	2023	2022
General Revenues		
Property Taxes	$ 7,825,293	$ 7,721,782
Investment Earnings	131,980	8,837
State Sources	16,242,189	16,865,738
Proceeds from the Sale of Capital Assets	0	3,641
Other	49,769	342,894
Total General Revenues	24,249,231	24,942,892
Program Revenues		
Charges for Services	808,775	711,863
Operating Grants and Contributions	10,290,458	6,803,765
Capital Grants and Contributions	1,297,498	0
Total Program Revenues	12,396,731	7,515,628
Total Revenues	36,645,962	32,458,520
Expenses		
Instruction	15,511,796	19,840,466
Supporting Services	9,120,875	8,466,988
Community Services	544,639	545,659
Facilities Acquisition, Construction and Improvements	185,848	49,035
Food Service Activities	1,070,941	1,185,630
Interest on Long-Term Debt	1,620,401	1,740,880
Other Transactions	500	0
Unallocated Depreciation	1,714,874	0
Total Expenses	29,769,874	31,828,658
Change in Net Position	$ 6,876,088	$ 629,862

Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2023	As Restated 2022	Increase (Decrease)
Major Fund			
General Fund	$ 4,828,069	$ 4,075,069	$ 753,000
Debt Service Fund	359,639	217,723	141,916
Capital Projects Sinking Fund	327,264	1,168,068	(840,804)
Nonmajor Funds			
Food Service Fund	406,859	628,508	(221,649)
School Activity Fund	447,894	602,388	(154,494)
Capital Improvement Fund	211,103	109,435	101,668
Total Governmental Funds	$ 6,580,828	$ 6,801,191	$ (220,363)

In 2023, the General Fund balance increased due to a large influx of federal revenues due to the pandemic that were greater than expenditures and an increase in per pupil state funding. Of the fund balance of $4,828,069, $127,370 is nonspendable for inventory and prepaid expenditures, $512,227 is assigned for a budgeted loss in 2023-2024, and the remainder of $4,188,472 is unassigned.

The Debt Service Fund balance increased primarily due to property taxes collected were greater than the principal and interest payments for the year. The entire fund balance of $359,639 is restricted for debt service.

The Capital Projects Sinking Fund decreased due to the projects being expended during the fiscal year. The entire fund balance of $327,264 is restricted for capital projects.

F. Analysis of Significant Revenues and Expenditures

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies 17.8903 mills of property taxes for operations on non-homestead properties, after the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2023-2024 fiscal year, the District levied $2,892,098 in non-homestead property taxes. This represented an increase of 1.09% from the prior year.

The following table summarizes the non-principal residence exemption property tax levies for operations for the past five years:

Fiscal Year	Non-Principal Residence Exemption Tax	% Increase (Decrease) from Prior Year
2022-2023	$ 2,892,098	1.09%
2021-2022	2,860,967	1.53%
2020-2021	2,817,748	4.53%
2019-2020	2,695,574	5.52%
2018-2019	2,554,645	1.71%

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. For the 2022-2023 fiscal year, the District received $9,150 per student FTE.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

Fiscal Year	Student FTE	from Prior Year
2022-2023	2071	38
2021-2022	2033	(55)
2020-2021	2088	(18)
2019-2020	2106	(28)
2018-2019	2134	3

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2023, federal, state, and other grants accounted for $10,290,458.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2022-2023 fiscal year, the District amended the general fund budget various times throughout the year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES	$ 26,114,903	$ 31,184,037	$ 30,911,014
EXPENDITURES			
Instruction	$ 17,475,861	$ 18,937,877	$ 18,588,691
Supporting Services	8,466,219	9,810,713	9,404,588
Community Services	507,091	722,790	667,295
Facilities Acquisition, Construction and Improvements and Prior Period Adjustments	0	1,272,498	1,457,440
Total Expenditures	$ 26,449,171	$ 30,743,878	$ 30,118,014

The change from the total revenue original budget to final budget was an increase that was mainly due to an increase in anticipated state sourced revenue on behalf of the pandemic and how the District wanted to allocated federal funding.

The variance between the original budget to final budget expenditures was an increase that was tied to the district having a clearer picture of funding that comes from the state and federal governments along with necessary expenditures needed in the fiscal year.

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2022-23 fiscal year, the District had invested $43,870,247, net of accumulated depreciation, in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to $1,714,874 bringing the total accumulated depreciation to $33,804,441 as of June 30, 2023.

Major capital asset additions for the 2022-2023 school year include:

- Building upgrades and improvements in the amount of $2,938,083, which is the related to the Capital Projects Sinking Fund.
- Other building updates totaling $192,794.
- Playground equipment in the amount of $61,774.
- School bus totaling $117,985.
- Chevrolet and Ford trucks costing $31,349.
- Food service equipment purchased for $63,028.

- Toro mower totaling $45,421.

- Computer equipment in the amount of $324,889.

Major capital asset disposals for the 2022-2023 school year include:

- Vehicle with an original cost of $23,396.

In addition to purchasing the above assets, the School has committed to spend roughly $155,000 for building and site improvements within the district and $252,138 on two new buses that will be added to capital assets in the 2023-24 fiscal year.

2. Long-Term Obligations

At June 30, 2023, the District had $90,657,665 in long-term obligations outstanding.

Additional information about capital assets and long-term obligations can be found in the notes to the financial statements.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- Currently, the state has recently finalized the school budget for the 2023-2024 school year which included a per pupil increase of $458 from $9,150 to $9,608. This was the amount used when calculating the proposed budget for the year. The additional per pupil funding is monumental and will assist Fremont Public Schools in every aspect of the educational process.

- The District's FEA Master union contract is active through August 2024. Negotiations for both contracts will take place during the 23-24 school year. The District appreciates the positive negotiating atmosphere as all groups look to work together in order to improve Fremont Public Schools' financial and academic success.

- The Capital Projects Sinking Fund runs through December 2026. The District still has plans to use these funds to upgrade and improve buildings.

- ESSER III funds have not been fully utilized as the District has until September 30, 2024 to obligate these funds. The District has a plan in place to utilize the remainder of the funds.

- Fremont Public Schools is striving to meet the challenges facing them while remaining student centered, learning focused and world ready.

J. Contacting the District's Financial Management

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

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 2,274,063
Investments	2,818,027
Accounts Receivable	29,643
Due from Other Governments	4,405,384
Prepaid Expenses	61,385
Inventory	82,195
Total Current Assets	9,670,697
NON CURRENT ASSETS	
Assets Not Being Depreciated	4,513,340
Assets Being Depreciated, Net of Accumulated Depreciation	39,356,907
Total Non Current Assets	43,870,247
TOTAL ASSETS	53,540,944
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pensions	15,786,345
Deferred Outflows of Resources Related to Other Postemployment Benefits	3,958,654
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,744,999
LIABILITIES	
CURRENT LIABILITIES	
Accounts and Retainage Payable	255,621
Accrued Expenses	1,147,407
Accrued Interest Payable	246,792
Salaries Payable	867,819
Unearned Revenue	819,022
Current Portion of Non Current Liabilities	1,410,000
Total Current Liabilities	4,746,661

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

NON CURRENT LIABILITIES	
Bonds Payable - Net	37,292,213
Compensated Absences	183,807
Net Pension Liability	50,357,165
Net Other Postemployment Benefits Liability	2,824,480
Less Current Portion of Non Current Liabilities	(1,410,000)
Total Non Current Liabilities	89,247,665
TOTAL LIABILITIES	93,994,326
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	3,858,487
Deferred Inflows of Resources Related to Other Postemployment Benefits	5,934,750
TOTAL DEFERRED INFLOWS OF RESOURCES	9,793,237
NET POSITION	
Net Investment in Capital Assets	6,905,298
Restricted for Debt Service	112,847
Unrestricted (Deficit)	(37,519,765)
TOTAL NET POSITION (Deficit)	$ (30,501,620)

The notes to the financial statements are an integral part of this statement.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES: NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 15,511,796	$ 0	$ 4,794,162	$ 0	$ (10,717,634)
Supporting Services	9,120,875	286,211	3,877,699	0	(4,956,965)
Community Services	544,639	442,818	237,870	0	136,049
Facilities Acquisition, Construction, and Improvements, and Prior Period Adjustments	185,848	0	0	1,297,498	1,111,650
Food Service Activities	1,070,941	79,746	1,380,727	0	389,532
Interest on Long-Term Debt	1,620,401	0	0	0	(1,620,401)
Other Transactions	500	0	0	0	(500)
Unallocated Depreciation	1,714,874	0	0	0	(1,714,874)
TOTAL GOVERNMENTAL ACTIVITIES	$ 29,769,874	$ 808,775	$ 10,290,458	$ 1,297,498	(17,373,143)
GENERAL REVENUES					
Property Taxes -Levied for General Purposes					2,892,098
Property Taxes -Levied for Debt Service					3,640,004
Property Taxes -Levied for Capital Projects					1,293,191
Investment Earnings					131,980
State Sources					16,242,189
Other					49,769
Total General Revenues					24,249,231
Change in Net Position					6,876,088
NET POSITION - Beginning of Year (Deficit), As Restated					(37,377,708)
NET POSITION - End of Year (Deficit)					$ (30,501,620)

The notes to the financial statements are an integral part of this statement.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 572,384	$ 366,081	$ 486,875	$ 848,723	$ 2,274,063
Investments	2,729,484	0	0	88,543	2,818,027
Accounts Receivable	25,105	0	0	4,538	29,643
Due from Other Funds	23,907	2,336	817	132,722	159,782
Due from Other Governments	4,388,026	10,573	3,777	3,008	4,405,384
Prepaid Expenditures	61,385	0	0	0	61,385
Inventory	65,985	0	0	16,210	82,195
TOTAL ASSETS	$ 7,866,276	$ 378,990	$ 491,469	$ 1,093,744	$ 9,830,479
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts & Retainage Payable	$ 78,149	$ 0	$ 160,538	$ 16,934	$ 255,621
Accrued Expenses	1,147,407	0	0	0	1,147,407
Salaries Payable	867,819	0	0	0	867,819
Due to Other Funds	135,875	19,351	3,667	889	159,782
Unearned Revenue	808,957	0	0	10,065	819,022
Total Liabilities	3,038,207	19,351	164,205	27,888	3,249,651
FUND BALANCES					
Nonspendable for:					
Prepaid Expenditures	61,385	0	0	0	61,385
Inventory	65,985	0	0	16,210	82,195
Restricted for:					
Debt Service	0	359,639	0	0	359,639
Food Service	0	0	0	390,649	390,649
Capital Projects	0	0	327,264	0	327,264
Assigned for:					
Capital Improvements	0	0	0	211,103	211,103
School Activities	0	0	0	447,894	447,894
Subsequent Year Budget Shortfall	512,227	0	0	0	512,227
Unassigned	4,188,472	0	0	0	4,188,472
Total Fund Balances	4,828,069	359,639	327,264	1,065,856	6,580,828
TOTAL LIABILITIES AND FUND BALANCES	$ 7,866,276	$ 378,990	$ 491,469	$ 1,093,744	$ 9,830,479

The notes to the financial statements are an integral part of this statement.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total Governmental Fund Balances		$ 6,580,828
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 77,674,688	
Accumulated depreciation is	(33,804,441)	43,870,247
Other long-term assets are not available for pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:		
Bond Premium		(3,850,533)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(33,441,680)
Compensated Absences		(183,807)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability		(50,357,165)
Net Other Postemployment Benefits Liability		(2,824,480)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources		19,744,999
Deferred Inflows of Resources		(9,793,237)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid.		(246,792)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (30,501,620)

The notes to the financial statements are an integral part of this statement.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	$ 4,003,924	$ 3,650,099	$ 1,334,193	$ 683,998	$ 9,672,214
State Sources	22,868,993	295,817	0	173,412	23,338,222
Federal Sources	3,765,968	0	25,000	1,162,384	4,953,352
Other Transactions	272,129	0	0	0	272,129
Total Revenues	30,911,014	3,945,916	1,359,193	2,019,794	38,235,917
EXPENDITURES					
Instruction					
Basic Programs	13,362,909	0	0	0	13,362,909
Added Needs	5,044,376	0	0	0	5,044,376
Adult/Continuing Education	181,406	0	0	0	181,406
Supporting Services					
Pupil	659,032	0	0	0	659,032
Instructional Staff	482,547	0	0	0	482,547
General Administration	547,269	0	0	0	547,269
School Administration	1,946,919	0	0	0	1,946,919
Business	637,656	0	0	0	637,656
Operation and Maintenance	2,204,764	0	0	0	2,204,764
Pupil Transportation Services	1,459,166	0	0	0	1,459,166
Central	673,553	0	361,248	821,183	1,855,984
Athletics	793,682	0	0	0	793,682
Community Services					
Community Activities	6,393	0	0	0	6,393
Custody and Care of Children	653,486	0	0	0	653,486
Welfare Activities	2,000	0	0	0	2,000
Non-Public School Pupils	5,416	0	0	0	5,416
Facilities Acquisition, Construction, and Improvements, and Prior Period Adjustments					
Building Improvement Services	1,272,498	0	1,838,749	0	3,111,247
Prior Period Adjustments	184,942	0	0	0	184,942

The notes to the financial statements are an integral part of this statement.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Food Service	0	0	0	1,513,086	1,513,086
Debt Service					
Principal	0	1,931,150	0	0	1,931,150
Interest	0	1,872,350	0	0	1,872,350
Other Transactions	0	500	0	0	500
Total Expenditures	30,118,014	3,804,000	2,199,997	2,334,269	38,456,280
Excess (Deficiency) of Revenues Over Expenditures	793,000	141,916	(840,804)	(314,475)	(220,363)
OTHER FINANCING SOURCES (USES)					
Transfer In	60,000	0	0	100,000	160,000
Transfer Out	(100,000)	0	0	(60,000)	(160,000)
Total Other Financing Sources (Uses)	(40,000)	0	0	40,000	0
Net Change in Fund Balances	753,000	141,916	(840,804)	(274,475)	(220,363)
FUND BALANCES - Beginning of Year (As Restated)	4,075,069	217,723	1,168,068	1,340,331	6,801,191
FUND BALANCES - End of Year	$ 4,828,069	$ 359,639	$ 327,264	$ 1,065,856	$ 6,580,828

The notes to the financial statements are an integral part of this statement.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds	$ (220,363)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures. In the Statement of Activities these costs are allocated over their estimated useful lives as depreciation/amortization.	
Depreciation Expense	(1,714,874)
Capital Outlay	3,775,323
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued Interest Payable - Beginning of Year	258,083
Accrued Interest Payable - End of Year	(246,792)
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. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Repayment of Bond Principal	1,931,150
Amortization of Bond Premium	240,658
Employees Retirement Incentive and Accumulated Sick Pay are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated Absences - Beginning of Year	218,914
Compensated Absences - End of Year	(183,807)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Changes in Pension Related Items	2,251,020
Changes in Other Postemployment Benefits Related Items	2,156,731
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension contributions subsequent to the measurement date.	
Change in State Aid Funding for Pension	(1,589,955)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 6,876,088

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Fremont Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

A. Reporting Entity

Fremont Public Schools ("the District") was organized under the School Code of the State of Michigan and is located in Newaygo, Muskegon and Oceana Counties with its administrative offices located in Fremont, Michigan. The District operates under an elected 7-member board of education and provides services to its 2,070 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, athletics, community services, facilities improvements and debt service. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities)* report the information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Sinking Fund* accounts for financial resources to be used for acquisition, construction, renovation or repair of major capital facilities. The Capital Projects Sinking Fund records capital project activities funded with a Sinking Fund millage. For this fund, the District has complied with the applicable provisions of sec. 1212(1) of Revised School Code and the State of Michigan Department of Treasury Letter 01-95 relating to sinking funds.

Additionally, the District reports the following non-major funds:

The *Special Revenue (Food Service) Fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service activities in a special revenue fund.

The *Special Revenue (School Activity) Fund* accounts for revenue sources that are committed to expenditures for specific purposes. The District accounts for its student/school activities in a special revenue fund.

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. The are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations). The General Fund budget was maintained at the account level for control purposes.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

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

a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.

b) A public hearing is conducted during June to obtain taxpayer comments.

c) Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

g) Budgeted amounts are as originally adopted in June 2022, or as amended by the School Board of Education throughout the year.

2. Excess of Expenditures Over Appropriations

	APPROPRIATIONS	EXPENDITURES
General Fund		
Supporting Services		
Pupil	$ 635,536	$ 659,032
Operations and Maintenance	2,100,140	2,204,764
Prior Period Adjustments		
Prior Period Adjustments - Material Transactions	0	184,942
Student Activities Fund		
Support Services - Other	730,000	755,132

These overages were funded with available fund balance and additional revenues.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

3. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land, construction in progress, building, improvements other than buildings, vehicles and machinery and equipment are reported in the government-wide financial statements. Capital Assets are defined by the District as assets with an initial, individual costs of more than $5,000 and an estimated useful life in excess of one year. Items costing less than $5,000 each may also be included in the policy if such an item is deemed to be theft prone or otherwise warranting tracking. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-50 years
Improvements other than Buildings	20-25 years
Vehicles	5-15 years
Machinery and Equipment	5-15 years

5. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned revenue in the General Fund and Food Service Fund that is related to state and local grants/donations received and unspent due to restrictions on how they can be spent.

6. Defined Benefit Plans

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on pension and other postemployment benefits related items reported in the government-wide *Statement of Net Position*. The deferred outflows related to the pension and other postemployment benefits relate differences between estimated and actual investment earnings, changes in actuarial assumptions and other pension and OPEB related changes.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liabilities and the actual results.

8. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Board is committed to maintaining a fiscally responsible fund balance of at least ten percent (10%) target, the budget for the year shall endeavor to include an allocation to increase the fund balance, and the amounts to be added to the fund balance shall be an amount of at least ten percent (10%) of the projected balance for that year and shall not fall below five percent (5%) of the preceding year's expenditures.

11. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2023 the foundation allowance was based on pupil membership counts taken in February 2022 and October 2022. For fiscal year ended June 30, 2023, the per pupil foundation allowance was $9,150 for the District.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2022 to August 2023. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental 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 unearned revenue. Other categorical funding is recognized when the appropriation is received.

***2. Program* Revenues**

Amounts reported as program revenue 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. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

***3. Property* Taxes**

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the School District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund – Non-Principal Residence Exemption (PRE)	17.8903
General Fund – Commercial Personal Property	6.0000
Debt Service Fund – PRE, Non-PRE, Commercial Personal Property	7.0000
Sinking Fund – PRE, Non-PRE, Commercial Personal Property	2.4814

4. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligation.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures Over Appropriations, describes budgetary violations that occurred for the year ended June 30, 2023.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2023 the District had deposits and investments subject to the following risks:

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2023, the District's bank balance was $2,634,850 and $1,766,622 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2023, deposits of $2,273,290 and petty cash of $773 was reported on the financial statements as cash and cash equivalents.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government
Cash	$ 2,274,063
Investments	2,818,027
	$ 5,092,090

Interest Rate Risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

	Fair Value	Weighted Average Maturity (Years)
MILAF+ Cash Management Class	$ 89,206	N/A
MILAF+ Max Class	2,728,821	N/A
	$ 2,818,027	

1 Day Maturity Equals 0.0027, One Year Equals 1.000

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

	Fair Value	Standard & Poor's Rating
MILAF+ Cash Management Class	$ 89,206	AAAm
MILAF+ Max Class	2,728,821	AAAm
	$ 2,818,027	

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Fair Market Value Disclosure - 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 the 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 quoted prices from similar activities, 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 reporting entity's own assumptions about the factors market participants would use in pricing the security 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.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF+ Cash Management Class	$ 89,206
MILAF+ Max Class	2,728,821
	$ 2,818,027

B. Intergovernmental Receivables

Amounts due from other governmental units as of year-end for the government's individual major funds and nonmajor are as follows:

	General Fund	Debt Service Fund	Sinking Fund	Nonmajor Funds	Total
Due from Other Governments					
Federal	$ 113,964	$ 0	$ 0	$ 3,008	$ 116,972
State	4,274,062	10,573	3,777	0	4,288,412
Total Due from Other Governments	$ 4,388,026	$ 10,573	$ 3,777	$ 3,008	$ 4,405,384

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 1,575,257	$ 0	$ 0	$ 1,575,257
Construction in Progress	0	2,938,083	0	2,938,083
Subtotal	1,575,257	2,938,083	0	4,513,340
Capital Assets Being Depreciated:				
Buildings and Improvements	60,176,327	254,568	0	60,430,895
Vehicles	1,966,570	149,334	23,396	2,092,508
Machinery and Equipment	10,204,607	433,338	0	10,637,945
Subtotal	72,347,504	837,240	23,396	73,161,348
Less Accumulated Depreciation for:				
Buildings and Improvements	21,249,605	1,363,938	0	22,613,543
Vehicles	1,418,835	134,088	23,396	1,529,527
Machinery and Equipment	9,444,523	216,848	0	9,661,371
Accumulated Depreciation	32,112,963	1,714,874	23,396	33,804,441
Total Capital Assets Being Depreciated, Net	40,234,541	(877,634)	0	39,356,907
Capital Assets, Net	$ 41,809,798	$ 2,060,449	$ 0	$ 43,870,247

Depreciation for the fiscal year ended June 30, 2023, amounted to $1,714,874. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Defined Benefit Plan and Post-Employment Benefits

Plan Description – The Michigan Public School Employees' Retirement System (MPSERS) (System) 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. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www://michigan.gov/orsschools.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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

Benefits Provided - Overall

Introduction

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to pension reform of 2010 there were two plans commonly referred to as Basic and Member Investment Plan (MIP). Basic plan member's contributions range from 0% to 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later, including Pension Plus plan members, contribute at various graduated permanently fixed contribution rates from 3.0% to 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010, is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 – Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 – Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service their after would include a 1.25% pension factor.

Option 3 – Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 – Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 accounts. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus Plan and the Defined Contribution Plan that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) – Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6%. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided – Other Postemployment Benefit (OPEB)

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 healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To 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 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.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility – A basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount – The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% to 7% for pension and 0% to 3% for other postemployment benefits. Plan members electing the defined contribution plan are not required to make additional contributions.

Employer Contributions

Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree other post-employment benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2022, were determined as of the September 30, 2019, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019, are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2021- September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022- September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023, were equal to the required contribution total. Total pension contributions were approximately $6,397,000. Of the total pension contributions, approximately $6,271,000 was contributed to fund the Defined Benefit Plan and approximately $126,000 was contributed to fund the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2023, were equal to the required contribution total. OPEB benefits were approximately $1,121,000. Of the total OPEB contributions, approximately $1,024,000 was contributed to fund the Defined Benefit Plan and approximately $97,000 was contributed to fund the Defined Contribution Fund.

These amounts for both pension and OPEB, include contributions funded from State Revenue Section 147c restricted to fund MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities

At June 30, 2023, the District reported a liability of $50,357,165 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers Net Pension Liability

	September 30, 2022	September 30, 2021
Total Pension Liability	$ 95,876,795,620	$ 86,392,473,395
Plan Fiduciary Net Position	(58,268,076,344)	(62,717,060,920)
Net Pension Liability	$ 37,608,719,276	$ 23,675,412,475
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.77%	72.60%
Net Pension Liability as a Percentage of Covered Payroll	386.25%	261.68%

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions

For the year ended June 30, 2023, the District recognized total pension expense of $6,264,299.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 503,747	$ 112,593
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	3,646,461
Changes of assumptions	8,653,165	0
Net difference between projected and actual earnings on pension plan investments	118,088	0
Changes in proportion and differences between District contributions and proportionate share of contributions	635,863	99,433
District contributions subsequent to the measurement date	5,875,482	0
Total	$ 15,786,345	$ 3,858,487

$5,875,482 reported as deferred outflows of resources and $3,646,461 reported as deferred inflows or 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 subsequent fiscal year.

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

Year Ended September 30,	Amount
2023	$ 2,880,528
2024	2,126,765
2025	1,760,569
2026	2,930,975
	$ 9,698,837

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

OPEB Liabilities

At June 30, 2023, the District reported a liability of $2,824,480 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers Net OPEB Liability

	September 30, 2022	September 30, 2021
Total OPEB Liability	$ 12,522,713,324	$ 12,046,393,511
Plan Fiduciary Net Position	(10,404,650,683)	(10,520,015,621)
OPEB Liability	$ 2,118,062,641	$ 1,526,377,890
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	83.09%	87.33%
OPEB Liability as a Percentage of Covered Payroll	21.75%	16.87%

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

For the year ended June 30, 2023, the District recognized a total OPEB benefit of $1,132,473.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 5,532,075
Changes of assumptions	2,517,550	204,993
Net difference between projected and actual earnings on OPEB plan investments	220,755	0
Changes in proportion and differences between District contributions and proportionate share of contributions	351,057	197,682
District contributions subsequent to the measurement date	869,292	0
Total	$ 3,958,654	$ 5,934,750

$869,292 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,		Amount
2023	$	(1,049,117)
2024		(884,717)
2025		(813,881)
2026		(77,259)
2027		(27,455)
Thereafter		7,041
	$	(2,845,388)

G. Actuarial Assumptions

Investment rate of return for Pension – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus groups.

Investment rate of return for OPEB – 6.00% a year, compounded annually net of investment and administrative expenses.

Salary increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including inflation at 2.75%.

Inflation – 3.0%

Mortality assumptions –

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018, valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan) and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments – 3.0% annual non-compounded for MIP members.

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

Opt Out Assumption – 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage – 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement – 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2022, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity Pools	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate & Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	100%	

*Long-term rate of return are net of administrative expenses and 2.2% inflation.

Rate of return

For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate

A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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.

OPEB Discount Rate

The discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. 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 school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was project to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the District's proportionate share of the net pension liability, calculated using a single discount rate of 6.00%, 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 than the current rate:

	Pension	
1% Decrease	**Discount Rate**	**1% Increase**
$ 66,452,750	$ 50,357,165	$ 37,093,678

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

The following presents the District's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	OPEB	
1% Decrease	**Discount Rate**	**1% Increase**
$ 4,737,794	$ 2,824,480	$ 1,213,233

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the District's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	OPEB	
1% Decrease	**Current Healthcare Cost Trend Rates**	**1% Increase**
$ 1,182,757	$ 2,824,480	$ 4,667,347

H. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

I. Payables to the Pension Plan

As of June 30, 2023, the District is current on all required pension and OPEB plan payments. As of June 30, 2023, the District reported payables in the amount of $904,514 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

J. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District participates a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited.

The District continues to carry commercial insurance for other risks of loss, including general liability, property and casualty and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2023, or any of the prior three years.

K. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the governmental long-term obligation transactions for the District for the year ended June 30, 2023:

	(As Restated) Long-Term Obligation at July 1, 2022	Additions	Deletions	Long-Term Obligations At June 30, 2023	Portion Due Within One Year
General Obligation Bonds	$ 30,970,000	$ 0	$ 1,355,000	$ 29,615,000	$ 1,410,000
School Loan Revolving Fund	3,340,875	0	576,150	2,764,725	Unknown
Compensated Absences	218,914	26,547	61,654	183,807	Unknown
Net Pension Liability	31,350,432	23,564,053	4,557,320	50,357,165	Unknown
Net OPEB Liability	1,988,503	1,851,764	1,015,787	2,824,480	Unknown
Total	$ 67,868,724	$ 25,442,364	$ 7,565,911	$ 85,745,177	$ 1,410,000

Advanced Refunding

On February 5, 2019, the District issued refunding bonds of $35,095,000 with interest rates ranging from 4.00% to 5.00%. The proceeds were used to advance refund $38,680,000 of outstanding 2008 General Obligation Bonds and 2009 School Building and Site Bonds which had interest rates ranging from 4.00% to 6.89%. The net proceeds of $39,880,342 (including a $4,913,439 premium and after payment of $128,097 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the 2008 and 2009 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $1,200,342. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The advance refunding reduced its total debt service payments by $2,815,558 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2,585,194.

The District’s liability obligations at June 30, 2023, are comprised of the following issues:

General Obligation Bonds	
$35,095,000 2019 Refunding Bonds Due in Annual Installments of $495,000 to $2,120,000 through May 1, 2039; Interest at 5.000%	$ 29,615,000
School Loan Revolving Fund	
School Loan Revolving Fund loans from the State of Michigan are necessary because the District's debt retirement millage was limited to 7.00 mills in 2022-2023. As long as the tax revenue from this millage is insufficient to make current debt service payments on the District's bonds, additional loans can be obtained in the amounts sufficient to make bond an interest payments. No payments are due on these loans until such time as tax revenues exceed bond debt service requirements. Interest rates on these loans are variable, the rate during the year ended June 30, 2023 was 4.11441%. The accrued interest on these loans at June 30, 2023 totaled $146,250. The State of Michigan may apply a default late charge if the District fails to levy the appropriate debt mills. The State may also withhold State Aid payments if the District is in default.	2,764,725
Other Obligations	
Compensated Absences	183,807
Net Pension Liability	50,357,165
Net Other Postemployment Benefits Liability	2,824,480
	$ 85,745,177

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2023, including interest payments of $13,477,750 are as follows:

	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2024	$ 1,410,000	$ 1,480,750	$ 2,890,750
2025	1,465,000	1,410,250	2,875,250
2026	1,505,000	1,337,000	2,842,000
2027	1,580,000	1,261,750	2,841,750
2028	1,650,000	1,182,750	2,832,750
2029-2033	9,430,000	4,595,750	14,025,750
2034-2038	10,455,000	2,103,500	12,558,500
2039-2043	2,120,000	106,000	2,226,000
	$ 29,615,000	$ 13,477,750	43,092,750
School Loan Revolving Fund			2,764,725
Compensated Absences, Net Pension and Net OPEB			53,365,452
			$ 99,222,927

Interest expense for the year ended June 30, 2023 was approximately $1,872,350.

The annual requirements to amortize the School Loan Revolving Fund, compensated absences, net pension liability, and net OPEB liability are uncertain because it is unknown when the employees will use the sick leave or when the pension or OPEB liability obligations will be paid out.

Compensated absences, the net pension liability, and the net OPEB liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds. Accrued interest on the School Loan Revolving Funds of $884,575 is treated as a long-term liability because it is not known when it will be paid.

L. Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	$ 19,351
General Fund	Capital Projects Sinking Fund	3,667
General Fund	Nonmajor Governmental Funds	889
Debt Service Fund	General Fund	2,336
Capital Projects Sinking Fund	General Fund	817
Nonmajor Governmental Funds	General Fund	132,722
Subtotal		$ 159,782

The outstanding balances between funds result mainly from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2023, are expected to be repaid within one year.

M. Interfund Transfers

Fund Transfers To	Fund Transfers From	Amount	
Nonmajor Governmental Funds	General Fund	$	100,000
General Fund	Nonmajor Governmental Funds		60,000
Subtotal		$	160,000

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

N. GASB Statement No. 96 – Subscription-based Information Technology Arrangements

It has been determined that the District has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

O. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the district.

Commitments – The District has committed to spend roughly $155,000 for Building Improvements out of the sinking fund where $2,849,355 has been expensed through June 30, 2023. The District has committed to purchasing two new buses for a cost of $252,138.

P. GASB Statement No. 77 (Tax Abatements)

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Commercial Facilities Exemptions granted by the (City of Fremont) within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; Commercial Facilities Exemptions affords a tax incentive for the redevelopment of commercial property for the primary purpose and use of a commercial business enterprise. For the fiscal year ended June 30, 2023, (tax year 2022) the District's property tax revenues were reduced by $89,492 under these programs.

NOTE 4 – PRIOR PERIOD ADJUSTMENT

The restatement of the beginning of the year fund balances and net position is as follows:

	Student Activities Fund	Total Governmental Fund
Fund Balances as of July 1, 2022, as previously stated	$ 0	$ 6,198,803
Adjustment Related to GASB Statement 84	602,388	602,388
Fund Balance as of July 1, 2022, as restated	$ 602,388	$ 6,801,191

	Net Position	
	Governmental Activities	Custodial Funds
Net position as of July 1, 2022, as previously stated	$ (41,530,328)	$ 0
GASB Statement 84		
Activities previously reported as fiduciary liabilities become fiduciary net position	0	602,388
Activities previously reported as fiduciary become governmental	602,388	(602,388)
Difference in net pension liability reported on prior financials	4,000,000	0
Accrued interest previously not reported	(258,083)	0
Difference in compensated absences reported on prior financials	(191,685)	0
Net position as of July 1, 2022, as restated	$ (37,377,708)	$ 0

NOTE 5 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement N*o. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS FUND

YEAR ENDED JUNE 30, 2023

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Local Sources	$ 3,900,311	$ 4,002,116	$ 4,003,924
State Sources	19,891,638	23,025,335	22,868,993
Federal Sources	2,013,954	3,816,444	3,765,968
Other Transactions	309,000	340,142	272,129
Total Revenues	26,114,903	31,184,037	30,911,014
EXPENDITURES			
Instruction			
Basic Programs	12,303,140	13,554,166	13,362,909
Added Needs	4,941,593	5,170,383	5,044,376
Adult/Continuing Education	231,128	213,328	181,406
Supporting Services			
Pupil	650,575	635,536	659,032
Instructional Staff	510,172	589,465	482,547
General Administration	423,550	574,914	547,269
School Administration	1,770,890	1,959,822	1,946,919
Business	522,024	768,237	637,656
Operation and Maintenance	1,839,050	2,100,140	2,204,764
Pupil Transportation Services	1,328,978	1,496,696	1,459,166
Central	644,800	825,028	673,553
Athletics	776,180	860,875	793,682
Community Services			
Community Activities	11,201	11,201	6,393
Custoday and Care of Children	486,014	701,713	653,486
Welfare Activities	4,460	4,460	2,000
Non Public School Pupils	5,416	5,416	5,416
Facilities Acquisition, Construction, and Improvements, and Prior Period Adjustments			
Builidng Improvement Services	0	1,272,498	1,272,498
Prior Period Adjustments	0	0	184,942
Total Expenditures	26,449,171	30,743,878	30,118,014
Excess (Deficiency) of Revenues Over Expenditures	(334,268)	440,159	793,000
OTHER FINANCING SOURCES (USES)			
Transfers In	0	0	60,000
Transfers Out	0	(100,000)	(100,000)
Other Financing Uses	0	(106,607)	0
Total Other Financing Sources (Uses)	0	(206,607)	(40,000)
Net Change in Fund Balances	(334,268)	233,552	753,000
FUND BALANCE - Beginning of Year	3,762,369	4,075,070	4,075,069
FUND BALANCE - End of Year	$ 3,428,101	$ 4,308,622	$ 4,828,069

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)		0.13389%	0.13242%	0.13267%	0.12946%	0.13054%	0.13366%	13.28500%	0.12781%	0.12335%
District's proportionate share of net pension liability		$ 50,357,165	$ 31,350,432	$ 45,575,041	$ 42,871,243	$ 39,241,349	$ 34,636,102	$ 33,144,863	$ 31,216,635	$ 27,169,033
District's covered payroll		13,033,349	11,801,956	11,809,756	11,343,154	10,903,708	11,115,805	11,380,315	10,622,388	10,630,504
District's proportionate share of net pension liability as a percentage of its covered payroll		386.37%	265.64%	385.91%	377.95%	359.89%	311.59%	291.25%	293.88%	255.58%
Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions		$ 6,271,550	$ 2,455,571	$ 2,163,628	$ 2,156,440	$ 1,983,061	$ 2,722,618	$ 2,760,008	$ 2,771,111	$ 3,575,356
Contributions in relation to statutorily required contributions *		6,271,550	2,455,571	2,163,628	2,156,440	1,983,061	2,722,618	2,760,008	2,771,111	3,575,356
Contribution deficiency (excess)		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll		$ 13,576,318	$ 5,651,874	$ 11,582,791	$ 11,850,404	$ 11,150,650	$ 10,880,179	$ 11,106,943	$ 10,731,997	$ 10,725,021
Contributions as a percentage of covered payroll		46.19%	43.45%	18.68%	18.20%	17.78%	25.02%	24.85%	25.82%	33.34%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)					0.13335%	0.13028%	0.13300%	0.12964%	0.12799%	0.13354%
District's proportionate share of net OPEB liability					$ 2,824,480	$ 1,988,503	$ 7,125,217	$ 9,304,959	$ 10,173,764	$ 11,825,960
District's covered payroll					13,033,349	11,801,956	11,809,756	11,343,154	10,903,708	11,115,805
District's proportionate share of net OPEB liability as a percentage of its covered payroll					21.67%	16.85%	60.33%	82.03%	93.31%	106.39%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions					$ 1,024,258	$ 1,094,044	$ 990,325	$ 985,497	$ 918,729	$ 872,041
Contributions in relation to statutorily required contributions *					1,024,258	1,094,044	990,325	985,497	918,729	872,041
Contribution deficiency (excess)					$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll					$ 13,576,318	$ 12,952,555	$ 11,582,791	$ 11,850,404	$ 11,150,650	$ 10,880,179
Contributions as a percentage of covered payroll					7.54%	8.45%	8.55%	8.32%	8.24%	8.01%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2023

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2022 were:

Discount rate decreased to 6.00% from 6.95%.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2023

	FOOD SERVICE FUND	SCHOOL ACTIVITY FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	$ 264,470	$ 373,150	$ 211,103	$ 848,723
Investments	0	88,543	0	88,543
Accounts Receivable	922	3,616	0	4,538
Due from Other Funds	132,314	408	0	132,722
Due from Other Governments	3,008	0	0	3,008
Inventory	16,210	0	0	16,210
TOTAL ASSETS	$ 416,924	$ 465,717	$ 211,103	$ 1,093,744
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 0	$ 16,934	$ 0	$ 16,934
Due to Other Funds	0	889	0	889
Unearned Revenue	10,065	0	0	10,065
Total Liabilities	10,065	17,823	0	27,888
FUND BALANCES				
Nonspendable for Inventory	16,210	0	0	16,210
Restricted for Food Service	390,649	0	0	390,649
Assigned for Capital Improvements	0	0	211,103	211,103
Assigned for School Activities	0	447,894	0	447,894
Total Fund Balances	406,859	447,894	211,103	1,065,856
TOTAL LIABILITIES AND FUND BALANCES	$ 416,924	$ 465,717	$ 211,103	$ 1,093,744

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2023

	FOOD SERVICE FUND	SCHOOL ACTIVITY FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Local Sources	$ 81,692	$ 600,638	$ 1,668	$ 683,998
State Sources	173,412	0	0	173,412
Federal Sources	1,162,384	0	0	1,162,384
Total Revenues	1,417,488	600,638	1,668	2,019,794
EXPENDITURES				
Supporting Services	66,051	755,132	0	821,183
Food Service	1,513,086	0	0	1,513,086
Total Expenditures	1,579,137	755,132	0	2,334,269
Excess (Deficiency) of Revenues Over Expenditures	(161,649)	(154,494)	1,668	(314,475)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	100,000	100,000
Transfers Out	(60,000)	0	0	(60,000)
Total Other Financing Sources (Uses)	(60,000)	0	100,000	40,000
Net Change in Fund Balances	(221,649)	(154,494)	101,668	(274,475)
FUND BALANCES - Beginning of Year (As Restated)	628,508	602,388	109,435	1,340,331
FUND BALANCES - End of Year	$ 406,859	$ 447,894	$ 211,103	$ 1,065,856

UHY LLP
Certified Public Accountants

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 *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Fremont Public Schools
Fremont, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Fremont Public Schools' basic financial statements, and have issued our report thereon dated October 9, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Fremont Public Schools' internal control over financial reporting (internal control) as a basis for designing 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 Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont Public Schools' 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 part of obtaining reasonable assurance about whether Fremont Public Schools' financial statements are free from 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

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.

UHY LLP

Cadillac, Michigan
October 9, 2023

UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Fremont Public Schools
Fremont, Michigan

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Fremont Public Schools' 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 Schools' major federal programs for the year ended June 30, 2023. Fremont Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fremont Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fremont Public Schools' compliance with the compliance requirements referred to above.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Fremont Public Schools' federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fremont Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fremont Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fremont Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Fremont Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Fremont Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

OTHER MATTERS

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Fremont Public School's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fremont Public School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Fremont Public Schools response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Fremont Public Schools response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

UHY LLP

Cadillac, Michigan
October 9, 2023

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN NUMBER	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (UNEARNED) REVENUE JULY 1, 2022	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (UNEARNED) REVENUE JUNE 30, 2023
U.S. Department of Agriculture									
Passed Through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Commodities):									
National School Lunch									
Entitlement Commodities	10.555	N/A	$ 96,518	$ 0	$ 0	$ 0	$ 96,518	$ 96,518	$ 0
Bonus Commodities	10.555	N/A	5,231	0	0	0	5,231	5,231	0
Total Non-Cash Assistance			101,749	0	0	0	101,749	101,749	0
Cash Assistance:									
School Breakfast Program	10.553	221970	20,731	0	0	0	20,731	20,731	0
School Breakfast Program	10.553	231970	169,349	0	0	0	169,349	169,349	0
Total School Breakfast Program			190,080	0	0	0	190,080	190,080	0
National School Lunch Program	10.555	221960	97,736	0	0	0	97,736	97,736	0
National School Lunch Program	10.555	221980	2,526	0	0	0	2,526	2,526	0
National School Lunch Program	10.555	231960	674,095	0	0	0	674,095	674,095	0
National School Lunch Program	10.555	231980	16,061	0	0	0	16,061	16,061	0
National School Lunch Program - Supply Chain Assistance	10.555	220910-2023	44,698	0	0	0	44,698	44,698	0
National School Lunch Program - Supply Chain Assistance	10.555	230910-2023	25,221	0	0	0	25,221	25,221	0
Total National School Lunch Program			860,337	0	0	0	860,337	860,337	0
Summer Food Service Program	10.559	220900	7,211	0	0	0	10,219	7,211	3,008
Total Cash Assistance			1,057,628	0	0	0	1,060,636	1,057,628	3,008
Total Child Nutrition Cluster			1,159,377	0	0	0	1,162,385	1,159,377	3,008
Pandemic EBT Local Costs	10.649	220980-2022	3,135	0	0	0	3,135	3,135	0
Total Passed Through M.D.E.			1,162,512	0	0	0	1,165,520	1,162,512	3,008
Passed Through Newaygo County									
Forest Service Schools and Roads Cluster									
National Forest									
Schools and Roads Grant	10.665	N/A	164	0	0	0	164	164	0
Total U.S. Department of Agriculture			1,162,676	0	0	0	1,165,684	1,162,676	3,008

The accompanying notes are an integral part of this schedule.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN NUMBER	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (UNEARNED) REVENUE JULY 1, 2022	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (UNEARNED) REVENUE JUNE 30, 2023
U.S. Department of Education									
Passed Through Michigan Department of Education (M.D.E.)									
Adult Education	84.002	231130-231998	67,318	0	0	0	65,061	59,490	5,571
Adult Education	84.002	231190-231998	54,471	0	0	0	53,043	49,802	3,241
Total Adult Education			121,789	0	0	0	118,104	109,292	8,812
Title I, Part A Grants to Local Education Agencies	84.010	201530-1920	388,057	0	0	(3,950)	0	(3,950)	0
Title I, Part A Grants to Local Education Agencies	84.010	231530-2223	475,634	0	0	0	475,634	365,817	109,817
Total Title I, Part A			863,691	0	0	(3,950)	475,634	361,867	109,817
Title II, Part A - Improving Teacher Quality	84.367	200520-1920	80,463	0	0	(1,606)	0	(1,606)	0
Title II, Part A - Improving Teacher Quality	84.367	230520-2223	71,790	0	0	0	62,575	60,171	2,404
Total Title IIA, Part A			152,253	0	0	(1,606)	62,575	58,565	2,404
Title IV, Part A SSAE	84.424	230750-2223	31,616	0	0	0	26,934	20,818	6,116
Total Title, IV Part A			31,616	0	0	0	26,934	20,818	6,116
Education Stabilization Funds									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	1,491,014	(18,216)	1,256,494	0	121,980	103,764	0
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	3,350,989	0	0	0	2,288,802	2,076,466	212,336
Total Education Stabilization Fund			4,842,003	(18,216)	1,256,494	0	2,410,782	2,180,230	212,336
Total Passed Through M.D.E.			6,011,352	(18,216)	1,256,494	(5,556)	3,094,029	2,730,772	339,485
Passed Through Newaygo County Regional Educational Service Agency									
Special Education Cluster									
Special Education - Idea Flowthrough	84.027A	220450-2022	296,046	57,759	296,046	0	0	57,759	0
Special Education - Idea Flowthrough	84.027A	230450-2223	322,441	0	0	0	322,441	274,727	47,714
Total Special Education			618,487	57,759	296,046	0	322,441	332,486	47,714
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Credit Recovery)	84.425D	213722	53,420	0	0	2,132	9,376	11,508	0
Total Passed Through Newaygo County Regional Educational Service Agency			671,907	57,759	296,046	2,132	331,817	343,994	47,714
Total U.S. Department of Education			6,683,259	39,543	1,552,540	(3,424)	3,425,846	3,074,766	387,199
United States Department of Health and Human Services (U.S. DHHS)									
Passed Through Christopher & Dana Reeve Foundation									
Paralysis Resource Center	93.325	90PRRC006-02-00	25,000	0	0	0	25,000	25,000	0
Total Passed Through Christopher & Dana Reeve Foundation/U.S. DHHS			25,000	0	0	0	25,000	25,000	0
Total Federal Financial Assistance			$ 7,870,935	$ 39,543	$ 1,552,540	$ (3,424)	$ 4,616,530	$ 4,262,442	$ 390,207
						(C)	(D)	(E)	

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(A) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the Schedule") includes the federal grant activity of Fremont Public Schools under programs of the federal government for the year ended June 30, 2023. 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* (the "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, changes in net position, or cash flows of Fremont Public Schools.

(B) Summary of Significant Accounting Policies

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, 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. Fremont Public Schools has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(C) Adjustments

Title I
There is an adjustment of ($3,950) reported on the SEFA. This adjustment is in relation to prior 2019-2020 changes in indirect costs that were disallowed, and the District had to repay those funds.

Title II
There is an adjustment of ($1,606) reported on the SEFA. This adjustment is in relation to prior 2019-2020 changes in indirect costs that were disallowed, and the District had to repay those funds.

Education Stabilization Fund
The District recognized expenditures in prior years, but due to grant agreements not being in place, were unable to recognize the revenues during the June 30, 2021 year. The amount of this adjustment for the year ended June 30, 2023, was $2,132. The expenditures were subjected to audit during the prior fiscal year ended June 30, 2022, although occurring during fiscal year ending June 30, 2021.

(D) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Federal Sources - Per Statement of Revenues, Expenditures and changes in Fund Balances	$ 4,953,352
Federal expenditures not required to be reported on the Schedule of Expenditures of Federal Awards related to:	
Child Care Stabilization Grant (ALN #93.575)	(258,804)
E-Rate: Universal Service Program (ALN #32.004)	(78,018)
Federal Expenditures per Schedule of Expenditures of Federal Awards	$ 4,616,530

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

Current Cash Payments per Cash Management System (CMS)		$ 3,795,901
Add Items Not on CMS Report:		
Amounts Received as Pass Through from Newaygo County Intermediate School District		
Special Education - IDEA Flowthrough	$ 332,486	
ESSER II Credit Recovery	11,508	
Schools and Roads Grant	164	
Amounts Received as Pass Through from Food Distribution Program		
Entitlement Commodities	96,518	
Bonus Commodities	5,231	
Amounts Received as Pass Through from Christopher & Dana Reeve Foundation		
Paralysis Resource Center	25,000	470,907
Subtract Items on CMS Report Reported on Prior SEFA:		
ESSER III	(3,526)	
Adult Education	(840)	(4,366)
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards		$ 4,262,442

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Financial Statement Findings

None Reported

Federal Award Findings and Questioned Costs

None Reported

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*			
Internal Control over financial reporting:				
Material weakness(es) identified:		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?	X	Yes		No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified:		Yes	X	No
Significant deficiency(ies) identified?	X	Yes		None Reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?		Yes	X	No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425D & 84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee under Title 2 CFR Section 200.520?	X	Yes		No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

2023-001 Unfavorable Budget Variance

Type: Material Noncompliance

Criteria: Michigan Public Act 621 of 1978, as amended, provides that the District adopt formal budgets for all applicable funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures.

Condition and Context: The District had adopted budget items that were exceeded by actual expenditures by a material amount.

Cause: The condition was caused by the board officials and personnel ineffectively monitoring the adopted budget against actual expenditures.

Effect: The District was not in compliance with the budgeting act.

Recommendation: The District should continue to monitor expenditures against adopted budgets to make appropriate amendments as needed.

View of Responsible Officials: The District should continue to monitor expenditures against adopted budgets to make appropriate amendments as needed.

Section III –Federal Award Findings and Questioned Costs

2023-002 U.S. DEPARTMENT OF EDUCATION

Program Title: Education Stabilization Fund
CFDA Number(s): 84.425U
Federal Award Number: 213713-2122 (COVID-19)
Federal Award Year: July 1, 2022 to June 30, 2023
Pass-Through Entity: Passed-Through Michigan Department of Education
Type of Compliance: Special Test & Provisions – Wage Rate Requirements
Finding Type: Significant Deficiency & Immaterial Noncompliance

Criteria: Approved construction projects must comply with applicable Uniform Guidance requirements, as well as the department's regulations regarding construction at 34 CFR 76.600. As is the case with all remodeling or construction contracts using laborers financed by federal education funds, a Local Education Agency (LEA) that uses ESSER funds for minor remodeling, renovation, repair or construction contracts over $2,000 must meet all Davis-Bacon prevailing wage requirements and include language in the contracts that all contractors or subcontractors must pay wages that are no less than those established for the locality of the project (prevailing wage rates).

Condition: While performing single audit procedures it was noticed that the ESSER funds were used to purchase the equipment for the building upgrades that were also split with the Sinking Fund. Per the Compliance Supplement, recipients and subrecipients that use Education Stabilization Funds for minor use laborers and mechanics must meet Davis-Bacon prevailing wage requirements.

Cause: This condition appears to be the result of the district and the contractor agreeing to utilize the equipment portion of the building improvements for ESSER funding and the wages and additional equipment would be funded with sinking fund tax monies.

Effect: As a result of this condition, the District did not fully comply with Davis-Bacon prevailing wage requirements.

Questioned Costs: None

Perspective Information: The contract did not have the proper language to comply with Davis-Bacon prevailing wage requirements. Even if the wages and equipment are split between the Sinking Fund monies and ESSER funding the language will still need to appropriately be within the contract.

Recommendations: We recommend the District add an addendum to the contract that contains the proper Davis-Bacon prevailing wage requirements language.

Views of Responsible Officials: The School District will work with the attorney and the contractor to add the proper language to the contract.

Student Centered – Learning Focused
World Ready

Fremont Public Schools
Administration

450 E. Pine Street
Fremont, MI 49412
Phone: (231) 924-2350
Fax: (231) 924-5264

CORRECTIVE ACTION PLAN

2023-001

Condition: The District had adopted budget items that were exceeded by actual expenditures by a material amount.

Corrective Steps to be Taken: The District is aware of the situation and will continue to monitor the budget more closely to guarantee this does not happen again.

Monitoring: The plan for monitoring adherence is that the Board will monitor the budget more closely.

Name of Responsible Person for Further Information: Brad Reyburn, Superintendent and Julie Reams, Director of Financial Services

Questioned Costs Related to this Finding: None

Anticipated Completion Date: Immediate

2023-002

Condition: While performing single audit procedures it was noticed that the ESSER funds were used to purchase the equipment for the building upgrades that were also split with the Sinking Fund. Per the Compliance Supplement, recipients and subrecipients that use Education Stabilization Funds for minor use laborers and mechanics must meet Davis-Bacon prevailing wage requirements.

Corrective Steps to be Taken: The School District will work with the attorney and the contractor to add the proper language to the contract.

Monitoring: The plan for monitoring adherence is that the Superintendent and Director of Financial Services will work with contractors to guarantee that all Davis-Bacon required prevailing wage language will be in contracts with federal funding.

Name of Responsible Person for Further Information: Brad Reyburn, Superintendent and Julie Reams, Director of Financial Services

Questioned Costs Related to this Finding: None

Anticipated Completion Date: Prior to the start of the July 1, 2024 fiscal year.