FREMONT PUBLIC SCHOOLS

FREMONT, MICHIGAN

JUNE 30, 2026

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2026

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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, 2026, 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, 2026, 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.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, the District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

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 48-56 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 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 nonmajor combining fund financial statements 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 22, 2026, 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.



Cadillac, Michigan
October 22, 2026

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

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, 2026. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The purpose of management's discussion and analysis (MD&A) is to help the District's residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it has changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

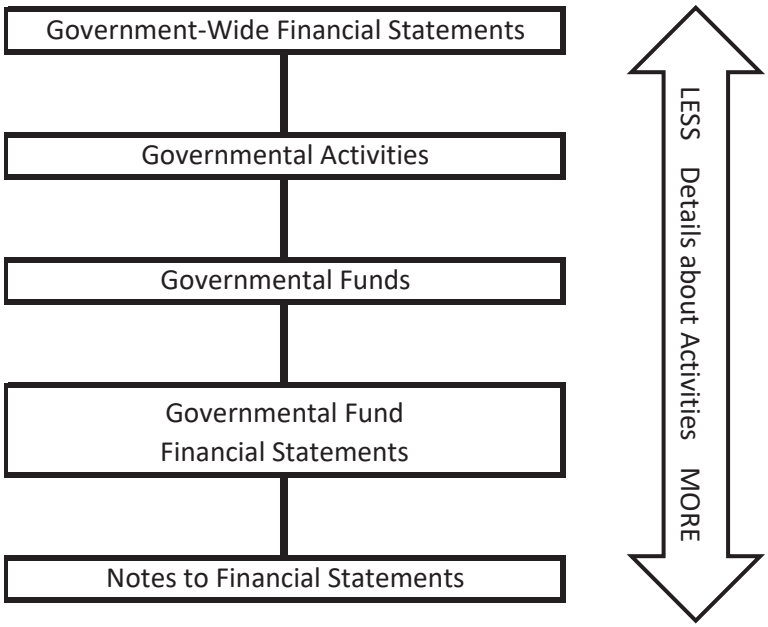
The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two financial statements - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram in Figure A-1.)

- *Governmental activities* comprise the District's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by property taxes from non-personal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the District's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports one group of financial statements:

- *Governmental fund financial statements* report all of the governmental activities. In addition to the District's main operating fund - the general fund - those financial statements report special revenue funds that track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

Figure A-1. Contents of the District's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the District controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.

- *Liabilities* - amounts the District owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.

- *Deferred outflows of resources and deferred inflows of resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on construction.

Figure A-2. Types of Information Reported in the District's Financial Statements

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE DISTRICT'S FINANCES

Fremont Public Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
Current Assets	$ 16,872,224	$ 14,899,863	$ 1,972,361	13.2%
Net Other Postemployment Benefits Asset	7,354,564	5,523,080	1,831,484	33.2%
Capital Assets, Net of Accumulated Depreciation	44,464,591	43,744,881	719,710	1.6%
Total Assets	68,691,379	64,167,824	4,523,555	7.0%
Deferred Outflows of Resources	8,444,730	10,688,165	(2,243,435)	-21.0%
Current Liabilities	7,971,786	6,138,223	1,833,563	29.9%
Long-term Obligations Outstanding	27,499,269	30,174,586	(2,675,317)	-8.9%
Net Pension Liability	25,192,196	32,142,014	(6,949,818)	-21.6%
Total Liabilities	60,663,251	68,454,823	(7,791,572)	-11.4%
Deferred Inflow of Resources	17,613,204	18,204,964	(591,760)	-3.3%
Net Position				
Net Investment in Capital Assets	15,722,209	12,335,603	3,386,606	27.5%
Restricted for Specific Purposes	9,534,873	7,195,892	2,338,981	32.5%
Unrestricted (Deficit)	(26,397,428)	(31,335,293)	4,937,865	15.8%
Total Net Position (Deficit)	$ (1,140,346)	$ (11,803,798)	$ 10,663,452	90.3%

The above table shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows – was a deficit of $1,140,346, an increase of $10,663,452 or 90.3% compared with 2025. The following sections of MD&A analyze the finances of the District's governmental activities.

GOVERNMENTAL ACTIVITIES

The table below shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities was a deficit of $1,140,346, an increase of $10,663,452 or 90.3% from 2025. Various events contributed to this increase in net position; however, the primary factor affecting the change in net position is as follows:

1. Net change in accruals to Pension and Other Post Employment Benefits (OPEB).

Changes in Fremont Public Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 827,784	$ 836,404	$ (8,620)	-1.0%
Operating Grants and Contributions	10,328,288	12,467,399	(2,139,111)	-17.2%
Capital Grants and Contributions	437,448	937,172	(499,724)	-53.3%
General Revenues				
Property Taxes	9,355,753	8,966,610	389,143	4.3%
Investment Earnings	328,475	316,345	12,130	3.8%
State Sources	17,198,188	16,736,635	461,553	2.8%
Other	112,162	94,445	17,717	18.8%
Total Revenues	38,588,098	40,355,010	(1,766,912)	-4.4%
Expenses				
Instruction	13,650,343	14,264,877	(614,534)	-4.3%
Supporting Services	8,891,300	9,996,304	(1,105,004)	-11.1%
Food Service Activities	1,484,967	1,151,393	333,574	29.0%
Community Services	546,516	473,397	73,119	15.4%
Facilities Acquisition, Construction and Improvements	146,624	100,421	46,203	46.0%
Interest on Long-Term Debt	1,136,071	1,268,359	(132,288)	-10.4%
Unallocated Depreciation	2,068,825	1,867,525	201,300	10.8%
Total Expenses	27,924,646	29,122,276	(1,197,630)	-4.1%
Change in Net Position	10,663,452	11,232,734	(569,282)	-5.1%
Net Position (Deficit) - Beginning of Year	(11,803,798)	(23,036,532)	11,232,734	48.8%
Net Position (Deficit) - End of Year	$ (1,140,346)	$ (11,803,798)	$10,663,452	90.3%

Net Change in Accruals Related to Pension and Other Post Employment Benefits (OPEB)

There was a notable decrease in the net Pension and OPEB related future costs which are primarily a result of actuarially determined future liabilities, and payments made against these liabilities by the District. The liabilities decreased in total by $7.1 million in the current fiscal year which is the main cause of the increase in net position.

GOVERNMENTAL FUNDS

The District reports three major funds individually in the governmental fund financial statements. These funds are the general fund, debt service fund, and capital projects sinking fund. Most of the discussion regarding governmental activities is equally applicable to the finances of these governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in the table below and are discussed in more detail following the table.

	2026	2025	Dollar Change	Total Percentage Change
Major Fund				
General Fund	$ 7,475,220	$ 7,706,251	$ (231,031)	-3.0%
Debt Service Fund	1,398,362	312,947	1,085,415	346.8%
Capital Projects Sinking Fund	992,239	1,607,794	(615,555)	-38.3%
Nonmajor Funds				
Food Service Fund	503,426	588,302	(84,876)	-14.4%
Student Activity Fund	605,427	550,270	55,157	10.0%
Capital Improvement Fund	512,808	336,719	176,089	52.3%
Total Governmental Funds	$ 11,487,482	$ 11,102,283	$ 385,199	3.5%

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

The general fund experienced decrease in its total fund balance, a change primarily driven by a board approved $250,000 interfund transfer to the capital improvement fund to support long-term infrastructure projects. Outside of this major planned allocation, the fund's day-to-day operations remained highly stable and functionally balanced. Specifically, the combination of incoming property taxes and unrestricted state aid revenues aligned closely with core operational spending, while grant-driven expenditures were fully offset by corresponding grant revenues. Because these primary revenue streams and operational costs effectively reached a breakeven point, the overarching reduction in the fund balance is entirely attributable to the significant capital transfer rather than any structural or operational deficit.

Debt Service Fund

District revenues derived from property taxes and related receipts are legally restricted to servicing outstanding general obligation bonds and the School Bond Loan Revolving Fund. The significant increase in the fund balance is primarily attributable to property tax revenues exceeding the fiscal year's debt service obligations for principal and interest.

Capital Projects Sinking Fund

Capital asset expenditures increased during the fiscal year compared to the prior period. This growth was primarily driven by the unit ventilator replacement project at Pathfinder Elementary School, comprehensive district-wide technology enhancements, various facility and athletic field improvements, and additional capital acquisitions, which collectively

exceeded $2.4 million. Consequently, the resulting reduction in the fund balance occurred because total capital expenditures outpaced incoming revenue from property taxes and federal grants.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation- increased 1.6% over 2025. See the table below for the carrying value of capital assets.

Fremont Public Schools' Capital Assets

	2026			2025		
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Change in Net Book Value	Total Percentage Change
Land	$ 1,575,257	$ 0	$ 1,575,257	$ 1,575,257	$ 0	0.0%
Construction in Progress	1,242,086	0	1,242,086	0	1,242,086	100.0%
Buildings and Improvements	65,395,280	27,109,856	38,285,424	39,082,376	(796,952)	-2.0%
Vehicles	2,763,995	1,632,236	1,131,759	980,538	151,221	15.4%
Right to Use - Machinery and Equipment	502,689	134,051	368,638	469,176	(100,538)	-21.4%
Machinery and Equipment	9,048,955	7,187,528	1,861,427	1,637,534	223,893	13.7%
Total	$ 80,528,262	$ 36,063,671	$44,464,591	$ 43,744,881	$ 719,710	1.6%

A significant reason for the increase in the net capital assets relates to the addition of a project that is not yet complete, where $1,242,086 was capitalized in the current year and the District is committed to spending approximately $580,000 which remains on the elementary school unit ventilator replacement project. The additions, which are considered construction in progress outpaced the depreciation for the fiscal year.

As of June 30, 2026, the Board has approved to spend approximately $585,000 toward a Univent project at Pathfinder Elementary.

Long-Term Obligations

Overall, the carrying value of the District's long-term obligations decreased by 7.5% from the prior year. See table below for the carrying value of the District's long-term obligations.

Fremont Public Schools
Outstanding Long-Term Obligations

	2026	2025	Dollar Change	Total Percentage Change
General Obligation Bonds	$ 25,235,000	$ 26,740,000	$ (1,505,000)	-5.6%
Notes from Direct Borrowings and Direct Placements	378,823	1,300,061	(921,238)	-70.9%
Compensated Absences	1,133,639	883,022	250,617	28.4%
Total	$ 26,747,462	$ 28,923,083	$ (2,175,621)	-7.5%

General obligation bonds decreased from 2025 due to the District making their scheduled debt payments on the existing outstanding obligations. The total amount of principal paid in the current fiscal year was $2,426,238 between general obligation bonds, the lease liability, and the school loan revolving fund bond.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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:

As we look ahead to the 2026–2027 school year, Fremont Public Schools remains in a healthy financial position while continuing to make strategic investments in our facilities, staff, and students.

- **Sinking Fund and Facilities:** The passage of our sinking fund renewal provides the District with an important resource to address our aging facilities and infrastructure. During the past year, we were able to complete several projects, including significant mechanical upgrades at Pathfinder Elementary. These investments allow us to address critical needs while being responsible stewards of taxpayer dollars. Looking ahead, one of our planned projects is the replacement of the roof at Pathfinder Elementary. The sinking fund will continue to allow us to systematically address facility needs rather than waiting until they become emergencies.

- **School Safety Funding:** The District continues to evaluate state school safety funding carefully. The requirement that districts waive certain legal privileges in order to receive the funding, combined with a vague definition of what constitutes a "mass casualty event," has created concerns about the potential implications of accepting these funds. As a result, we have been reluctant to accept the funding until we have greater clarity regarding the requirements and potential consequences.

- **Financial Position:** Our overall budget remains healthy, and the District continues to maintain a strong fund balance. This financial position provides us with stability and allows us to respond to changing financial conditions while continuing to invest in the needs of our students and staff.

- **Employee Compensation:** During the past year, we negotiated wages with every bargaining unit in the District. We also continued our practice of tying enrollment bonuses to student count. This approach provides an opportunity for employees to share in the financial benefit when enrollment meets or exceeds projections, while ensuring the District does not commit to ongoing wage costs based on revenue that does not materialize.

- **Looking Ahead:** Our focus remains on maintaining financial stability while strategically investing in our schools. We will continue to use our available resources thoughtfully, prioritize the most important facility and instructional needs, and make decisions that support our mission of fostering a supportive, student-centered, learning-focused community where all may thrive.

REQUEST FOR INFORMATION

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, 2026

ASSETS		
Cash and Cash Equivalents	$	4,832,380
Investments		7,185,297
Accounts Receivable		50,875
Due from Other Governments		4,636,283
Prepaid Expenses		50,377
Inventory		117,012
Net Other Postemployment Benefits Asset		7,354,564
Assets not Being Depreciated/Amortized		2,817,343
Assets , net of Accumulated Depreciation/Amortization		41,647,248
TOTAL ASSETS		68,691,379
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions		7,035,020
Deferred Outflows of Resources Related to Other Postemployment Benefits		1,409,710
TOTAL DEFERRED OUTFLOWS OF RESOURCES		8,444,730
LIABILITIES		
Accounts and Retainage Payable		759,253
Accrued Expenses		1,167,748
Accrued Interest Payable		210,292
Salaries Payable		1,405,673
Due to Other Governments		602,028
Unearned Revenue		1,450,040
Noncurrent Liabilities:		
Due Within One Year: Bonds, Leases, Compensated Absences		2,376,752
Bonds Payable - Net		26,783,559
Lease Liability		281,245
Compensated Absences		434,465
Net Pension Liability		25,192,196
TOTAL LIABILITIES		60,663,251

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

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2026

DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	11,298,481
Deferred Inflows of Resources Related to Other Postemployment Benefits	6,314,723
TOTAL DEFERRED INFLOWS OF RESOURCES	17,613,204
NET POSITION	
Net Investment in Capital Assets	15,722,209
Restricted for Debt Service	1,188,070
Restricted for Capital Projects	992,239
Restricted for Net Other Postemployment Benefits	7,354,564
Unrestricted (Deficit)	(26,397,428)
TOTAL NET POSITION (Deficit)	$ (1,140,346)

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, 2026

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	$ 13,650,343	$ 0	$ 4,714,307	$ 0	$ (8,936,036)
Supporting Services	8,891,300	239,114	3,999,284	361,944	(4,290,958)
Food Service Activities	1,484,967	45,285	1,600,363	0	160,681
Community Services	546,516	543,385	14,334	0	11,203
Facilities Acquisition, Construction, and Improvements, and Prior Period Adjustments	146,624	0	0	75,504	(71,120)
Interest on Long-Term Debt	1,136,071	0	0	0	(1,136,071)
Unallocated Depreciation/Amortization	2,068,825	0	0	0	(2,068,825)
TOTAL GOVERNMENTAL ACTIVITIES	$ 27,924,646	$ 827,784	$ 10,328,288	$ 437,448	(16,331,126)
GENERAL REVENUES					
Property Taxes -Levied for General Purposes					3,386,772
Property Taxes -Levied for Debt Service					4,421,658
Property Taxes -Levied for Capital Projects					1,547,323
Investment Earnings					328,475
State Sources					17,198,188
Other					112,162
Total General Revenues					26,994,578
Change in Net Position					10,663,452
NET POSITION - Beginning of Year (Deficit)					(11,803,798)
NET POSITION - End of Year (Deficit)					$ (1,140,346)

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

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2026

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 493,111	$ 1,388,260	$ 1,573,438	$ 1,377,571	$ 4,832,380
Investments	7,083,261	0	0	102,036	7,185,297
Accounts Receivable	11,724	0	0	39,151	50,875
Due from Other Funds	45,036	13,651	3,549	181,242	243,478
Due from Other Governments	4,528,755	0	38,542	68,986	4,636,283
Prepaid Expenditures	50,377	0	0	0	50,377
Inventory	104,757	0	0	12,255	117,012
TOTAL ASSETS	$ 12,317,021	$ 1,401,911	$ 1,615,529	$ 1,781,241	$ 17,115,702
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts & Retainage Payable	$ 47,267	$ 0	$ 623,290	$ 88,696	$ 759,253
Accrued Expenses	1,167,748	0	0	0	1,167,748
Salaries Payable	1,405,673	0	0	0	1,405,673
Due to Other Funds	169,045	3,549	0	70,884	243,478
Due to Other Governments	602,028	0	0	0	602,028
Unearned Revenue	1,450,040	0	0	0	1,450,040
Total Liabilities	4,841,801	3,549	623,290	159,580	5,628,220
FUND BALANCES					
Nonspendable for:					
Prepaid Expenditures	50,377	0	0	0	50,377
Inventory	104,757	0	0	12,255	117,012
Restricted for:					
Debt Service	0	1,398,362	0	0	1,398,362
Food Service	0	0	0	491,171	491,171
Capital Projects	0	0	992,239	0	992,239
Assigned for:					
Capital Improvements	0	0	0	512,808	512,808
School Activities	0	0	0	605,427	605,427
Subsequent Year Budget Shortfall	1,084,424	0	0	0	1,084,424
Unassigned	6,235,662	0	0	0	6,235,662
Total Fund Balances	7,475,220	1,398,362	992,239	1,621,661	11,487,482
TOTAL LIABILITIES AND FUND BALANCES	$ 12,317,021	$ 1,401,911	$ 1,615,529	$ 1,781,241	$ 17,115,702

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, 2026

Total Governmental Fund Balances		$ 11,487,482
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	$ 80,528,262	
Accumulated depreciation/amortization is	(36,063,671)	44,464,591
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		(3,128,559)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(25,235,000)
Compensated Absences		(1,133,639)
Lease Liability		(378,823)
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		(25,192,196)
Some assets are not current financial resources and therefore are not reported in the funds.		
Net Other Postemployment Benefits Liability		7,354,564
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		8,444,730
Deferred Inflows of Resources		(17,613,204)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid.		(210,292)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (1,140,346)

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, 2026

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	$ 4,624,004	$ 4,439,234	$ 1,561,787	$ 830,017	$ 11,455,042
State Sources	23,856,062	349,122	8,848	386,617	24,600,649
Federal Sources	1,070,831	0	272,103	1,174,757	2,517,691
Other Transactions	618,474	0	0	0	618,474
Total Revenues	30,169,371	4,788,356	1,842,738	2,391,391	39,191,856
EXPENDITURES					
Instruction					
Basic Programs	13,488,349	0	0	0	13,488,349
Added Needs	5,207,750	0	0	0	5,207,750
Adult/Continuing Education	201,260	0	0	0	201,260
Supporting Services					
Pupil	1,262,505	0	0	0	1,262,505
Instructional Staff	655,050	0	0	0	655,050
General Administration	514,093	0	0	0	514,093
School Administration	2,098,151	0	0	0	2,098,151
Business	542,798	0	0	0	542,798
Operation and Maintenance	2,303,775	0	84,541	0	2,388,316
Pupil Transportation Services	1,593,970	0	0	0	1,593,970
Central	682,578	0	707,168	725,946	2,115,692
Athletics	941,086	0	0	0	941,086
Food Service	0	0	0	1,601,851	1,601,851
Community Services					
Community Activities	9,295	0	0	0	9,295
Custody and Care of Children	563,968	0	0	0	563,968
Non-Public School Pupils	3,111	0	0	0	3,111

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, 2026

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Facilities Acquisition, Construction, and Improvements					
Building Improvement Services	0	0	1,666,584	137,224	1,803,808
Debt Service					
Principal	93,549	2,332,689	0	0	2,426,238
Interest	19,114	1,369,692	0	0	1,388,806
Miscellaneous	0	560	0	0	560
Total Expenditures	30,180,402	3,702,941	2,458,293	2,465,021	38,806,657
Excess (Deficiency) of Revenues Over Expenditures	(11,031)	1,085,415	(615,555)	(73,630)	385,199
OTHER FINANCING SOURCES (USES)					
Transfer In	30,000	0	0	250,000	280,000
Transfer Out	(250,000)	0	0	(30,000)	(280,000)
Total Other Financing Sources (Uses)	(220,000)	0	0	220,000	0
Net Change in Fund Balances	(231,031)	1,085,415	(615,555)	146,370	385,199
FUND BALANCES - Beginning of Year (As Restated)	7,706,251	312,947	1,607,794	1,475,291	11,102,283
FUND BALANCES - End of Year	$ 7,475,220	$ 1,398,362	$ 992,239	$ 1,621,661	$ 11,487,482

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, 2026

Net Change in Fund Balances Total Governmental Funds	$ 385,199
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/Amortization Expense	(2,068,825)
Capital Outlay	2,788,535
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	222,929
Accrued Interest Payable - End of Year	(210,292)
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	1,505,000
Amortization of Bond Premium	240,658
Repayment of School Loan Revolving Fund	827,689
Payments on Lease Liability	93,549
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	883,022
Compensated Absences - End of Year	(1,133,639)
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	5,059,658
Changes in Other Postemployment Benefits Related Items	2,673,727
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	(603,758)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 10,663,452

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 seven-member Board of education and provides services to its 2,002 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 funds:

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* accounts 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 assigned 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 process of preparing 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses. 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 results.

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. 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 consists 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 cost 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. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives.

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 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 liability and other postemployment benefits asset, 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 assets 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. Details can be found in footnotes 3.E. and 3.F.

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 assets 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. Details can be found in footnotes 3.E. and 3.F.

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. Leases

Lessee: The District is a lessee for a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

12. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

13. 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.

G. 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, 2026 the foundation allowance was based on pupil membership counts taken in February 2025 and October 2025. For fiscal year ended June 30, 2026, the per pupil foundation allowance was $10,050 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 2025 to August 2026. 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, 2026, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Principal Residence Exemption (PRE)	17.7840
General Fund - Commercial Personal Property	5.7840
Debt Service Fund - PRE, Non-PRE, Commercial Personal Property	7.0000
Sinking Fund - PRE, Non-PRE, Commercial Personal Property	2.4494

NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2026 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, 2026, the District's bank balance was $5,162,324 and $4,244,748 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2026, deposits of $4,831,607 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, 2026:

	Primary Government
Cash and Cash Equivalents	$ 4,832,380
Investments	7,185,297
	$ 12,017,677

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)
Michigan CLASS	$ 553,941	0.1342
MILAF+ Cash Management Class	47	N/A
MILAF+ Max Class	6,631,309	N/A
	$ 7,185,297	

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
Michigan CLASS	$ 553,941	AAAm
MILAF+ Cash Management Class	47	AAAm
MILAF+ Max Class	6,631,309	AAAm
	$ 7,185,297	

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	$ 47
MILAF+ Max Class	6,631,309
	$ 6,631,356

Investments in Entities that Calculate Net Asset Value per share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under the state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2026, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Frequency, if Eligible	Redemption Notice Period
Michigan CLASS	$ 553,941	$ 0	No Restrictions	None

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	Capital Projects Sinking Fund	Nonmajor Funds	Total
Due from Other Governments				
Federal	$ 115,465	$ 38,542	$ 68,986	$ 222,993
State	4,245,906	0	0	4,245,906
Local	167,384	0	0	167,384
Total Due from Other Governments	$ 4,528,755	$ 38,542	$ 68,986	$ 4,636,283

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, 2026, was as follows:

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Capital Assets Not Being Depreciated/Amortized				
Land	$ 1,575,257	$ 0	$ 0	$ 1,575,257
Construction in Progress	0	1,242,086	0	1,242,086
Subtotal	1,575,257	1,242,086	0	2,817,343
Capital Assets Being Depreciated/Amortized:				
Buildings and Improvements	64,651,942	743,338	0	65,395,280
Vehicles	2,514,023	312,472	62,500	2,763,995
Right to Use - Machinery and Equipment	502,689	0	0	502,689
Machinery and Equipment	8,558,316	490,639	0	9,048,955
Subtotal	76,226,970	1,546,449	62,500	77,710,919
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	25,569,566	1,540,290	0	27,109,856
Vehicles	1,533,485	161,251	62,500	1,632,236
Right to Use - Machinery and Equipment	33,513	100,538	0	134,051
Machinery and Equipment	6,920,782	266,746	0	7,187,528
Accumulated Depreciation	34,057,346	2,068,825	62,500	36,063,671
Total Capital Assets Being Depreciated/Amortized, Net	42,169,624	(522,376)	0	41,647,248
Capital Assets, Net	$ 43,744,881	$ 719,710	$ 0	$ 44,464,591

Depreciation and amortization for the fiscal year ended June 30, 2026, amounted to $2,068,825. The District determined that it was impractical to allocate depreciation and amortization to the various governmental activities as the assets serve multiple functions.

D. Pension and Other Postemployment 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 for the System.

Benefits Provided- Overall

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. 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 the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 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% - 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 they 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 thereafter 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 account. 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, and before February 1, 2018, choose between two retirement plans: the Pension Plus Plan and a 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 closed the Pension Plus plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 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 Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant to the DC plan; if no election is made, they will default to the DC plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant in the DC plan; if no election is made, they will remain in the Pension Plus 2 plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

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, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by 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 school fiscal years immediately preceding the retirement effective date of credited service provided member worked through their 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

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and 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 normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. 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, 2025, were determined as of the September 30, 2022, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2022, are amortized over a 14-year period beginning October 1, 2024, 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, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% -1.25%

The District's pension contributions for the year ended June 30, 2026, were equal to the required contribution total. Total pension contributions were approximately $5,689,000. Of the total pension contributions, approximately $5,519,000 was contributed to fund the Defined Benefit Plan and approximately $170,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026 were equal to the required contribution total. OPEB benefits were approximately $452,000. Of the total OPEB contributions, approximately $324,000 was contributed to fund the Defined Benefit Plan and approximately $128,000 was contributed to fund the Defined Contribution Plan.

These amounts for both pension and OPEB include contributions funded from State Revenue Section 147c restricted to fund the 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, 2026, the District reported a liability of $25,192,196 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2024, 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, 2025	September 30, 2024
Total Pension Liability	$ 97,435,103,863	$ 95,765,499,515
Plan Fiduciary Net Position	(77,403,114,236)	(71,283,482,728)
Net Pension Liability	$ 20,031,989,627	$ 24,482,016,787
Fiduciary Net Position as a Percentage of Total Pension Liability	79.44%	74.44%
Net Pension Liability as a percentage of Covered Payroll	181.01%	227.56%

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

For the year ended June 30, 2026, the District recognized total pension expense of $766,244.

At June 30, 2026, 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	$ 975,766	$ 224,385
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	2,022,811
Changes of assumptions	904,220	1,331,468
Net difference between projected and actual pension plan investment earnings	0	6,020,395
Changes in proportion and differences between District contributions and proportionate share of contributions	67,671	1,699,422
District contributions subsequent to the measurement date	5,087,363	0
Total	$ 7,035,020	$ 11,298,481

$5,087,363 reported as deferred outflows of resources and $2,022,811 reported as deferred inflows or resources related to pensions resulting from the District's 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 June 30,	Amount
2027	$ (826,040)
2028	(3,238,497)
2029	(2,493,609)
2030	(769,867)
	$ (7,328,013)

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

OPEB Liabilities (Asset)

At June 30, 2026, the District reported a liability (asset) of ($7,354,564) for its proportionate share of the net OPEB asset. The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB asset 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 (Asset)

	September 30, 2025	September 30, 2024
Total OPEB Liability	$ 9,360,649,860	$ 9,991,545,923
Plan Fiduciary Net Position	(15,439,767,833)	(14,295,943,589)
Net OPEB Liability (Asset)	$ (6,079,117,973)	$ (4,304,397,666)
Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	164.94%	143.08%
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-54.93%	-40.01%

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

For the year ended June 30, 2026, the District recognized a total OPEB benefit of $2,329,291.

At June 30, 2026, 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	$ 5,035,283
Changes of assumptions	981,545	78,002
Net difference between projected and actual OPEB plan investment earnings	0	1,033,477
Changes in proportion and differences between District contributions and proportionate share of contributions	90,630	167,961
District contributions subsequent to the measurement date	337,535	0
Total	$ 1,409,710	$ 6,314,723

$337,535 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 asset 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 June 30,	Amount
2027	$ (1,399,210)
2028	(1,351,402)
2029	(1,270,555)
2030	(837,749)
2031	(294,083)
Thereafter	(89,549)
	$ (5,242,548)

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, Pension Plus Plan, and Pension Plus 2 Plan 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 wage inflation at 2.75%.

Inflation – 3.0%

Mortality assumptions –

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience study - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, Annual Comprehensive Financial Report.

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, 6.50% 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 electing two-person coverage are assumed to have coverage continuing after the retiree's death.

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

The target asset allocation at September 30, 2025 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation		
Investment Category	Pension	OPEB	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	16.0%	5.8%
International Equity Pools	14.0%	11.0%	5.6%
Private Equity Pools	16.0%	16.0%	9.3%
Real Estate and Infrastructure Pools	8.0%	5.0%	7.0%
Fixed Income Pools	15.0%	26.0%	2.5%
Absolute Return Pools	13.0%	15.0%	4.4%
Real Return/Opportunistic Pools	9.0%	7.0%	7.0%
Short Term Investment Pools	4.0%	4.0%	1.3%
	100.0%	100.0%	

* Long term rate of return are net of administrative expenses and 2.4% inflation.

Rate of return

For fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24% 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 was based on the assumption that in the future, 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

A single discount rate of 6.00% was used to measure the total OPEB asset. 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 single discount rate was based on the assumption that in the future, 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 projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

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
$ 39,754,674	$ 25,192,196	$ 13,063,515

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

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability (asset) 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
$ (6,336,422)	$ (7,354,564)	$ (8,245,659)

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

The following presents the District's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the District's proportionate share of the net other postemployment benefit liability (asset) 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
$ (8,237,528)	$ (7,354,564)	$ (6,427,482)

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 2025 Annual Comprehensive Financial Report.

I. Payables to the Pension Plan

As of June 30, 2026, the District is current on all required pension and OPEB plan payments. As of June 30, 2026, the District reported payables in the amount of $746,880 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 in 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 pool. 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, 2026, 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, 2026:

	Long-Term Obligation at July 1, 2025	Additions	Deletions	Long-Term Obligations At June 30, 2026	Portion Due Within One Year
General Obligation Bonds	$ 26,740,000	$ 0	$ 1,505,000	$ 25,235,000	$ 1,580,000
Notes from Direct Borrowings and Direct Placements	1,300,061	0	921,238	378,823	97,578
Compensated Absences*	883,022	250,617	0	1,133,639	699,174
Total	$ 28,923,083	$ 250,617	$ 2,426,238	$ 26,747,462	$ 2,376,752

*The change in the compensated absences liability is presented as a net change.

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 resulted in 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, 2026, are comprised of the following issues:

General Obligation Bonds	
2019 Refunding Bonds Due in Annual Installments of $1,580,000 to $2,120,000 through May 1, 2039; Interest at 5.000%.	$ 25,235,000
Notes from Direct Borrowings and Direct Placements	
Copier Lease	378,823
Other Obligations	
Compensated Absences	1,133,639
Net Pension Liability	25,192,196
	$ 51,939,658

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $378,823 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its

creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2026, including interest payments of $9,280,508 are as follows:

	General Obligation Bonds		Notes From Direct Borrowings and Direct Placements		
Year Ending June 30,	Principal	Interest	Principal	Interest	Total
2027	$ 1,580,000	$ 1,261,750	$ 97,578	$ 14,127	$ 2,953,455
2028	1,650,000	1,182,750	101,780	9,924	2,944,454
2029	1,730,000	1,100,250	106,163	5,541	2,941,954
2030	1,815,000	1,013,750	73,302	1,166	2,903,218
2031	1,895,000	923,000	0	0	2,818,000
2032-2036	10,230,000	3,134,000	0	0	13,364,000
2037-2041	6,335,000	634,250	0	0	6,969,250
	$ 25,235,000	$ 9,249,750	$378,823	$ 30,758	34,894,331
Compensated Absences					1,133,639
Net Pension Liability					25,192,196
					$ 61,220,166

Interest expense for the year ended June 30, 2026 was approximately $1,136,000.

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

Compensated absences and the net pension liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

L. Interfund Receivables and Payables

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	$ 13,651
Food Service Fund	General Fund	108,223
School Activity Fund	General Fund	47,171
General Fund	Food Service Fund	43,294
General Fund	School Activity Fund	1,742
Food Service Fund	School Activity Fund	25,848
Capital Projects Sinking Fund	Debt Service Fund	3,549
Subtotal		$ 243,478

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, 2026, are expected to be repaid within one year.

M. Interfund Transfers

Fund Transfers To	Fund Transfers From	Amount
Nonmajor Governmental Funds	General Fund	$ 250,000
General Fund	Nonmajor Governmental Funds	30,000
Subtotal		$ 280,000

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. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain costs 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.

As of June 30, 2026, the Board has agreed to spend approximately $585,000 toward the Pathfinder Elementary Univent Project.

O. 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, 2026, (tax year 2025) the District's property tax revenues were reduced by $13,494 under these programs.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management’s discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;

d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

NOTE 4 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2026

	GENERAL FUND				
	BUDGETED AMOUNTS		VARIANCE WITH		VARIANCE WITH
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL AND FINAL BUDGET	ACTUAL	FINAL BUDGET AND ACTUAL
REVENUES					
Local Sources	$ 4,587,930	$ 4,585,556	$ (2,374)	$ 4,624,004	$ 38,448
State Sources	22,395,076	24,637,097	2,242,021	23,856,062	(781,035)
Federal Sources	1,166,302	1,088,082	(78,220)	1,070,831	(17,251)
Other Transactions	483,462	586,254	102,792	618,474	32,220
Total Revenues	28,632,770	30,896,989	2,264,219	30,169,371	(727,618)
EXPENDITURES					
Instruction					
Basic Programs	13,118,966	14,107,500	988,534	13,488,349	(619,151)
Added Needs	5,203,813	5,359,645	155,832	5,207,750	(151,895)
Adult/Continuing Education	276,723	220,040	(56,683)	201,260	(18,780)
Supporting Services					
Pupil	1,264,863	1,335,693	70,830	1,262,505	(73,188)
Instructional Staff	824,857	699,872	(124,985)	655,050	(44,822)
General Administration	529,371	540,199	10,828	514,093	(26,106)
School Administration	2,043,528	2,134,546	91,018	2,098,151	(36,395)
Business	532,529	560,746	28,217	542,798	(17,948)
Operation and Maintenance	2,410,117	2,449,329	39,212	2,303,775	(145,554)
Pupil Transportation Services	1,507,724	1,736,065	228,341	1,593,970	(142,095)
Central	733,550	741,609	8,059	682,578	(59,031)
Athletics	865,193	1,082,642	217,449	941,086	(141,556)
Community Services					
Community Activities	11,405	11,405	0	9,295	(2,110)
Custody and Care of Children	658,818	595,833	(62,985)	563,968	(31,865)
Non-Public School Pupils	3,111	3,111	0	3,111	0
Debt Service					
Principal	0	95,886	95,886	93,549	(2,337)
Interest	0	19,114	19,114	19,114	0
Total Expenditures	29,984,568	31,693,235	1,708,667	30,180,402	(1,512,833)
Excess (Deficiency) of Revenues Over Expenditures	(1,351,798)	(796,246)	555,552	(11,031)	785,215
OTHER FINANCING SOURCES (USES)					
Transfers In	0	75,943	75,943	30,000	(45,943)
Transfers Out	(100,000)	(250,000)	(150,000)	(250,000)	0
Total Other Financing Sources (Uses)	(100,000)	(174,057)	(74,057)	(220,000)	(45,943)
Net Change in Fund Balances	(1,451,798)	(970,303)	481,495	(231,031)	739,272
FUND BALANCE - Beginning of Year	6,654,287	7,706,251	1,051,964	7,706,251	0
FUND BALANCE - End of Year	$ 5,202,489	$ 6,735,948	$ 1,533,459	$ 7,475,220	$ 739,272

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, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of net pension liability (%)	0.12575%	0.13128%	0.13403%	0.13389%	0.13242%	0.13267%	0.12946%	0.13054%	0.13366%	13.28500%
District's proportionate share of net pension liability	$ 25,192,196	$ 32,142,014	$ 43,380,488	$ 50,357,165	$ 31,350,432	$ 45,575,041	$ 42,871,243	$ 39,241,349	$ 34,636,102	$ 33,144,863
District's covered payroll	13,697,182	13,630,380	13,235,438	13,033,349	11,801,956	11,809,756	11,343,154	10,903,708	11,115,805	11,380,315
District's proportionate share of net pension liability as a percentage of its covered payroll	183.92%	235.81%	327.76%	386.37%	265.64%	385.91%	377.95%	359.89%	311.59%	291.25%
Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

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, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 5,518,544	$ 5,033,560	$ 5,470,124	$ 6,271,550	$ 2,455,571	$ 2,163,628	$ 2,156,440	$ 1,983,061	$ 2,722,618	$ 2,760,008
Contributions in relation to statutorily required contributions	5,518,544	5,033,560	5,470,124	6,271,550	2,455,571	2,163,628	2,156,440	1,983,061	2,722,618	2,760,008
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 14,517,394	$ 13,604,295	$ 13,554,765	$ 13,576,318	$ 5,651,874	$ 11,582,791	$ 11,850,404	$ 11,150,650	$ 10,880,179	$ 11,106,943
Contributions as a percentage of covered payroll	38.01%	37.00%	40.36%	46.19%	43.45%	18.68%	18.20%	17.78%	25.02%	24.85%

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY/(ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability/(asset) (%)		0.12098%	0.12831%	0.13194%	0.13335%	0.13028%	0.13300%	0.12964%	0.12799%	0.13354%
District's proportionate share of net OPEB liability/(asset)		$ (7,354,564)	$ (5,523,080)	$ (746,371)	$ 2,824,480	$ 1,988,503	$ 7,125,217	$ 9,304,959	$ 10,173,764	$ 11,825,960
District's covered payroll		13,697,182	13,630,380	13,235,438	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/(asset) as a percentage of its covered payroll		-53.69%	-40.52%	-5.64%	21.67%	16.85%	60.33%	82.03%	93.31%	106.39%
Plan fiduciary net position as a percentage of total OPEB liability/(asset)		164.94%	143.08%	105.04%	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, 2026

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions		$ 323,993	$ 294,077	$ 1,011,796	$ 1,024,258	$ 1,094,044	$ 990,325	$ 985,497	$ 918,729	$ 872,041
Contributions in relation to statutorily required contributions		323,993	294,077	1,011,796	1,024,258	1,094,044	990,325	985,497	918,729	872,041
Contribution deficiency (excess)		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll		$ 14,517,394	$ 13,604,295	$ 13,554,765	$ 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		2.23%	2.16%	7.46%	7.54%	8.45%	8.55%	8.32%	8.24%	8.01%

NOTE 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. These 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 2025, or as amended by the School Board of Education throughout the year.

NOTE 2 – Budgetary Comparison

Significant variances between original and final budget:

	Variance	Explanation
REVENUES		
State Sources	$ 2,242,021	At the time the initial budget was adopted, the District lacked definitive state data regarding per-pupil allocations and funding opportunities. The subsequent variance increase reflects adjustments made once final state figures were released, providing clarity on per-pupil funding, MPSERS allocations, and previously unquantified restricted grants.
EXPENDITURES		
Basic Programs	988,534	During the adoption of the original budget, the District was actively negotiating contracts for teaching and support staff, which directly impacted projected wages and benefits. Following the initial adoption, the final budget was adjusted upward to accommodate several key additions. These included the staffing of a student teacher at Pathfinder Elementary, alongside grant-funded expenditures for state-allocated Literacy Supports and Educator Compensation grants.
Pupil Transportation Services	228,341	Subsequent to the adoption of the original budget, the organization approved capital expenditures. The resulting variance in capital outlay reflects the unbudgeted purchase of one bus and two passenger vans.
Athletics	217,449	The budget variance was primarily driven by unbudgeted capital expenditures, specifically the acquisition of a new football stadium scoreboard and baseball field benches. Additionally, an increase in routine operating supply costs contributed to the variance.

Significant variances between final budget and actual:

	Variance	Explanation
REVENUES		
State Sources	$ (781,035)	The primary driver of the variance is a Proposition A state funding adjustment, which resulted from a county taxable value reporting error exceeding $500,000. Additionally, the variance was impacted by lower-than-anticipated expenditures in At-Risk funding and various other state grants.
EXPENDITURES		
Basic Programs	(619,151)	Actual expenditures concluded below budget due to more favorable outcomes in teacher and support staff contract negotiations than originally anticipated. Additionally, the variance was driven by overestimations in retirement allocations for certain personnel.

NOTE 3 – Pension Information

Pension Information

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

Changes of Assumptions – There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016, actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

Changes of Assumptions – There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.

- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.

- 2023 - The health care cost trend rate used in the September 30, 2022, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020, actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019, actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2026

	FOOD SERVICE FUND	SCHOOL ACTIVITY FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	$ 416,630	$ 448,133	$ 512,808	$ 1,377,571
Investments	0	102,036	0	102,036
Accounts Receivable	0	39,151	0	39,151
Due from Other Funds	134,071	47,171	0	181,242
Due from Other Governments	68,986	0	0	68,986
Inventory	12,255	0	0	12,255
TOTAL ASSETS	$ 631,942	$ 636,491	$ 512,808	$ 1,781,241
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 85,222	$ 3,474	$ 0	$ 88,696
Due to Other Funds	43,294	27,590	0	70,884
Total Liabilities	128,516	31,064	0	159,580
FUND BALANCES				
Nonspendable for Inventory	12,255	0	0	12,255
Restricted for Food Service	491,171	0	0	491,171
Assigned for Capital Improvements	0	0	512,808	512,808
Assigned for School Activities	0	605,427	0	605,427
Total Fund Balances	503,426	605,427	512,808	1,621,661
TOTAL LIABILITIES AND FUND BALANCES	$ 631,942	$ 636,491	$ 512,808	$ 1,781,241

FREMONT PUBLIC SCHOOLS
FREMONT, MICHIGAN

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

YEAR ENDED JUNE 30, 2026

	FOOD SERVICE FUND	SCHOOL ACTIVITY FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Local Sources	$ 52,459	$ 772,383	$ 5,175	$ 830,017
State Sources	386,617	0	0	386,617
Federal Sources	1,174,757	0	0	1,174,757
Total Revenues	1,613,833	772,383	5,175	2,391,391
EXPENDITURES				
Supporting Services	66,858	659,088	0	725,946
Food Service	1,601,851	0	0	1,601,851
Facilities Acquisition, Construction, and Improvements, and Prior Period Adjustments	0	58,138	79,086	137,224
Total Expenditures	1,668,709	717,226	79,086	2,465,021
Excess (Deficiency) of Revenues Over Expenditures	(54,876)	55,157	(73,911)	(73,630)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	250,000	250,000
Transfers Out	(30,000)	0	0	(30,000)
Total Other Financing Sources (Uses)	(30,000)	0	250,000	220,000
Net Change in Fund Balances	(84,876)	55,157	176,089	146,370
FUND BALANCES - Beginning of Year (As Restated)	588,302	550,270	336,719	1,475,291
FUND BALANCES - End of Year	$ 503,426	$ 605,427	$ 512,808	$ 1,621,661

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, 2026, 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 22, 2026.

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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Cadillac, Michigan
October 22, 2026