ALMONT COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2018

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October 22, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Almont Community Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Almont Community Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Almont Community Schools, as of June 30, 2018, 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.

5206 Gateway Centre | Suite 100 | Flint, MI 48507 | 810-238-4617 | 877-244-1787 | 810-238-5083 fax
10299 E Grand River Road | Suite M | Brighton, MI 48116 | 810-225-1808 | 810-225-1847 fax
1100 Torrey Road | Suite 400 | Fenton, MI 48430 | 810-629-1500 | 810-629-7441 fax
www.lewis-knopf.com

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 13 to the financial statements, Almont Community Schools implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress and employer contributions for the pension plan, the schedules of funding progress and employer contributions for OPEB, and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Almont Community Schools basic financial statements. The combining and individual non-major fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and other schedules 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, 2018, on our consideration of the Almont Community 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 Almont Community 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 Almont Community Schools' internal control over financial reporting and compliance.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf CPAs, PC

As administration of Almont Community Schools, we offer readers of the District‘s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018.

Financial Highlights

* The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the most recent fiscal year by $21,355,879 (net position).

* The District ‘s total net position increased by $1,010,807. The increase was due to an increase in student enrollment which caused an increase in state funding, and increases in categorical grant receipts. In addition, the district was strategic about expenditures in an effort to increase its net position.

* The general fund had an increase in fund balance of $74,606. Total fund balance for the general fund was $897,175, or 6%, of total general fund expenditures.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the School District‘s most significant fund - the General Fund. All other funds are presented in one column as non-major funds.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities - One of the most important questions asked about the District‘s finances is, “Is the District better off or worse off as a result of the year’s activities?” The statement of net position and the statement of activities, which appear first in the School District‘s financial statements, report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations. However, the School District‘s goal is to provide services to our students, not to generate profits as private-sector corporations do. All of the current year’s revenues and expenses are taken into consideration regardless of when cash is received or paid.

The statement of net position and the statement of activities present information about the following:

Governmental Activities - All of the District's basic services are considered to be governmental activities, including instruction, support services, community services, food services, and transfers to other local districts. Property taxes, intergovernmental revenues (unrestricted and restricted State Aid), and charges for services finance most of these activities. These two statements report the District's net position and changes therein. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, political conditions at the State Capitol, student enrollment growth, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The government-wide financial statements can be found on pages 1 - 2 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds - not the District as a whole. The fund financial statements begin on page 3 and provide detailed information about the most significant funds. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." The District's two types of funds: governmental funds and fiduciary funds use different accounting approaches as further discussed in the notes to the financial statements. In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 3 and 4 of this report.

Fiduciary Funds - The District is the fiduciary for various student group activities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

The basic fiduciary fund financial statement can be found on pages 5 - 6 of this report.

Additional Information - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7 - 31 of this report.

SUMMARY OF NET POSITION:

For the year ended June 30, 2018 Almont Community Schools implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. These changes are significant at the government-wide level.

The 2017 figures have not been updated for the adoption of GASB 75.

NET POSITION SUMMARY

	2018	2017
ASSETS		
Other Assets	$4,628,916	$4,077,892
Capital Assets	27,196,596	28,124,213
TOTAL ASSETS	$31,825,512	$32,202,105
DEFERRED OUTFLOWS OF RESOURCES	5,082,359	2,785,028
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$36,907,871	$34,987,133
LIABILITIES		
Other Liabilities	29,360,834	21,650,022
Long-Term Liabilities	26,169,220	28,312,698
Total Liabilities	$55,530,054	$49,962,720
DEFERRED INFLOWS OF RESOURCES	2,733,696	748,885
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$58,263,750	$50,711,605
NET POSITION		
Net Investment in Capital Assets	5,357,127	3,576,219
Restricted	345,289	138,544
Unrestricted	(27,058,295)	(19,439,235)
TOTAL NET POSITION	($21,355,879)	($15,724,472)

The above analysis focuses on the net position. The change in net position of the School District’s governmental activities is discussed below. The net position differs from fund balances and a reconciliation appears on page 3.

The District’s net position reflects its investment in capital assets, and capital projects (i.e. land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District‘s investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SUMMARY OF NET POSITION: (Continued)

An additional portion of the District's net position, $345,289, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these amounts are restricted for debt service, food service and capital projects. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see table above), which shows the changes in net position for fiscal year 2018.

RESULTS OF OPERATIONS:
For the fiscal years ended June 30, 2018 and 2017, the District wide results of operations were:

	2018	2017
REVENUES		
Program Revenues		
Charges for Services	$405,280	$398,826
Operating Grants	2,517,141	2,238,299
Total Program Revenues	$2,922,421	$2,637,125
General Revenues:		
Property Taxes	3,936,464	3,845,106
State Sources - Unrestricted	10,215,133	9,966,539
Interdistrict Sources	20,556	22,648
Other General Revenues	216,767	367,132
Total General Revenues	$14,388,920	$14,201,425
Total Revenues	$17,311,341	$16,838,550
EXPENSES		
Instruction & Instructional Support	9,115,803	8,332,620
Support Services	4,778,022	4,073,095
Community Services	90,563	80,282
Outgoing Transfers and Other Transactions	94,294	78,958
Food Service	390,231	365,362
Interest on Long-Term Debt	904,004	994,317
Loss on Sale of Assets	0	1,308,745
Depreciation	927,617	918,655
Total Expenses	$16,300,534	$16,152,034
CHANGE IN NET POSITION	$1,010,807	$686,516
BEGINNING NET POSITION - AS RESTATED	(22,366,686)	(16,410,988)
ENDING NET POSITION	($21,355,879)	($15,724,472)

The District's net position increased by $1,010,807 during the current fiscal year. The increase in net position differs from the change in fund balances and a reconciliation appears on page 4.

The net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of the School District's operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted fund is the General Fund.

Revenues

The general fund actual revenue and other financing sources was $13,823,539. That amount is more than the final budget estimate of $13,789,597. The variance was $33,942, or less than 1%.

The actual expenditures and other financing uses of the general fund were $13,748,933, which is below the final budget estimate of $13,803,354. The variance was $54,421, or less than 1%.

The general fund had total revenues of $13,823,539 and total expenditures of $13,748,933 with a net increase in fund balance of $74,606 and an ending fund balance of $897,175.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2018 amounted to $27,196,596 (net of accumulated depreciation). This investment in capital assets included land, land improvements, construction, machinery and equipment, and licensed vehicles. Capital assets at fiscal year-end included the following:

	Capital Assets (Net of Depreciation)	
	2018	2017
Land	$579,580	$579,580
Buildings and Improvements	26,476,074	27,363,127
Equipment and Furniture	128,439	166,977
Vehicles and Buses	12,503	14,529
Total capital assets, net	$27,196,596	$28,124,213

Additional information on the District's capital assets can be found in Note 5.

Capital Asset and Debt Administration (Continued)

B. Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of $26,169,220. Long-term debt at fiscal year-end included the following:

	Long-Term Debt	
	2018	2017
General Obligation Bonds	$20,905,000	$23,500,000
Bond Premium	1,168,320	1,304,850
MI School Bond Loan Fund	3,998,700	3,398,831
Retirement Contractual Payout	0	10,000
Compensated Absences	97,200	99,298
Total Long-Term Debt	$26,169,220	$28,312,979

The District's total bonded debt decreased by $2,595,000 during the current fiscal year due to the District making scheduled debt payments. Additional information on the District's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budget

The following factors will affect the District in the future and were considered in preparing the District's budget for the 2018-19 fiscal year:

* Foundation Allowance
  The Board of Education and Administration agreed to an estimate of a foundation allowance of $7,851 per pupil for the 2018-19 fiscal year, a $240 per pupil increase from 2017-18, based on information received from various educational organizations such as Michigan School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions with local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan will all affect this estimate before the final foundation allowance is known.

* Retirement Rate
  The continuing cost of health insurance to current and potential retirees continues to drive the rate increase the Michigan School Employees Retirement System recommends to the legislature for approval. In 2018-2019, the rate is anticipated to increase to 26.18% from 25.56% effective October 1, 2018. Additionally, the District will be required to pay 12.21%, for all wages earned October 1, 2018 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

* The Almont Community Schools' 2018/2019 adopted budget is as follows:

REVENUE	$13,874,953
EXPENDITURES	13,639,476
NET OVER BUDGET	$235,477

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office of Almont Community Schools.

BASIC FINANCIAL STATEMENTS

ALMONT COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$2,308,400
Receivables:	
Accounts Receivable	20,041
Due from Other Governmental Units	2,291,223
Inventory	7,971
Prepaid Expenditures	1,281
Capital Assets, Not Being Depreciated - Land	579,580
Capital Assets - Net of Accumulated Depreciation	26,617,016
Total Assets	$31,825,512
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Bond Refunding	233,851
Related to Pensions	4,393,410
Related to Postemployment Benefits	455,098
Total Deferred Outflows of Resources	$5,082,359
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$36,907,871
LIABILITIES	
Accounts Payable	87,421
State Aid Note Payable	1,900,000
Due to Other Governmental Units	207,846
Accrued Expenditures	401,689
Salaries Payable	759,497
Unearned Revenue	29,999
Non-Current Liabilities - Due Within One Year	2,811,530
Non-Current Liabilities - Due in More Than One Year	23,357,690
Net Pension Liability	19,380,942
Net Other Postemployment Benefits Liability	6,593,440
Total Liabilities	$55,530,054
DEFERRED INFLOWS OF RESOURCES	
Related to State Aid Funding for Pension and Other Postemployment Benefits	923,861
Related to Pensions	1,574,675
Related to Other Postemployment Benefits	235,160
Total Deferred Inflows of Resources	$2,733,696
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$58,263,750
NET POSITION	
Net Investment in Capital Assets	5,357,127
Restricted	345,289
Unrestricted	(27,058,295)
TOTAL NET POSITION	($21,355,879)

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges For Services	Program Revenues: Program Specific Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Change in Net Position
Governmental Activities:				
Instruction	$9,115,803	$31,115	$948,654	($8,136,034)
Support Services	4,778,022	120,859	1,344,757	(3,312,406)
Community Services	90,563	72,972	0	(17,591)
Outgoing Transfers and Other Transactions	94,294	0	0	(94,294)
Food Service	390,231	180,334	223,730	13,833
Interest - Long-Term Obligations	904,004	0	0	(904,004)
Depreciation - Unallocated	927,617	0	0	(927,617)
Total Governmental Activities	$16,300,534	$405,280	$2,517,141	($13,378,113)
General Revenues:				
Taxes:				
Property Taxes - Levied for General Purposes				869,536
Property Taxes - Levied for Debt Retirement				2,747,835
Property Taxes - Levied for Capital Projects				319,093
State Sources - Unrestricted				10,215,133
Interdistrict Sources				20,556
Investment Earnings				1,858
Other				214,909
Total General Revenues and Transfers				$14,388,920
Change in Net Position				$1,010,807
Net Position - Beginning of Year - As Restated				(22,366,686)
Net Position - End of Year				($21,355,879)

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$1,789,572	$518,828	$2,308,400
Receivables:			
Accounts Receivable	5,042	14,999	20,041
Due from Other Funds	54,426	79,943	134,369
Due from Other Governmental Units	2,284,189	7,034	2,291,223
Inventory	0	7,971	7,971
Prepaid Expenditures	1,281	0	1,281
TOTAL ASSETS	$4,134,510	$628,775	$4,763,285
LIABILITIES			
Accounts Payable	$72,083	$15,338	$87,421
State Aid Note Payable	1,900,000	0	1,900,000
Due to Other Funds	0	134,369	134,369
Due to Other Governmental Units	207,846	0	207,846
Accrued Expenditures	274,884	0	274,884
Salaries Payable	759,497	0	759,497
Unearned Revenue	23,025	6,974	29,999
Total Liabilities	$3,237,335	$156,681	$3,394,016
FUND BALANCES			
Non-Spendable			
Inventory	0	7,971	7,971
Prepaid Expenditures	1,281	0	1,281
Restricted			
Debt Service	0	158,355	158,355
Food Service	0	37,297	37,297
Capital Projects	0	268,471	268,471
Unassigned	895,894	0	895,894
Total Fund Balances	$897,175	$472,094	$1,369,269
TOTAL LIABILITIES AND FUND BALANCES	$4,134,510	$628,775	$4,763,285

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total Governmental Fund Balances:		$1,369,269
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Outflows of Resources - Related to Bond Refunding		233,851
Deferred Outflows of Resources - Related to Pensions		4,393,410
Deferred Outflows of Resources - Related to Postemployment Benefits		455,098
Deferred Inflows Related to State Aid Funding for Pension and Other Postemployment Benefits		(923,861)
Deferred Inflows of Resources - Related to Pensions		(1,574,675)
Deferred Inflows of Resources - Related to Other Postemployment Benefits		(235,160)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund:		
Cost of Assets	$44,229,083	
Accumulated Depreciation	(17,032,487)	
Capital Assets - Net of Accumulated Depreciation		27,196,596
Accrued Interest on Long-Term Debt		(126,805)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	$20,905,000	
Michigan School Bond Loan Fund	3,998,700	
Bond Premium	1,168,320	
Compensated Absences	97,200	
Total Long-Term Liabilities		(26,169,220)
Net Pension Liability		(19,380,942)
Net Other Postemployment Benefits Liability		(6,593,440)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		($21,355,879)

ALMONT COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
Local Sources	$1,294,439	$3,264,072	$4,558,511
State Sources	12,202,947	13,115	12,216,062
Federal Sources	305,597	210,615	516,212
Interdistrict Sources	20,556	0	20,556
Total Revenues	$13,823,539	$3,487,802	$17,311,341
EXPENDITURES			
Instruction	8,785,546	0	8,785,546
Student Services	516,756	0	516,756
Instructional Support	180,090	0	180,090
General Administration	363,445	0	363,445
School Administration	788,601	0	788,601
Business Administration	420,131	0	420,131
Operation & Maintenance of Plant	1,000,400	0	1,000,400
Transportation	855,407	0	855,407
Other Support Services	274,596	0	274,596
Athletics	282,110	0	282,110
Community Services	87,557	0	87,557
Outgoing Transfers and Other Transactions	194,294	0	194,294
Food Service Activities	0	390,231	390,231
Debt Service			
Redemption of Bonds	0	2,495,000	2,495,000
Interest	0	803,087	803,087
Dues and Fees	0	1,598	1,598
Capital Outlay	0	106,835	106,835
Total Expenditures	$13,748,933	$3,796,751	$17,545,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	$74,606	($308,949)	($234,343)
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	0	487,481	487,481
Net Change in Fund Balance	$74,606	$178,532	$253,138
FUND BALANCE - BEGINNING OF YEAR	822,569	293,562	1,116,131
FUND BALANCE - END OF YEAR	$897,175	$472,094	$1,369,269

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds	$253,138
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation Expense	(927,617)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position This is the amount of repayments reported as expenditures in the governmental funds.	2,595,000
Net Change in Michigan School Bond Loan Fund	(599,869)
Payments on Retirement Incentives	10,000
Amortization of :	
Bond Premium	136,530
Deferred Loss on Refunding	(23,005)
Change in accrued compensated absences	2,098
Change in accrued interest on long-term liabilities	13,069
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental Funds.	
State Aid Funding for Pension and Other Postemployment Benefits	(923,861)
Pension Related Items	206,612
OPEB Related Items	268,712
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$1,010,807

ALMONT COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - AGENCY FUND
JUNE 30, 2018

	Trust & Agency	Private Purpose Trusts	Total
ASSETS			
Cash and Cash Equivalents	$157,435	$0	$157,435
Investments	0	16,927	16,927
TOTAL ASSETS	$157,435	$16,927	$174,362
LIABILITIES			
Due to Student Groups	157,435	0	157,435
NET POSITION - RESTRICTED FOR TRUST ACTIVITIES	$0	$16,927	$16,927

See notes to the financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2018

	Private Purpose Trusts
REVENUE	
Interest/Unrealized Gains	$1,257
EXPENDITURES	
Scholarship Awards	2,000
CHANGE IN NET ASSETS	($743)
NET POSITION - BEGINNING OF YEAR	17,670
NET POSITION - END OF YEAR	$16,927

See notes to the financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

B) REPORTING ENTITY

The District is governed by an elected seven-member Board of Education. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are part of the District's reporting entity and which organizations are legally separate component units of the District. Based on application of the criteria, the District does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

C) GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

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

D) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to the financial statements is determined by its 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

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, liabilities, revenues, and expenses. Such estimates are primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

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

When an expense is incurred for the purpose for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenue to be available if it is 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.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The School District reports the following major governmental fund:

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

The School District reports the following fund types:

Special Revenue Funds - Special revenue funds are used to segregate, for administrative purposes, the transactions of the School District's food service operations from General Fund revenue and expenditure accounts. The School District maintains full control of these funds. Any deficits generated by these activities are the responsibility of the General Fund. The main sources of revenue for these funds are food sales to pupils, free/reduced breakfast and lunch reimbursement from federal funds and funds received from the State.

Capital Projects Sinking Funds - The Capital Projects Sinking Funds records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provision of §1212 of the Revised School Code.

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

Student Activities Agency Fund - The School District maintains an Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Expendable Trust Funds **–** Expendable trust funds are used to account for funds entrusted to the District, and the principal, or corpus, of the trust and the income produced are expendable.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E) CASH AND CASH EQUIVALENTS/INVESTMENTS

Cash and cash equivalents include amounts in demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)

State statues authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

F) INVENTORIES AND PREPAID COSTS

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, including commodities received from the United States Department of Agriculture, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a $5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 15 years
Vehicles and Buses	8 – 10 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) UNEARNED REVENUE

The District reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

J) COMPENSATED ABSENCES

Teachers earn sick days at the rate of 10 days per year. Other employees earn sick days depending on the number of months employed and their union contract. At the end of the school year, teachers are paid for any accumulated sick days over 60 days, and support staff for any over 80 days. Employees, either upon retirement and acceptance into the Michigan School Employees' Retirement System or upon resignation for certain employees, shall be compensated at a daily rate based on their contracts. The total estimated liability for unpaid sick days, including salary-related payments, was $97,200 at June 30, 2018.

K) LONG-TERM OBLIGATIONS

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

L) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualifies for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period. The second and third items 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 liability and the actual results. The amounts are amortized over a period determined by the actuary.

M) DEFINED BENEFIT PLAN

For purposes of measuring the net pension and other postemployment benefit liability, 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 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.

N) FUND BALANCE

Fund balances for each of the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

* Nonspendable fund balance - amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

* Restricted fund balance - amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The District's Capital Projects Fund, Debt Service Fund and Food Service balances are considered restricted.

* Committed fund balance – amounts that have been formally set aside by specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.

* Assigned fund balance - amounts the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The intent is expressed by the Board of Education.

* Unassigned fund balance - amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The District would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserve the right to selectively spend unassigned resources first to defer the use of these classified funds.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O) NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

P) BUDGETARY INFORMATION

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

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 (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). 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 financing 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. Violations, if any, in the general fund are noted in the required supplementary information section.

4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2018. The District does not consider these amendments to be significant.

2) DEPOSITS AND INVESTMENTS

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.

2) DEPOSITS AND INVESTMENTS (Continued)

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.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2018, $1,759,790 of the District's bank balance of $2,881,856 was exposed to custodial credit risk.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District 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.

At year end, the maturities of investment and the credit quality ratings of debt securities, (other than the U.S. government) are as follows:

Investment	Value	Maturity	Rating	Rating Organization
Open-End Mututal Funds	$ 16,927	N/A	N/A	N/A

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

Fair value measurement. The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of 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 prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The District's fair value measurements as of June 30, 2018 consisted of open-end mutual funds of $16,927, valued using quoted market prices (Level 1 inputs).

2) DEPOSITS AND INVESTMENTS (Continued)

The above amounts are reported in the financial statements as follows:

Cash – Agency Fund	$ 157,435
Cash – District Wide	2,308,400
Investments – Fiduciary Funds	16,927
TOTAL	$ 2,482,762

The above amounts as previously report in Note 2:

Petty Cash	$ 365
Checking/Savings Accounts – Including Fiduciary Funds of $157,435	2,465,470
Investments – Private Purpose Trusts	16,927
TOTAL	$ 2,482,762

3) PROPERTY TAXES

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

4) RECEIVABLES

Receivables at June 30, 2018, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

GOVERNMENTAL ACTIVITIES	AMOUNT
State Aid	$ 2,159,712
Federal Grants	71,534
Other Grant Programs & Fees	59,977
TOTAL GOVERNMENTAL ACTIVITIES	$ 2,291,223

5) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
GOVERNMENTAL ACTIVITIES				
Land - Not Being Depreciated	$579,580	$0	$0	$579,580
Buildings and Improvements	41,520,657	0	0	41,520,657
Equipment and Furniture	1,924,961	0	0	1,924,961
Vehicles and Buses	300,461	0	96,576	203,885
Totals at Historical Cost	$44,325,659	$0	$96,576	$44,229,083
Less: Accumulated Depreciation				
Buildings and Improvements	(14,157,530)	(887,053)	0	(15,044,583)
Equipment and Furniture	(1,757,984)	(38,538)	0	(1,796,522)
Vehicles and Buses	(285,932)	(2,026)	(96,576)	(191,382)
Total Accumulated Depreciation	($16,201,446)	($927,617)	($96,576)	($17,032,487)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	$28,124,213	($927,617)	$0	$27,196,596

Depreciation expense was unallocated on the Statement of Activities as the District considers all fixed assets to have mixed use.

6) SHORT-TERM DEBT

In August, 2017, the District borrowed $1,900,000 at 0.90% on a State Aid Anticipation Note. The note proceeds were used to meet cash flow needs for the 2017-2018 fiscal year.

	Balance Beginning	Additions	Deductions	Balance Ending
State Aid Note	$1,700,000	$1,900,000	$1,700,000	$1,900,000

7) GENERAL LONG-TERM DEBT

A) GENERAL OBLIGATION – SCHOOL BUILDING AND SITE BONDS

2012 REFUNDING BONDS

On April 27, 2012, the District issued $8,535,000 in General Obligation - Unlimited Tax Bonds with interest rates ranging from 3.50% to 4.00%. The District issued the bonds to advance refund $8,385,000 of the outstanding 2002 Building and Site Bond Issue with an interest rate ranging from 4.00% to 5.00%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for a portion of the future debt service on 2002 Building and Site Bonds. As a result, a portion of the 2002 Building and Site Bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding balance of the bonds was $5,900,000 at June 30, 2018.

7) GENERAL LONG-TERM DEBT (Continued)

A) GENERAL OBLIGATION – SCHOOL BUILDING AND SITE BONDS (Continued)

2012 ENERGY CONSERVATION IMPROVEMENT BONDS
On July 10, 2012, the District issued $1,200,000 in general obligation bonds with an interest rate of 4.49%. The proceeds will be used for energy conservation improvement projects. The outstanding balance at June 30, 2018 was $700,000. Payments on this debt are recorded in the District's General Fund.

2013 REFUNDING BONDS
On April 9, 2013, the District issued $8,110,000 in General Obligation - Unlimited Tax Bonds with interest rates ranging from .55% to 2.55%. The District issued the bonds to advance refund $7,993,090 of the outstanding indebtedness of the District to the State of Michigan under the State of Michigan School Bond Qualification and Loan Program. The outstanding balance at June 30, 2018 was $3,925,000.

2013 REFUNDING BONDS
On October 30, 2013, the District issued $6,805,000 in General Obligation - Unlimited Tax Bonds with an interest rate of 4.0%. The District issued the bonds to advance refund the remaining $705,000 of the outstanding 2002 Building and Site Bond Issue with an interest rate of 3.90% and the remaining $6,385,000 of the outstanding 2004 Refunding Bond Issue with an interest rate ranging from 3.80% to 4.50%. The net proceeds were deposited with an escrow agent and used to purchase U.S. Government Securities. These securities will provide for all future debt service on 2002 Building and Site and the 2004 Refunding Bonds. As a result, the remaining portion of the 2002 Building and Site Bonds and the 2004 Refunding Bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding balance of the bonds was $3,535,000 at June 30, 2018.

2016 REFUNDING BONDS
On February 18, 2016, the District issued general obligation bonds of $6,845,000 with an interest rate of 4.00% to advance refund all of the District's outstanding 2006 refunding bonds with interest rates ranging from 3.85% to 4.20%. The bonds mature at various times through May 1, 2027. The balance of the bonds as of June 30, 2018 was $6,845,000.

B) SCHOOL BOND LOAN FUND
The District has borrowed amounts from the Michigan School Bond Loan Fund to help defray the cost of making scheduled payments on bonded debt. In 2012-13, the District issued $8,110,000 in general obligation unlimited tax bonds to advance refund $7,993,090 of this debt. The balance owed to the Fund as of June 30, 2018 was $3,998,700.

C) RETIREMENT CONTRACTUAL PAYOUT
The District entered into a retirement contract payout with some of its teachers. The retirees are paid $10,000 over 2 years in the 2 years following their retirements. The District's total liability at June 30, 2018 was $0.

7) GENERAL LONG-TERM DEBT (Continued)

D) ANNUAL PRINCIPAL REQUIREMENTS

The annual principal requirements for all debts outstanding as of June 30, 2018 are as follows:

	Bonds Payable	Interest	Total
June 30, 2019	$2,675,000	$760,830	$3,435,830
June 30, 2020	2,530,000	677,840	3,207,840
June 30, 2021	2,610,000	598,250	3,208,250
June 30, 2022	1,480,000	513,660	1,993,660
June 30, 2023	1,465,000	444,620	1,909,620
June 30, 2024-2028	6,145,000	1,373,620	7,518,620
June 30, 2029-2032	4,000,000	362,500	4,362,500
TOTAL	$20,905,000	$4,731,320	$25,636,320

The payment dates of sick days payable is undeterminable. Compensated absences are generally paid by the General Fund. The interest expenditures on long-term obligations for the year were $839,007.

E) CHANGES IN GENERAL LONG-TERM DEBT

Governmental Activities:	Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
General Obligation Bonds	$23,500,000	$0	$2,595,000	$20,905,000	$2,675,000
Bond Premium	1,304,850	0	136,530	1,168,320	136,530
MI School Bond Loan Fund	3,398,831	599,869	0	3,998,700	N/A
Retirement Contractual Payout	10,000	0	10,000	0	0
Compensated Absences	99,298	0	2,098	97,200	N/A
Total Governmental Activities	$28,312,979	$599,869	$2,743,628	$26,169,220	$2,811,530

8) OPERATING LEASES

Office Equipment and Apple iPads:

The District leases various office equipment under operating leases expiring in various years through 2019, and iPads under various operating leases which expired in 2017.

On July 27, 2016, the District entered into a three year lease with Dell Financial Services, LLC. for the purpose of leasing 1,200 Chromebooks. The lease calls for annual payments of $107,872 starting August 1, 2016 and expiring in July, 2019.

8) OPERATING LEASES

Bus Lease
On September 1, 2016, the District entered into a two year lease with Tax-Exempt Leasing Corp. for the purpose of leasing fifteen 2017 Blue Bird seventy-seven passenger buses and one 2017 fifty-three passenger bus. The lease calls for quarterly payments of $46,360 starting December 1, 2016 and expiring in September, 2018.

On July 1, 2018, the District entered into a two year lease with Tax-Exempt Leasing Corp. for the purpose of leasing sixteen 2019 Blue Bird Model 3310 buses, one 2019 Blue Bird SN bus and one 2019 Blue Bird Micro Bird bus. The lease calls for quarterly payments of $59,872 starting July 1, 2018 and one final payment of $59,872 in April 2020. The lease expires in April, 2020.

Lease expenditures for 2017-2018 amounted to $154,232.

9) INTERFUND BALANCES

Interfund balances at June 30, 2018 consisted of the following:

	Receivable	Payable
General Fund	$54,426	$0
Capital Projects	0	22,444
Food Service	79,943	93,776
Debt Retirement	0	18,149
TOTAL	$134,369	$134,369

The District reports interfund balances between certain funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily 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.

10) TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by cities and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
Almont Township	$ 26,485

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

11) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	$158,355
Less: Accrued Interest	(126,805)
Food Service	45,268
Sinking Capital Projects	268,471
TOTAL	$345,289

12) DEFINED BENEFIT PLAN AND POST RETIREMENT 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 Comprehensive Annual 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 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 Treasurer serves as the investment officer and custodian of 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 the 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.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Benefits Provided – Pension (Continued)
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 are 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% person 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.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Pension Reform 2012 (Continued)

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 amount permitted by the IRS into a 457 account. They vest employer contributions and related earnings into 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 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of the highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

Pension Reform of 2017

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

Benefits Provided – Other postemployment benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, 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.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

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 of the first day of the pay period that begins on or after February 1, 2013.

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

Regular Retirement (no reduction factor for age)

Eligibility – A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided the 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% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the defined contribution plan option 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 members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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

For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 22-year period for fiscal 2017.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Employer Contributions (Continued)
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 Benefits
October 1, 2016 – September 30, 2017	15.27% - 19.03%	5.69% - 5.91%
October 1, 2017 – September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

The District's pension contributions for the year ended June 30, 2018 were equal to the required contribution total. Pension contributions were approximately $2,023,000, with $2,010,000 specifically for the Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2018 were equal to the required contribution total. OPEB benefits were approximately $521,000, with $505,000 specifically for the Defined Benefit Plan.

These amounts, for both pension and OPEB benefit, 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).

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

Pension Liabilities

At June 30, 2018, the District reported a liability of $19,380,942 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2016 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. At September 30, 2017 and 2016, the District's proportion was 0.074788740 and 0.07398281 percent.

MPSERS (Plan) Non-University Employers	September 30, 2017	September 30, 2016
Total Pension Liability	$72,407,218,688	$67,917,445,078
Plan Fiduciary Net Position	46,492,967,573	42,968,263,308
Net Pension Liability	25,914,251,115	24,949,181,763
Proportionate Share	0.074788740%	0.07398281%
Net Pension Liability for the District	19,380,942	18,458,106

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

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

For the year ended September 30, 2017, the District recognized pension expense of $1,870,243.

At June 30, 2018, the Reporting Unit 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
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	$206,962	($553,040)
Differences Between Expected and Actual Experience	168,434	(95,098)
Changes of Assumptions	2,123,336	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	(926,537)
Reporting Unit's Contributions Subsequent to the Measurement Date	1,894,678	0
TOTAL	$4,393,410	($1,574,675)

$1,894,678 is reported as deferred outflows of resources related to pensions resulting from District employer 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 Ending Sept. 30,	Amount
2018	$214,458
2019	531,259
2020	202,915
2021	(24,575)

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

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

OPEB Liabilities

At June 30, 2018, the District reported a liability of $6,593,440 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2016 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017, the District's proportion was 0.07445612 percent.

MPSERS (Plan) Non-University Employers	September 30, 2017
Total Other Postemployment Benefits Liability	$13,920,945,991
Plan Fiduciary Net Position	5,065,474,948
Net Other Postemployment Benefits Liability	8,855,471,043
Proportionate Share	0.07445612%
Net Other Postemployment Benefits Liability for the District	6,593,440

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

For the year ended September 30, 2017, the District recognized OPEB expense of $438,280.

At June 30, 2018, the Reporting Unit 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
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	$0	($12,253)
Differences Between Expected and Actual Experience	0	(70,201)
Changes of Assumptions	0	0
Net Difference Between Projected and Actual OPEB Plan Investment Earnings	0	(152,706)
Reporting Unit's Contributions Subsequent to the Measurement Date	455,098	0
TOTAL	$455,098	($235,160)

$455,098 is reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

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 Ending Sept. 30,	Amount
2018	($56,605)
2019	(56,605)
2020	(56,605)
2021	(56,605)
2022	(8,740)

Actuarial Assumptions

Investment rate of return for Pension - 7.5% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus Plan).

Investment rate of return for OPEB - 7.5% a year, compounded annually net of investment and administrative expenses.

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation – 3.0%

Mortality assumptions - RP2000 Combined Healthy Life Mortality table, adjusted for mortality improvements to 2025 using projection scale BB (for men, 80% of the table rates were used and for women, 70% of the table rates were used).

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2016. Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 7.5% (7% Pension Plus Plan), and the other postemployment benefit rate was 7.5%, 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 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 – 7.5% for year one and graded to 3.5% to year twelve.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

The target asset allocation at September 30, 2017 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	**Target Allocation***	**Long-term Expected Real Rate of Return***
Domestic Equity Pools	28.0%	5.6%
Private Equity Pools	18.0%	8.7%
International Equity	16.0%	7.2%
Fixed Income Pools	10.5%	(0.1)%
Real Estate and Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.0%
Short Term Investment Pools	2.0%	(0.9)%
Total	**100.0%**	

* Long term rates of return are net of administrative expenses and 2.3% inflation.

Pension Discount rate - The discount rate used to measure the total pension liability was 7.5% (7.0% for Pension Plus Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount rate – The discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school district's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for Pension Plus Plan), as well as what the Reporting Unit'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 (6.5% / 6.0%)	**Discount Rate (7.5% / 7.0%)**	**1% Increase (8.5% / 8.0%)**
Reporting Unit's proportionate share of the net pension liability	$25,246,921	$19,380,942	$14,442,161

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease (6.5%)	**Discount Rate (7.5%)**	**1% Increase (8.5%)**
Reporting Unit's proportionate share of the net other postemployment benefit liability	$7,722,824	$6,593,440	$5,634,947

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates – The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease (6.5% decreasing to 2.5%)	**Healthcare cost trend rates (7.5% decreasing to 3.5%**	**1% Increase (8.5% decreasing to 4.5%)**
Reporting Unit's proportionate share of the net other postemployment benefit liability	$5,583,758	$6,593,440	$7,739,864

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2017 Comprehensive Annual Financial Report.

12) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Payable to the Pension and OPEB Plan - At year-end, the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year-end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

Other Information

On December 20, 2017, the Michigan Supreme Court affirmed that Public Act 75 of 2010 is unconstitutional as it substantially impaired the employee's employment contracts by involuntarily reducing the employee's wages by 3%. As a result, the funds collected pursuant to Public Act 75 before the effective date of Public Act 300 of 2012, must be refunded to the employees in accordance with the Michigan Court of Claims judgment on the aforementioned court case. Effective September 30, 2017, the 3% contribution collected under Public Act 75, which amounted to approximately $554 million (including interest), was posted as a liability on the plan's CAFR report.

13) NEW ACCOUNTING STANDARDS

For the year ended June 30, 2018, the District implemented the following new pronouncements: GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Summary:

GASB Statement No. 75 requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate their OPEB liabilities and expense.

	Governmental Activities
Net Position as previously stated July 1, 2017	($15,724,472)
Adoption of GASB statement No. 75	
Net Other Postemployment Benefits Liability	(6,954,619)
Deferred Outflows	519,128
Deferred Inflows	(206,723)
NET POSITION AS RESTATED JULY 1, 2017	($22,366,686)

14) RISK MANAGEMENT

The District is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and worker's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

15) SUBSEQUENT EVENTS

In August, 2018, the District borrowed $1,600,000 at 1.75% on a State Aid Anticipation Note. The note proceeds will be used to meet cash flow needs for the 2018-2019 fiscal year.

16) UPCOMING ACCOUNTING PRONOUNCEMENTS

A) Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the District's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

B) Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the District's 2021 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY

INFORMATION

ALMONT COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
REVENUES				
Local Sources	$1,152,029	$1,297,213	$1,294,439	($2,774)
State Sources	11,685,951	12,122,912	12,202,947	80,035
Federal Sources	409,218	313,330	305,597	(7,733)
Total Revenues	$13,247,198	$13,733,455	$13,802,983	$69,528
EXPENDITURES				
Instruction	8,805,620	8,810,895	8,785,546	25,349
Student Services	329,285	532,343	516,756	15,587
Instructional Support	198,591	215,927	180,090	35,837
General Administration	357,638	364,098	363,445	653
School Administration	755,704	811,459	788,601	22,858
Business Administration	362,055	366,261	420,131	(53,870)
Operation & Maintenance of Plant	916,807	988,252	1,000,400	(12,148)
Transportation	729,785	865,762	855,407	10,355
Other Support Services	235,847	277,610	274,596	3,014
Athletics	265,087	278,670	282,110	(3,440)
Community Services	90,692	95,598	87,557	8,041
Total Expenditures	$13,047,111	$13,606,875	$13,554,639	$52,236
Excess of Revenues Over Expenditures	$200,087	$126,580	$248,344	$121,764
OTHER FINANCING SOURCES (USES)	(144,179)	(140,337)	(173,738)	(33,401)
Net Change in Fund Balance	$55,908	($13,757)	$74,606	$88,363
FUND BALANCE - BEGINNING			822,569	
FUND BALANCE - ENDING			$897,175	

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 9/30 OF EACH FISCAL YEAR)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting unit's proportion of net pension liability (%)							0.07479%	0.07398%	0.07770%	0.07726%
Reporting unit's proportionate share of net pension liability							$19,380,942	$18,458,106	$18,978,556	$17,018,427
Reporting unit's covered-employee payroll							$6,337,238	$6,092,008	$6,466,506	$6,569,679
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll							305.83%	302.99%	293.49%	259.05%
Plan fiduciary net position as a percentage of total pension liability							64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - PENSION
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 6/30 OF EACH FISCAL YEAR)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions							$1,754,193	$1,716,618	$1,498,958	$1,892,433
Contributions in relation to statutorily required contributions							1,754,193	1,716,618	1,498,958	1,892,433
Contribution deficiency (excess)							$0	$0	$0	$0
Reporting unit's covered-employee payroll							$6,277,942	$6,283,608	$6,517,411	$6,007,877
Contributions as a percentage of covered-employee payroll							27.94%	27.32%	23.00%	31.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 9/30 OF EACH FISCAL YEAR)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Reporting unit's proportion of net OPEB liability (%)									0.07446%
Reporting unit's proportionate share of net OPEB liability									$6,593,440
Reporting unit's covered-employee payroll									$6,337,238
Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll									104.04%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)									36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - OPEB
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 6/30 OF EACH FISCAL YEAR)

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions										$579,672
Contributions in relation to statutorily required contributions										579,672
Contribution deficiency (excess)										$0
Reporting unit's covered-employee payroll										$6,277,942
Contributions as a percentage of covered-employee payroll										9.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Fund (Food Service). All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District increased/decreased budgeted amounts during the year in response to changes in funding and related expenditures.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

During the year, Almont Community Schools has the following significant expenditure budget variances.

	Final Budget	Actual	Variance With Final Budget
Business Adminstration	$366,261	$420,131	($53,870)

PENSION AND OPEB RELATED

Changes of benefit terms: There were no changes of benefit terms for the plan year ended September 30, 2017.

Changes of assumptions: There were no changes of benefit assumptions for the plan year ended September 30, 2017.

ADDITIONAL SUPPLEMENTARY

INFORMATION

ALMONT COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Food Service	Sinking Capital Projects	Debt Retirement Funds	Total Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	$51,409	$290,915	$176,504	$518,828
Receivables:				
Accounts Receivable	14,999	0	0	14,999
Due from Other Funds	79,943	0	0	79,943
Due from Other Governmental Units	7,034	0	0	7,034
Inventory	7,971	0	0	7,971
TOTAL ASSETS	$161,356	$290,915	$176,504	$628,775
LIABILITIES				
Accounts Payable	$15,338	$0	$0	$15,338
Due to Other Funds	93,776	22,444	18,149	134,369
Unearned Revenue	6,974	0	0	6,974
Total Liabilities	$116,088	$22,444	$18,149	$156,681
FUND BALANCES				
Non-Spendable				
Inventory	7,971	0	0	7,971
Restricted				
Debt Service	0	0	158,355	158,355
Food Service	37,297	0	0	37,297
Capital Projects	0	268,471	0	268,471
Total Fund Balances	$45,268	$268,471	$158,355	$472,094
TOTAL LIABILITIES AND FUND BALANCES	$161,356	$290,915	$176,504	$628,775

ALMONT COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Food Service	Sinking Capital Projects	Debt Retirement Funds	Total Other Governmental Funds
REVENUES				
Local Sources	$196,625	$319,181	$2,748,266	$3,264,072
State Sources	13,115	0	0	13,115
Federal Sources	210,615	0	0	210,615
Total Revenues	$420,355	$319,181	$2,748,266	$3,487,802
OTHER FINANCING SOURCES				
Bond Proceeds	0	0	487,481	487,481
Total Revenues & Other Financing Sources	$420,355	$319,181	$3,235,747	$3,975,283
EXPENDITURES				
Special Revenue - Food Service				
Fica, Retirement, Etc.	874	0	0	874
Purchased Services	174,220	0	0	174,220
Supplies and Materials	201,973	0	0	201,973
Other	13,164	0	0	13,164
Debt Service	0	0	3,299,685	3,299,685
Capital Outlay	0	106,835	0	106,835
Total Expenditures	$390,231	$106,835	$3,299,685	$3,796,751
Net Change in Fund Balance	$30,124	$212,346	($63,938)	$178,532
FUND BALANCE - BEGINNING OF YEAR	15,144	56,125	222,293	293,562
FUND BALANCE - END OF YEAR	$45,268	$268,471	$158,355	$472,094

ALMONT COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
DEBT RETIREMENT FUND
JUNE 30, 2018

	2006 Debt Refunding	2012 Debt Refunding	2013 SBL Fund Refinance	2013 Debt Refunding	2016 Debt Refunding	Total After Interfund Eliminations
ASSETS						
Cash and Cash Equivalents	$0	$66,839	$68,920	$33,423	$7,322	$176,504
TOTAL ASSETS	$0	$66,839	$68,920	$33,423	$7,322	$176,504
LIABILITIES						
Due to Other Funds	$0	$1,484	$1,231	$1,856	$13,578	$18,149
FUND EQUITY						
Restricted						
Debt Service	0	65,355	67,689	31,567	(6,256)	158,355
TOTAL LIABILITIES AND FUND BALANCES	$0	$66,839	$68,920	$33,423	$7,322	$176,504

ALMONT COMMUNITY SCHOOLS
DEBT RETIREMENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	2006 Debt Refunding	2012 Debt Refunding	2013 SBL Fund Refinance	2013 Debt Refunding	2016 Debt Refunding	Total After Interfund Elimination
REVENUE						
Local Sources						
Property Tax Levy	$0	$1,040,600	$1,073,199	$520,220	$113,816	$2,747,835
Earnings on Investments	0	162	175	64	30	431
Total Local Sources	$0	$1,040,762	$1,073,374	$520,284	$113,846	$2,748,266
OTHER FINANCING SOURCES						
Transfers from Other Funds	0	0	0	0	136,652	0
Bond Proceeds	0	61,682	181,237	80,078	164,484	487,481
Total Other Financing Sources	$0	$61,682	$181,237	$80,078	$301,136	$487,481
Total Revenue and Other Financing Sources	$0	$1,102,444	$1,254,611	$600,362	$414,982	$3,235,747
EXPENDITURES						
Redemption of Bonds	0	900,000	1,125,000	470,000	0	2,495,000
Interest	0	250,664	109,122	160,151	283,150	803,087
Dues and Fees	0	298	300	500	500	1,598
Total Expenditures	$0	$1,150,962	$1,234,422	$630,651	$283,650	$3,299,685
OTHER FINANCING USES						
Transfers to Other Funds	136,652	0	0	0	0	0
Total Expenditures and Other Financing Uses	$136,652	$1,150,962	$1,234,422	$630,651	$283,650	$3,299,685
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	($136,652)	($48,518)	$20,189	($30,289)	$131,332	($63,938)
FUND BALANCE - BEGINNING OF YEAR	136,652	113,873	47,500	61,856	(137,588)	222,293
FUND BALANCE - END OF YEAR	$0	$65,355	$67,689	$31,567	($6,256)	$158,355

INDIVIDUAL FUND SCHEDULES OF

REVENUES, EXPENDITURES AND

OTHER FINANCING USES

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED JUNE 30, 2018

REVENUES FROM	
Local Sources	
Property Tax Levy	$869,536
Earnings on Investments and Deposits	1,290
Tuition	31,115
Athletics	86,581
Transportation	34,278
Latchkey and Community Enrichment	72,972
Other Local Revenues	198,667
Total Revenues from Local Sources	$1,294,439
State Sources	
State Aid - Foundation - Sec. 20	10,215,133
At Risk - Sec. 31A	269,351
Other State Grants	1,344,757
Special Education	373,706
Total Revenues from State Sources	$12,202,947
Federal Sources	
Title I	101,551
Title II	35,600
Special Education	120,667
Other Federal Grants	46,938
Grants from ISD	841
Total Revenues from Federal Sources	$305,597
Interdistrict Services	20,556
TOTAL REVENUES	$13,823,539

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURE AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2018

INSTRUCTION	
BASIC PROGRAMS	
Elementary	
Salaries - Professional	$1,463,652
Salaries - Non-Professional	29,193
Insurances	359,871
Fica, Retirement, Etc.	703,478
Other Benefits	21,877
Purchased Services	80,662
Supplies and Materials	98,982
Capital Outlay	13,398
Other	33,575
Total Elementary	$2,804,688
Middle School	
Salaries - Professional	1,156,651
Salaries - Non-Professional	42,922
Insurances	270,730
Fica, Retirement, Etc.	556,195
Other Benefits	19,438
Purchased Services	72,828
Supplies and Materials	28,587
Other	1,990
Total Middle School	$2,149,341
High School	
Salaries - Professional	1,109,193
Salaries - Non-Professional	38,776
Insurances	304,203
Fica, Retirement, Etc.	527,976
Other Benefits	9,897
Purchased Services	143,437
Supplies and Materials	52,378
Capital Outlay	5,002
Other	42,947
Total High School	$2,233,809
Preschool	
Salaries - Professional	67,862
Salaries - Non-Professional	35,995
Fica, Retirement, Etc.	47,876
Purchased Services	907
Supplies and Materials	6,181
Other	211
Total Preschool	$159,032

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2018

INSTRUCTION (Continued)	
BASIC PROGRAMS	
Sunmer School	
Salaries - Non-Professional	$942
Fica, Retirement, Etc.	445
Total Summer School	$1,387
Total Basic Programs	$7,348,257
ADDED NEEDS	
Special Education	
Salaries - Professional	444,641
Salaries - Non-Professional	206,894
Insurances	140,542
Fica, Retirement, Etc.	340,006
Other Benefits	26,437
Purchased Services	27,794
Supplies and Materials	2,934
Other	5,000
Total Special Education	$1,194,248
Compensatory Education	
Salaries - Non-Professional	130,158
Fica, Retirement, Etc.	65,167
Purchased Services	42,524
Supplies and Materials	5,192
Total Compensatory Education	$243,041
Total Added Needs	$1,437,289
TOTAL INSTRUCTION	$8,785,546
SUPPORT SERVICES	
Student Services	
Salaries - Professional	217,125
Salaries - Non-Professional	104,268
Insurances	30,336
Fica, Retirement, Etc.	151,508
Purchased Services	9,033
Supplies and Materials	4,286
Other	200
Total Student Services	$516,756

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2018

SUPPORT SERVICES (Continued)	
Instructional Support	
Salaries - Professional	$4,000
Salaries - Non-Professional	66,018
Insurances	145
Fica, Retirement, Etc.	35,156
Other Benefits	3,996
Purchased Services	62,644
Supplies and Materials	7,893
Other	238
Total Instructional Support	$180,090
General Administration	
Salaries - Professional	123,760
Salaries - Non-Professional	62,961
Insurances	4,459
Fica, Retirement, Etc.	93,284
Other Benefits	10,700
Purchased Services	52,654
Supplies and Materials	4,578
Other	11,049
Total General Administration	$363,445
School Administration	
Salaries - Professional	291,695
Salaries - Non-Professional	167,776
Insurances	86,884
Fica, Retirement, Etc.	204,865
Other Benefits	5,100
Purchased Services	26,381
Supplies and Materials	4,279
Other	1,621
Total School Administration	$788,601
Business Office	
Salaries - Professional	47,500
Salaries - Non-Professional	18,513
Insurances	46,204
Fica, Retirement, Etc.	35,430
Other Benefits	48,000
Purchased Services	14,606
Supplies and Materials	1,232
Other	208,646
Total Business Office	$420,131

SCHEDULE 2
(Continued)

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2018

SUPPORT SERVICES (Continued)	
Operation and Maintenance	
Salaries - Professional	$30,000
Fica, Retirement, Etc.	15,777
Purchased Services	663,044
Supplies and Materials	291,479
Other	100
Total Operation and Maintenance of Plant	$1,000,400
Transportation	
Salaries - Professional	30,000
Salaries - Non-Professional	314,565
Insurances	20,274
Fica, Retirement, Etc.	158,885
Other Benefits	11,198
Purchased Services	226,234
Supplies and Materials	93,634
Other	617
Total Transportation	$855,407
Other Support Services	
Salaries - Professional	66,830
Salaries - Non-Professional	17,696
Insurances	16,717
Fica, Retirement, Etc.	41,113
Purchased Services	66,363
Supplies and Materials	25,796
Other Expenses	40,081
Total Other Support Services	$274,596
Athletics	
Salaries - Professional	37,920
Salaries - Non-Professional	49,559
Fica, Retirement, Etc.	43,670
Purchased Services	121,245
Supplies and Materials	18,702
Other Expenses	11,014
Total Athletics	$282,110
TOTAL SUPPORT SERVICES	$4,681,536

SCHEDULE 2
(Continued)

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
INSTRUCTION (Continued)

COMMUNITY SERVICES	
Salaries - Non-Professional	$42,752
Fica, Retirement, Etc.	22,810
Purchased Services	17,523
Supplies and Materials	4,091
Other	381
Total Community Services	$87,557
TOTAL EXPENDITURES	$13,554,639
OUTGOING TRANSFERS AND OTHER USES	
Princpal and Interest Payments	136,320
Transfers to Other Governmental Units	49,715
Other Transfers	8,259
Total Outgoing Transfers and Other Uses	$194,294
TOTAL EXPENDITURES AND OTHER FINANCING USES	$13,748,933

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2018

GENERAL OBLIGATION - 2012 REFUNDING BONDS

Date Authorized : April 27, 2012 Amount Authorized: $8,535,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2018-2019	4.000%	$900,000	$107,375	$107,375	$1,114,750
2019-2020	4.000%	0	89,375	89,375	178,750
2020-2021	4.000%	0	89,375	89,375	178,750
2021-2022	4.000%	0	89,375	89,375	178,750
2022-2023	4.000%	0	89,375	89,375	178,750
2023-2024	4.000%	0	89,375	89,375	178,750
2024-2025	4.000%	0	89,375	89,375	178,750
2025-2026	4.000%	0	89,375	89,375	178,750
2026-2027	4.000%	0	89,375	89,375	178,750
2027-2028	3.500%	1,000,000	89,375	89,375	1,178,750
2028-2029	3.500%	1,000,000	71,875	71,875	1,143,750
2029-2030	3.500%	1,000,000	54,375	54,375	1,108,750
2030-2031	3.750%	1,000,000	36,875	36,875	1,073,750
2031-2032	3.625%	1,000,000	18,125	18,125	1,036,250
TOTAL		$5,900,000	$1,093,000	$1,093,000	$8,086,000

2012 ENERGY CONSERVATION IMPROVEMENT BONDS

Date Authorized : July 10, 2012 Amount Authorized: $1,200,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	FEDERAL INTEREST SUBSIDY	TOTAL
2018-2019	4.490%	$100,000	$15,715	$15,715	($30,590)	$100,840
2019-2020	4.490%	100,000	13,470	13,470	(26,220)	100,720
2020-2021	4.490%	100,000	11,225	11,225	(21,850)	100,600
2021-2022	4.490%	100,000	8,980	8,980	(17,480)	100,480
2022-2023	4.490%	100,000	6,735	6,735	(13,110)	100,360
2023-2024	4.490%	100,000	4,490	4,490	(8,740)	100,240
2024-2025	4.490%	100,000	2,245	2,245	(4,370)	100,120
TOTAL		$700,000	$62,860	$62,860	($122,360)	$703,360

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2018

2013 REFUNDING BONDS

Date Authorized : April 9, 2013 Amount Authorized: $8,110,000

	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
PAYMENT DATE - MAY 1ST					
2018-2019	2.000%	$1,225,000	$45,050	$45,050	$191,522
2019-2020	2.300%	1,300,000	32,800	32,800	191,848
2020-2021	2.550%	1,400,000	17,850	17,850	191,960
TOTAL		$3,925,000	$95,700	$95,700	$575,330

GENERAL OBLIGATION - 2013 REFUNDING BONDS

Date Authorized : October 30, 2013 Amount Authorized: $6,805,000

	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
PAYMENT DATE - MAY 1ST					
2018-2019	4.000%	$450,000	$70,700	$70,700	$591,400
2019-2020	4.000%	450,000	61,700	61,700	573,400
2020-2021	4.000%	450,000	52,700	52,700	555,400
2021-2022	4.000%	445,000	43,700	43,700	532,400
2022-2023	4.000%	435,000	34,800	34,800	504,600
2023-2024	4.000%	435,000	26,100	26,100	487,200
2024-2025	4.000%	435,000	17,400	17,400	469,800
2025-2026	4.000%	435,000	8,700	8,700	452,400
TOTAL		$3,535,000	$315,800	$315,800	$4,166,600

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2018

GENERAL OBLIGATION - 2016 REFUNDING BONDS

Date Authorized : February 18, 2016 Amount Authorized: $6,845,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2018-2019	4.000%	$0	$141,575	$141,575	$283,150
2019-2020	4.000%	680,000	141,575	141,575	963,150
2020-2021	4.000%	660,000	127,975	127,975	915,950
2021-2022	4.000%	935,000	114,775	114,775	1,164,550
2022-2023	4.000%	930,000	91,400	91,400	1,112,800
2023-2024	4.000%	925,000	72,800	72,800	1,070,600
2024-2025	4.000%	915,000	54,300	54,300	1,023,600
2025-2026	4.000%	905,000	36,000	36,000	977,000
2026-2027	4.000%	895,000	17,900	17,900	930,800
TOTAL		$6,845,000	$798,300	$798,300	$8,441,600

Lewis & Knopf CPAs, PC

October 22, 2018

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 of
Almont Community Schools

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 Almont Community Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Almont Community Schools' basic financial statements, and have issued our report thereon dated October 22, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

5206 Gateway Centre | Suite 100 | Flint, MI 48507 | 810-238-4617 | 877-244-1787 | 810-238-5083 fax
10299 E Grand River Road | Suite M | Brighton, MI 48116 | 810-225-1808 | 810-225-1847 fax
1100 Torrey Road | Suite 400 | Fenton, MI 48430 | 810-629-1500 | 810-629-7441 fax
www.lewis-knopf.com

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.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf
CPAs, PC

Lewis & Knopf CPAs, PC

October 22, 2018

To the Board of Education of
Almont Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Almont Community Schools for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 28, 2018. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Almont Community Schools are described in Note 1 to the financial statements. During 2017, Almont Community Schools implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The application of existing policies was not changed during the 2017-2018 year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Estimates have been used to calculate the net pension and net OPEB liabilities.
>
> Estimates have been used in calculating the liability for employee compensated absences.
>
> We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's determination of the estimated life span of the capital assets.
>
> We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 22, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Almont Community Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf
CPAs, PC