ALMONT COMMUNITY SCHOOLS

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

YEAR ENDED JUNE 30, 2019

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Lewis & Knopf
CPAs, PC

October 22, 2019

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, 2019, 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, 2019, 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.

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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, 2019, 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, 2019.

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 $19,767,115 (net position).

* The District 's total net position increased by $1,588,764. The increase was due to conscientious spending strategies, a DTE settlement related to a prior year electrical incident.

* The general fund had an increase in fund balance of $500,328. Total fund balance for the general fund was $1,397,503, or 10%, 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 and the Sinking Capital Projects 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 - 28 of this report.

SUMMARY OF NET POSITION:

NET POSITION SUMMARY

	2019	2018
ASSETS		
Other Assets	$4,039,739	$4,628,916
Capital Assets	26,355,799	27,196,596
TOTAL ASSETS	$30,395,538	$31,825,512
DEFERRED OUTFLOWS OF RESOURCES	8,570,919	5,082,359
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$38,966,457	$36,907,871
LIABILITIES		
Other Liabilities	30,336,054	29,360,834
Long-Term Liabilities	24,119,867	26,169,220
Total Liabilities	$54,455,921	$55,530,054
DEFERRED INFLOWS OF RESOURCES	4,277,651	2,733,696
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$58,733,572	$58,263,750
NET POSITION		
Net Investment in Capital Assets	7,304,855	5,357,127
Restricted	783,018	345,289
Unrestricted	(27,854,988)	(27,058,295)
TOTAL NET POSITION	($19,767,115)	($21,355,879)

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.

An additional portion of the District's net position, $783,018, 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 2019.

RESULTS OF OPERATIONS:
For the fiscal years ended June 30, 2019 and 2018, the District wide results of operations were:

	2019	2018
REVENUES		
Program Revenues		
Charges for Services	$392,751	$405,280
Operating Grants	2,335,696	2,517,141
Total Program Revenues	$2,728,447	$2,922,421
General Revenues:		
Property Taxes	4,165,205	3,936,464
State Sources - Unrestricted	10,272,600	10,215,133
Interdistrict Sources	37,279	20,556
Other General Revenues	472,057	216,767
Total General Revenues	$14,947,141	$14,388,920
Total Revenues	$17,675,588	$17,311,341
EXPENSES		
Instruction & Instructional Support	8,672,918	9,115,803
Support Services	5,088,754	4,778,022
Community Services	75,264	90,563
Outgoing Transfers and Other Transactions	154,100	94,294
Food Service	362,124	390,231
Interest on Long-Term Debt	805,786	904,004
Depreciation	927,878	927,617
Total Expenses	$16,086,824	$16,300,534
CHANGE IN NET POSITION	$1,588,764	$1,010,807
BEGINNING NET POSITION	(21,355,879)	(22,366,686)
ENDING NET POSITION	($19,767,115)	($21,355,879)

The District's net position increased by $1,588,764 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 $14,060,816. That amount is more than the final budget estimate of $13,949,171. The variance was $111,645, or less than 1%.

The actual expenditures and other financing uses of the general fund were $13,560,488 , which is more the final budget estimate of $13,511,938. The variance was $48,550, or less than 1%.

The general fund had total revenues of $14,060,816 and total expenditures of $13,560,488 with a net increase in fund balance of $500,328 and an ending fund balance of $1,397,503.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019 amounted to $26,355,799 (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)	
	2019	2018
Land	$579,580	$579,580
Buildings and Improvements	25,666,042	26,476,074
Equipment and Furniture	99,702	128,439
Vehicles and Buses	10,475	12,503
Total capital assets, net	$26,355,799	$27,196,596

Additional information on the District's capital assets can be found in Note 4.

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 $24,119,867. Long-term debt at fiscal year-end included the following:

	Long-Term Debt	
	2019	2018
General Obligation Bonds	$19,261,790	$22,073,320
Notes from Direct Borrowings and Direct Placements	4,758,333	3,998,700
Compensated Absences	99,744	97,200
Total Long-Term Debt	$24,119,867	$26,169,220

The District's total bonded debt decreased by $2,675,000 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 6.

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 2019-20 fiscal year:

* Foundation Allowance

  The Board of Education and Administration agreed to an estimate of a foundation allowance of $8,051 per pupil for the 2019-20 fiscal year, a $180 per pupil increase from 2018-19, 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 2019-20, the rate is anticipated to increase to 27.5% from 26.18% effective October 1, 2019. Additionally, the District will be required to pay 12.41%, for all wages earned October 1, 2019 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

* The Almont Community Schools' 2019/2020 adopted budget is as follows:

REVENUE	$13,772,482
EXPENDITURES	14,022,022
NET (UNDER) BUDGET	($249,540)

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, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$1,644,763
Receivables:	
Accounts Receivable	28,459
Due from Other Governmental Units	2,262,209
Inventory	7,873
Prepaid Expenditures	96,435
Capital Assets, Not Being Depreciated - Land	579,580
Capital Assets - Net of Accumulated Depreciation	25,776,219
Total Assets	$30,395,538
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Bond Refunding	210,846
Related to Pensions	7,279,102
Related to Postemployment Benefits	1,080,971
Total Deferred Outflows of Resources	$8,570,919
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$38,966,457
LIABILITIES	
Accounts Payable	340,162
State Aid Note Payable	228,571
Due to Other Governmental Units	149,777
Accrued Expenditures	385,476
Salaries Payable	734,530
Unearned Revenue	12,829
Non-Current Liabilities - Due Within One Year	2,666,530
Non-Current Liabilities - Due in More Than One Year	21,453,337
Net Pension Liability	22,567,776
Net Other Postemployment Benefits Liability	5,916,933
Total Liabilities	$54,455,921
DEFERRED INFLOWS OF RESOURCES	
Related to State Aid Funding for Pension and Other Postemployment Benefits	820,709
Related to Pensions	2,099,936
Related to Other Postemployment Benefits	1,357,006
Total Deferred Inflows of Resources	$4,277,651
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$58,733,572
NET POSITION	
Net Investment in Capital Assets	7,304,855
Restricted	783,018
Unrestricted	(27,854,988)
TOTAL NET POSITION	($19,767,115)

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

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	$8,672,918	$33,603	$954,354	($7,684,961)
Support Services	5,088,754	100,975	1,172,072	(3,815,707)
Community Services	75,264	79,501	0	4,237
Outgoing Transfers and Other Transactions	154,100	0	0	(154,100)
Food Service	362,124	178,672	209,270	25,818
Interest - Long-Term Obligations	805,786	0	0	(805,786)
Depreciation - Unallocated	927,878	0	0	(927,878)
Total Governmental Activities	$16,086,824	$392,751	$2,335,696	($13,358,377)
General Revenues:				
Taxes:				
Property Taxes - Levied for General Purposes				963,400
Property Taxes - Levied for Debt Retirement				2,865,609
Property Taxes - Levied for Capital Projects				336,196
State Sources - Unrestricted				10,272,600
Interdistrict Sources				37,279
Investment Earnings				28,454
Other				443,603
Total General Revenues and Transfers				$14,947,141
Change in Net Position				$1,588,764
Net Position - Beginning of Year				(21,355,879)
Net Position - End of Year				($19,767,115)

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Sinking Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$666,674	$457,537	$520,552	$1,644,763
Receivables:				
Accounts Receivable	25,666	0	2,793	28,459
Due from Other Funds	36,627	0	30,578	67,205
Due from Other Governmental Units	2,254,723	0	7,486	2,262,209
Inventory	0	0	7,873	7,873
Prepaid Expenditures	96,435	0	0	96,435
TOTAL ASSETS	$3,080,125	$457,537	$569,282	$4,106,944
LIABILITIES				
Accounts Payable	$293,992	$0	$46,170	$340,162
State Aid Note Payable	228,571	0	0	228,571
Due to Other Funds	0	35,019	32,186	67,205
Due to Other Governmental Units	149,777	0	0	149,777
Accrued Expenditures	272,503	0	0	272,503
Salaries Payable	734,530	0	0	734,530
Unearned Revenue	3,249	0	9,580	12,829
Total Liabilities	$1,682,622	$35,019	$87,936	$1,805,577
FUND BALANCES				
Non-Spendable				
Inventory	0	0	7,873	7,873
Prepaid Expenditures	96,435	0	0	96,435
Restricted				
Debt Service	0	0	402,333	402,333
Food Service	0	0	71,140	71,140
Capital Projects	0	422,518	0	422,518
Assigned - Subsequent Year Expenditures	249,540	0	0	249,540
Unassigned	1,051,528	0	0	1,051,528
Total Fund Balances	$1,397,503	$422,518	$481,346	$2,301,367
TOTAL LIABILITIES AND FUND BALANCES	$3,080,125	$457,537	$569,282	$4,106,944

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total Governmental Fund Balances:		$2,301,367
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Outflows of Resources - Related to Bond Refunding		210,846
Deferred Outflows of Resources - Related to Pensions		7,279,102
Deferred Outflows of Resources - Related to Postemployment Benefits		1,080,971
Deferred Inflows Related to State Aid Funding for Pension and Other Postemployment Benefits		(820,709)
Deferred Inflows of Resources - Related to Pensions		(2,099,936)
Deferred Inflows of Resources - Related to Other Postemployment Benefits		(1,357,006)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund:		
Cost of Assets	$44,144,468	
Accumulated Depreciation	(17,788,669)	
Capital Assets - Net of Accumulated Depreciation		26,355,799
Accrued Interest on Long-Term Debt		(112,973)
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:		
General Obligation Bonds	$19,261,790	
Notes from Direct Borrowings and Direct Placements	4,758,333	
Compensated Absences	99,744	
Total Long-Term Liabilities		(24,119,867)
Net Pension Liability		(22,567,776)
Net Other Postemployment Benefits Liability		(5,916,933)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		($19,767,115)

ALMONT COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Sinking Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	$1,624,511	$339,940	$3,065,562	$5,030,013
State Sources	12,120,569	0	15,297	12,135,866
Federal Sources	278,457	0	193,973	472,430
Interdistrict Sources	37,279	0	0	37,279
Total Revenues	$14,060,816	$339,940	$3,274,832	$17,675,588
EXPENDITURES				
Instruction	8,282,270	0	0	8,282,270
Student Services	585,226	0	0	585,226
Instructional Support	208,727	0	0	208,727
General Administration	357,296	0	0	357,296
School Administration	880,102	0	0	880,102
Business Administration	342,399	0	0	342,399
Operation & Maintenance of Plant	975,526	0	0	975,526
Transportation	1,010,041	0	0	1,010,041
Other Support Services	253,206	0	0	253,206
Athletics	340,184	0	0	340,184
Community Services	71,411	0	0	71,411
Outgoing Transfers and Other Transactions	254,100	0	0	254,100
Food Service Activities	0	0	362,124	362,124
Debt Service				
Redemption of Bonds	0	0	2,575,000	2,575,000
Interest	0	0	678,542	678,542
Dues and Fees	0	0	1,000	1,000
Capital Outlay	0	185,893	0	185,893
Total Expenditures	$13,560,488	$185,893	$3,616,666	$17,363,047
Excess (Deficiency) of Revenues Over (Under) Expenditures	$500,328	$154,047	($341,834)	$312,541
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	0	0	619,557	619,557
Net Change in Fund Balance	$500,328	$154,047	$277,723	$932,098
FUND BALANCE - BEGINNING OF YEAR	897,175	268,471	203,623	1,369,269
FUND BALANCE - END OF YEAR	$1,397,503	$422,518	$481,346	$2,301,367

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, 2019

Total net change in fund balances - governmental funds	$932,098
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.	
Capital Outlay	87,081
Depreciation Expense	(927,878)
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.	2,675,000
Net Change in Michigan School Bond Loan Fund	(759,633)
Amortization of :	
Bond Premium	136,530
Deferred Loss on Refunding	(23,005)
Change in accrued compensated absences	(2,544)
Change in accrued interest on long-term liabilities	13,832
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	103,152
Pension Related Items	(826,403)
OPEB Related Items	180,534
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$1,588,764

ALMONT COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - AGENCY FUND
JUNE 30, 2019

	Trust & Agency	Private Purpose Trusts	Total
ASSETS			
Cash and Cash Equivalents	$180,581	$0	$180,581
Investments	0	14,904	14,904
TOTAL ASSETS	$180,581	$14,904	$195,485
LIABILITIES			
Due to Student Groups	180,581	0	180,581
NET POSITION - RESTRICTED FOR TRUST ACTIVITIES	$0	$14,904	$14,904

See notes to the financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2019

	Private Purpose Trusts
REVENUE	
Interest/Unrealized Gains	$977
EXPENDITURES	
Scholarship Awards	3,000
CHANGE IN NET ASSETS	($2,023)
NET POSITION - BEGINNING OF YEAR	16,927
NET POSITION - END OF YEAR	$14,904

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.

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.

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.

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 $99,744 at June 30, 2019.

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 state aid funding 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) REVENUE

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

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.

Q) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

R) MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL

The accompanying financial statements have been prepared on a basis substantially consistent with the Michigan Public School Accounting Manual (Bulletin 1022), which outlines the accounting procedures and policies for school districts required by the Michigan State Board of Education.

S) 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) BUDGETARY INFORMATION (Continued)

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, 2019. 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.

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, 2019, $742,251 of the District's bank balance of $2,142,674 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.

2) DEPOSITS AND INVESTMENTS (Continued)

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	$ 14,904	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, 2019 consisted of open-end mutual funds of $14,904, valued using quoted market prices (Level 1 inputs).

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

Cash – Agency Fund	$ 180,581
Cash – District Wide	1,644,763
Investments – Fiduciary Funds	14,904
TOTAL	$ 1,840,248

The above amounts as previously report in Note 2:

Checking/Savings Accounts – Including Fiduciary Funds of $180,581	$ 1,825,344
Investments – Private Purpose Trusts	14,904
TOTAL	$ 1,840,248

3) RECEIVABLES

Receivables at June 30, 2019, 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	$ 2,184,193
Federal Grants	36,918
Other Grant Programs & Fees	41,098
TOTAL GOVERNMENTAL ACTIVITIES	$ 2,262,209

4) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, 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	75,579	0	41,596,236
Equipment and Furniture	1,924,961	11,502	6,385	1,930,078
Vehicles and Buses	203,885	0	165,311	38,574
Totals at Historical Cost	$44,229,083	$87,081	$171,696	$44,144,468
Less: Accumulated Depreciation				
Buildings and Improvements	(15,044,583)	(885,611)	0	(15,930,194)
Equipment and Furniture	(1,796,522)	(40,239)	(6,385)	(1,830,376)
Vehicles and Buses	(191,382)	(2,028)	(165,311)	(28,099)
Total Accumulated Depreciation	($17,032,487)	($927,878)	($171,696)	($17,788,669)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	$27,196,596	($840,797)	$0	$26,355,799

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

5) SHORT-TERM DEBT

In August, 2018, the District borrowed $1,600,000 at 1.75% on a State Aid Anticipation Note. The note proceeds were used to meet cash flow needs for the 2018-2019 fiscal year. The note is secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state’s discretion, accelerate the repayment terms. Activity for the year ended June 30, 2019 is as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
State Aid Note	$1,900,000	$1,600,000	$3,271,429	$228,571

6) GENERAL LONG-TERM DEBT

The following is a summary of long-term obligations for the District for the year ended June 30, 2019:

Governmental Activities:	Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
General Obligation Bonds	$22,073,320	$0	$2,811,530	$19,261,790	$2,666,530
Notes from Direct Borrowings and Direct Placements	3,998,700	759,633	0	4,758,333	$0
Compensated Absences	97,200	2,544	0	99,744	0
Total Governmental Activities	$26,169,220	$762,177	$2,811,530	$24,119,867	$2,666,530

GENERAL OBLIGATIONS BONDS

2012 Refunding Bonds - dated April 27, 2012, in the amount of $8,535,000, bearing interest at rates varying from 3.5% to 4.0% per annum, matures in 2032.	$ 5,000,000
2012 Energy Conservation bonds - dated July 10, 2012, in the amount of $1,200,000 with interest rates at 4.49% per annum, matures in 2025, paid out of the general fund.	600,000
2013 SLRF Refunding bonds - dated April 9, 2013, in the amount of $8,110,000 with an interest rates varying from 0.55% to 2.55% per annum, matures in 2021.	2,700,000
2013 Refunding Bonds – dated October 30, 2013, in the amount of $6,805,000 with interest rates at 4% per annum, matures in 2026.	3,085,000
2016 Refunding Bonds – dated February 18, 2016, in the amount of $6,845,000 with interest rates at 4% per annum, matures in 2027.	6,845,000
Bond Premium	1,031,790
TOTAL GENERAL OBLIGATION BONDS	$ 19,261,790

NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS

Michigan School Bond Loan Fund - The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of $140,076 has been assessed for the year ended June 30, 2019, and is included in the amount owing the State at that date. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.	4,758,333
COMPENSATED ABSENCES	99,744
TOTAL GENERAL LONG-TERM OBLIGATIONS	$ 24,119,867

6) GENERAL LONG-TERM DEBT (Continued)

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $4,758,333 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The annual requirements to amortize long-term obligations outstanding exclusive of employment benefit obligation payments as of June 30, 2019 are as follows:

	General Obligation Bonds		**Notes from Direct Borrowings and Direct Placements**		
	Principal	Interest	Principal	Interest	Total
June 30, 2020	$2,666,530	$651,620	$0	$0	$3,318,150
June 30, 2021	2,746,530	576,400	0	0	3,322,930
June 30, 2022	1,616,530	496,180	0	0	2,112,710
June 30, 2023	1,601,530	431,510	0	0	2,033,040
June 30, 2024	1,596,530	376,790	0	0	1,973,320
June 30, 2025-2029	6,002,518	1,127,470	0	0	7,129,988
June 30, 2030-2032	3,031,622	218,750	0	0	3,250,372
Thereafter	0	0	4,758,333	0	4,758,333
TOTAL	$19,261,790	$3,878,720	$4,758,333	$0	$27,898,843

Interest expense (all funds) for the year ended June 30, 2019 was $681,340.

7) OPERATING LEASES

Office Equipment and Apple iPads:

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.

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. Due to a fire in February 2019, the lease was adjusted to $55,822 and an additional bus was added requiring quarterly payments of $4,300 and expiring in February 2021.

Lease expenditures for 2018-2019 amounted to $347,610.

Future maturities are as follows:

June 30, 2020	$240,486
June 30, 2021	12,900
TOTAL	$253,386

8) INTERFUND BALANCES

Interfund balances at June 30, 2019 consisted of the following:

	Receivable	Payable
General Fund	$36,627	$0
Capital Projects	0	35,019
Food Service	0	32,186
Debt Retirement	30,578	0
TOTAL	$67,205	$67,205

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.

9) 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	$ 5,451

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.

10) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	$402,333
Less: Accrued Interest - General Obligation Bonds	(112,973)
Food Service	71,140
Sinking Capital Projects	422,518
TOTAL	$783,018

11) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

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

The System’s pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System’s health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided - Overall

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To 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. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 20-year period for the 2017 fiscal year.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 19-year period for the 2017 fiscal year.

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

Benefit Structure	Member	Employer
Basic	0.0 – 4.0%	17.89%
Member Investment Plan	3.0 – 7.0%	17.89%
Pension Plus	3.0 – 6.4%	16.61%
Pension Plus 2	6.2%	19.74%
Defined Contribution	0.0%	13.54%

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

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	6.44%
Personal Healthcare Fund (PHF)	0.00%	6.13%

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

The District's pension contributions for the year ended June 30, 2019 were equal to the required contribution total. Pension contributions were approximately $1,892,000, with $1,877,000 specifically for the Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2019 were equal to the required contribution total. OPEB benefits were approximately $522,000, with $504,000 specifically for the Defined Benefit Plan.

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

Pension Liabilities

At June 30, 2019, *the District* reported a liability of $22,567,776 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was 0.07507126 percent, which was *increase* of 0.00028 percent from its proportion measured as of September 30, 2017.

MPSERS (Plan) Non-University Employers	September 30, 2018	September 30, 2017
Total Pension Liability	$79,863,694,444	$72,407,218,688
Plan Fiduciary Net Position	49,801,889,205	46,492,967,573
Net Pension Liability	$30,061,805,239	$25,914,251,115
Proportionate Share	0.07507126%	0.07478874%
Net Pension Liability for the District	22,567,776	19,380,942

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

For the year ended September 30, 2018, the District recognized pension expense of $2,693,274.

At June 30, 2019, 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
Differences Between Actual and Expected Experience	$104,719	($163,996)
Changes of Assumptions	5,226,678	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	(1,543,062)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	184,433	(392,878)
Employer Contributions Subsequent to the Measurement Date	1,763,272	0
TOTAL	$7,279,102	($2,099,936)

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

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

Year Ending Sept. 30,	Amount
2019	$1,332,538
2020	1,002,769
2021	774,015
2022	306,572

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

OPEB Liabilities

At June 30, 2019, the District reported a liability of $5,916,933 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2017. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2018, the District's proportion was 0.07443665 percent, which was a decrease of 0.00195 percent from its proportion measured as of October 1, 2017.

MPSERS (Plan) Non-University Employers	September 30, 2018	September 30, 2017
Total Other Postemployment Benefits Liability	$13,932,170,264	$13,920,945,991
Plan Fiduciary Net Position	5,983,218,473	5,065,474,948
Net Other Postemployment Benefits Liability	$7,948,951,791	$8,855,471,043
Proportionate Share	0.07443665%	0.07445612%
Net Other Postemployment Benefits Liability for the District	5,916,933	6,593,440

For the year ending September 30, 2018, the District recognized OPEB expense of $282,006.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Actual and Expected Experience	$0	($1,101,293)
Changes of Assumptions	626,606	0
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	0	(227,402)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	(28,311)
Employer Contributions Subsequent to the Measurement Date	454,365	0
TOTAL	$1,080,971	($1,357,006)

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

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. 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
2019	($180,211)
2020	(180,211)
2021	(180,211)
2022	(132,359)
2023	(57,408)

Actuarial Assumptions

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	7.05%
- Pension Plus Plan:	7.00%
- Pension Plus 2 Plan:	6.00%
- OPEB	7.15%
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.0% Year 12
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active Members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions OPEB	
- 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 coverages continuing after the retiree's death
- Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Notes:

* *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.*

* *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.5304 for non-university employers]*

* *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.*

* *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers].*

* *Recognition period for assets in years: 5.0000*

* *Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

Investment Category	**Target Allocation***	**Long-term Expected Real Rate of Return***
Domestic Equity Pools	28.0%	5.7%
Private Equity Pools	18.0%	9.72
International Equity	16.0%	7.2%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	3.9%
Absolute Return Pools	15.5%	5.0%
Short Term Investment Pools	2.0%	0%
Total	**100.0%**	

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

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

Rate of Return

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24% and 10.75% for OPEB. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate - Pension

A discount rate of 7.05% was used to measure the total pension liability (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.05% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate - OBEB

A discount rate of 7.15% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.15%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% for the Hybrid Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	Pension		
	1% Decrease 6.05%/6.0%/5.0%	Current Single Discount Rate Assumption 7.05%/7.0%/6.0%	1% Increase 8.05% /8.0%/7.0%
District's proportionate share of the net pension liability	$29,629,747	$22,567,776	$16,700,426

Sensitivity of the net OPEB liability to changes in the discount rate

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

	Other Postemployment Benefit		
	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net other postemployment benefit liability	$7,103,158	$5,916,933	$4,919,173

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

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates

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

	Other Postemployment Benefit		
	1% Decrease	**Current Healthcare Cost Trend Rate**	**1% Increase**
District proportionate share of the net other postemployment benefit liability	$4,866,613	$5,916,933	$7,121,866

Pension and OPEB Plan Fiduciary Net Position

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

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).

12) 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.

13) SUBSEQUENT EVENTS

In August, 2019, the District borrowed $1,600,000 (set aside) at 1.3% on a State Aid Anticipation Note. The note proceeds will be used to meet cash flow needs for the 2019-2020 fiscal year.

14) CONTINGENCIES AND COMMITMENTS

The District is involved in a legal matter with a former employee. The suits are being handled by the District's insurance carrier. The amounts of potential liability to the District, if any, is unknown as of the date of the auditor's opinion. A contingent liability of $75,000 is included in accounts payable as of June 30, 2019.

15) 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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
REVENUES				
Local Sources	$1,204,610	$1,502,109	$1,624,511	$122,402
State Sources	12,379,497	12,131,140	12,120,569	(10,571)
Federal Sources	270,846	280,922	278,457	(2,465)
Total Revenues	$13,854,953	$13,914,171	$14,023,537	$109,366
EXPENDITURES				
Instruction	8,480,056	8,260,244	8,282,270	(22,026)
Student Services	525,179	489,951	585,226	(95,275)
Instructional Support	198,318	238,734	208,727	30,007
General Administration	398,412	387,280	357,296	29,984
School Administration	925,377	880,204	880,102	102
Business Administration	367,040	335,570	342,399	(6,829)
Operation & Maintenance of Plant	901,410	1,003,679	975,526	28,153
Transportation	896,294	989,311	1,010,041	(20,730)
Other Support Services	347,240	269,426	253,206	16,220
Athletics	317,163	320,036	340,184	(20,148)
Community Services	65,587	72,158	71,411	747
Total Expenditures	$13,422,076	$13,246,593	$13,306,388	($59,795)
Excess of Revenues Over Expenditures	$432,877	$667,578	$717,149	$49,571
OTHER FINANCING SOURCES (USES)	(197,400)	(230,345)	(216,821)	13,524
Net Change in Fund Balance	$235,477	$437,233	$500,328	$63,095
FUND BALANCE - BEGINNING			897,175	
FUND BALANCE - ENDING			$1,397,503	

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 (%)						0.07507%	0.07479%	0.07398%	0.07770%	0.07726%
Reporting unit's proportionate share of net pension liability						$22,567,776	$19,380,942	$18,458,106	$18,978,556	$17,018,427
Reporting unit's covered-employee payroll						$6,324,430	$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						356.83%	305.83%	302.99%	293.49%	259.05%
Plan fiduciary net position as a percentage of total pension liability						62.36%	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						$2,044,206	$1,754,193	$1,716,618	$1,498,958	$1,892,433
Contributions in relation to statutorily required contributions						2,044,206	1,754,193	1,716,618	1,498,958	1,892,433
Contribution deficiency (excess)						$0	$0	$0	$0	$0
Reporting unit's covered-employee payroll						$6,310,863	$6,277,942	$6,283,608	$6,517,411	$6,007,877
Contributions as a percentage of covered-employee payroll						32.39%	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 (%)								0.07444%	0.07446%
Reporting unit's proportionate share of net OPEB liability								$5,916,933	$6,593,440
Reporting unit's covered-employee payroll								$6,324,430	$6,337,238
Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll								93.56%	104.04%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)								42.95%	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									$483,166	$579,672
Contributions in relation to statutorily required contributions									483,166	579,672
Contribution deficiency (excess)									$0	$0
Reporting unit's covered-employee payroll									$6,310,863	$6,277,942
Contributions as a percentage of covered-employee payroll									7.66%	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
Instruction	$8,260,244	$8,282,270	($22,026)
Student Services	489,951	585,226	(95,275)
Business Adminstration	335,570	342,399	(6,829)
Transportation	989,311	1,010,041	(20,730)
Athletics	320,036	340,184	(20,148)

The District variance is due to incorrect calculations of the final budget.

PENSION AND OPEB RELATED

Changes of benefit terms: There were no changes of benefit terms for the plan year ended September 30, 2018.

Changes of assumptions: There were no changes of benefit assumptions for the plan year ended September 30, 2018.

ADDITIONAL SUPPLEMENTARY

INFORMATION

ALMONT COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Food Service	Debt Retirement Funds	Total Other Governmental Funds
ASSETS			
Cash and Cash Equivalents	$148,497	$372,055	$520,552
Receivables:			
Accounts Receivable	2,793	0	2,793
Due from Other Funds	0	30,578	30,578
Due from Other Governmental Units	7,486	0	7,486
Inventory	7,873	0	7,873
TOTAL ASSETS	$166,649	$402,633	$569,282
LIABILITIES			
Accounts Payable	$45,870	$300	$46,170
Due to Other Funds	32,186	0	32,186
Unearned Revenue	9,580	0	9,580
Total Liabilities	$87,636	$300	$87,936
FUND BALANCES			
Non-Spendable			
Inventory	7,873	0	7,873
Restricted			
Debt Service	0	402,333	402,333
Food Service	71,140	0	71,140
Total Fund Balances	$79,013	$402,333	$481,346
TOTAL LIABILITIES AND FUND BALANCES	$166,649	$402,633	$569,282

ALMONT COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Food Service	Debt Retirement Funds	Total Other Governmental Funds
REVENUES			
Local Sources	$186,599	$2,878,963	$3,065,562
State Sources	15,297	0	15,297
Federal Sources	193,973	0	193,973
Total Revenues	$395,869	$2,878,963	$3,274,832
OTHER FINANCING SOURCES			
Bond Proceeds	0	619,557	619,557
Total Revenues & Other Financing Sources	$395,869	$3,498,520	$3,894,389
EXPENDITURES			
Special Revenue - Food Service			
Purchased Services	172,482	0	172,482
Supplies and Materials	180,596	0	180,596
Other	9,046	0	9,046
Debt Service	0	3,254,542	3,254,542
Total Expenditures	$362,124	$3,254,542	$3,616,666
Net Change in Fund Balance	$33,745	$243,978	$277,723
FUND BALANCE - BEGINNING OF YEAR	45,268	158,355	203,623
FUND BALANCE - END OF YEAR	$79,013	$402,333	$481,346

ALMONT COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
DEBT RETIREMENT FUND
JUNE 30, 2019

	2012 Debt Refunding	2013 SBL Fund Refinance	2013 Debt Refunding	2016 Debt Refunding	Total
ASSETS					
Cash and Cash Equivalents	$119,970	$152,644	$63,589	$35,852	$372,055
Due from Other Funds	10,509	13,368	5,270	1,431	30,578
TOTAL ASSETS	$130,479	$166,012	$68,859	$37,283	$402,633
LIABILITIES					
Accounts Payable	$0	$0	$300	$0	$300
FUND EQUITY					
Restricted					
Debt Service	130,479	166,012	68,559	37,283	402,333
TOTAL LIABILITIES AND FUND BALANCES	$130,479	$166,012	$68,859	$37,283	$402,633

ALMONT COMMUNITY SCHOOLS
DEBT RETIREMENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2019

	2012 Debt Refunding	2013 SBL Fund Refinance	2013 Debt Refunding	2016 Debt Refunding	Total
REVENUE					
Local Sources					
Property Tax Levy	$959,730	$1,220,847	$508,687	$176,345	$2,865,609
Earnings on Investments	4,002	6,429	2,121	796	13,348
Other Local Revenues	3	3	0	0	6
Total Local Sources	$963,735	$1,227,279	$510,808	$177,141	$2,878,963
OTHER FINANCING SOURCES					
Bond Proceeds	203,227	171,640	110,264	134,426	619,557
Total Revenue and Other Financing Sources	$1,166,962	$1,398,919	$621,072	$311,567	$3,498,520
EXPENDITURES					
Redemption of Bonds	900,000	1,225,000	450,000	0	2,575,000
Interest	201,838	75,596	133,580	267,528	678,542
Dues and Fees	0	0	500	500	1,000
Total Expenditures	$1,101,838	$1,300,596	$584,080	$268,028	$3,254,542
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	$65,124	$98,323	$36,992	$43,539	$243,978
FUND BALANCE - BEGINNING OF YEAR	65,355	67,689	31,567	(6,256)	158,355
FUND BALANCE - END OF YEAR	$130,479	$166,012	$68,559	$37,283	$402,333

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, 2019

REVENUES FROM	
Local Sources	
Property Tax Levy	$963,400
Earnings on Investments and Deposits	10,414
Tuition	33,603
Athletics	86,340
Transportation	14,635
Latchkey and Community Enrichment	79,501
Other Local Revenues	436,618
Total Revenues from Local Sources	$1,624,511
State Sources	
State Aid - Foundation - Sec. 20	10,272,600
At Risk - Sec. 31A	287,573
Other State Grants	1,172,072
Special Education	388,324
Total Revenues from State Sources	$12,120,569
Federal Sources	
Title I	82,262
Title II	28,859
Special Education	125,649
Other Federal Grants	40,272
Grants from ISD	1,415
Total Revenues from Federal Sources	$278,457
Interdistrict Services	37,279
TOTAL REVENUES	$14,060,816

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURE AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2019

INSTRUCTION	
BASIC PROGRAMS	
Elementary	
Salaries - Professional	$1,461,968
Salaries - Non-Professional	33,240
Insurances	287,697
Fica, Retirement, Etc.	697,887
Other Benefits	28,205
Purchased Services	91,660
Supplies and Materials	41,592
Capital Outlay	1,891
Other	750
Total Elementary	$2,644,890
Middle School	
Salaries - Professional	1,113,275
Salaries - Non-Professional	25,735
Insurances	260,774
Fica, Retirement, Etc.	529,116
Other Benefits	15,438
Purchased Services	57,195
Supplies and Materials	32,589
Capital Outlay	5,041
Other	21,320
Total Middle School	$2,060,483
High School	
Salaries - Professional	1,103,073
Salaries - Non-Professional	24,727
Insurances	257,371
Fica, Retirement, Etc.	531,035
Other Benefits	15,013
Purchased Services	156,653
Supplies and Materials	33,312
Capital Outlay	5,991
Other	41,371
Total High School	$2,168,546
Preschool	
Salaries - Professional	53,933
Salaries - Non-Professional	29,812
Fica, Retirement, Etc.	39,904
Purchased Services	6,775
Supplies and Materials	7,502
Other	139
Total Preschool	$138,065

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2019

INSTRUCTION (Continued)	
BASIC PROGRAMS	
Sunmer School	
Salaries - Non-Professional	$250
Fica, Retirement, Etc.	114
Total Summer School	$364
Total Basic Programs	$7,012,348
ADDED NEEDS	
Special Education	
Salaries - Professional	428,845
Salaries - Non-Professional	200,300
Insurances	104,786
Fica, Retirement, Etc.	295,419
Other Benefits	29,746
Purchased Services	25,521
Supplies and Materials	1,629
Other	5,000
Total Special Education	$1,091,246
Compensatory Education	
Salaries - Non-Professional	80,823
Fica, Retirement, Etc.	40,650
Purchased Services	44,567
Supplies and Materials	12,636
Total Compensatory Education	$178,676
Total Added Needs	$1,269,922
TOTAL INSTRUCTION	$8,282,270
SUPPORT SERVICES	
Student Services	
Salaries - Professional	213,337
Salaries - Non-Professional	83,033
Insurances	28,078
Fica, Retirement, Etc.	134,097
Purchased Services	23,309
Supplies and Materials	4,755
Other	98,617
Total Student Services	$585,226

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2019

SUPPORT SERVICES (Continued)	
Instructional Support	
Salaries - Professional	$4,000
Salaries - Non-Professional	100,258
Insurances	14,849
Fica, Retirement, Etc.	48,287
Other Benefits	3,996
Purchased Services	28,897
Supplies and Materials	7,471
Other	969
Total Instructional Support	$208,727
General Administration	
Salaries - Professional	120,000
Salaries - Non-Professional	61,377
Insurances	4,875
Fica, Retirement, Etc.	86,018
Other Benefits	10,700
Purchased Services	62,090
Supplies and Materials	5,430
Other	6,806
Total General Administration	$357,296
School Administration	
Salaries - Professional	339,823
Salaries - Non-Professional	165,226
Insurances	90,943
Fica, Retirement, Etc.	233,506
Other Benefits	5,100
Purchased Services	37,890
Supplies and Materials	5,721
Other	1,893
Total School Administration	$880,102
Business Office	
Salaries - Professional	59,652
Salaries - Non-Professional	16,841
Insurances	39,175
Fica, Retirement, Etc.	33,181
Purchased Services	14,872
Supplies and Materials	2,907
Other	175,771
Total Business Office	$342,399

SCHEDULE 2
(Continued)

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2019

SUPPORT SERVICES (Continued)	
Operation and Maintenance	
Salaries - Professional	$30,000
Salaries - Non-Professional	10,572
Fica, Retirement, Etc.	19,109
Purchased Services	618,195
Supplies and Materials	297,650
Total Operation and Maintenance of Plant	$975,526
Transportation	
Salaries - Professional	30,000
Salaries - Non-Professional	315,857
Insurances	25,730
Fica, Retirement, Etc.	161,312
Other Benefits	9,892
Purchased Services	371,174
Supplies and Materials	95,700
Other	376
Total Transportation	$1,010,041
Other Support Services	
Salaries - Professional	67,498
Salaries - Non-Professional	21,941
Insurances	14,043
Fica, Retirement, Etc.	33,690
Purchased Services	54,971
Supplies and Materials	14,201
Capital Outlay	21,585
Other	25,277
Total Other Support Services	$253,206
Athletics	
Salaries - Professional	35,385
Salaries - Non-Professional	53,550
Insurances	10,161
Fica, Retirement, Etc.	42,464
Purchased Services	166,059
Supplies and Materials	21,663
Capital Outlay	2,846
Other	8,056
Total Athletics	$340,184
TOTAL SUPPORT SERVICES	$4,952,707

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2019

COMMUNITY SERVICES	
Salaries - Professional	$706
Salaries - Non-Professional	44,460
Fica, Retirement, Etc.	21,493
Purchased Services	846
Supplies and Materials	1,655
Other	2,251
Total Community Services	$71,411
TOTAL EXPENDITURES	$13,306,388
OUTGOING TRANSFERS AND OTHER USES	
Princpal and Interest Payments	131,430
Transfers to Other Governmental Units	113,915
Other Transfers	8,755
Total Outgoing Transfers and Other Uses	$254,100
TOTAL EXPENDITURES AND OTHER FINANCING USES	$13,560,488

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2019

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
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		$5,000,000	$985,625	$985,625	$6,971,250

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
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		$600,000	$47,145	$47,145	($91,770)	$602,520

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2019

2013 REFUNDING BONDS

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

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
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		$2,700,000	$50,650	$50,650	$383,808

GENERAL OBLIGATION - 2013 REFUNDING BONDS

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

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
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		$3,085,000	$245,100	$245,100	$3,575,200

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
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	$656,725	$656,725	$8,158,450

Lewis & Knopf
CPAs, PC

October 22, 2019

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, 2019, 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, 2019.

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*.

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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, 2019

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, 2019. 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 20, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Almont Community Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018-2019. 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 , 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the 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.

The District did not identify certain adjustments that were necessary for the financial statements to be presented in accordance with GAAP and which were material to the financial statements. There is also a lack of review and reconciliation of general ledger accounts.

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.

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