MARION PUBLIC SCHOOLS

MARION, MICHIGAN

JUNE 30, 2019

Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601 PHONE: (231) 775-9789 FAX: (231) 775-9749
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MARION PUBLIC SCHOOLS
MARION, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

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August 9, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Marion Public Schools
Marion, Michigan

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 Marion Public Schools, Marion, Michigan 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 Marion Public Schools, Michigan as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (as identified in the table of contents) on pages iv through xi and 40-46 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 Marion Public Schools, Michigan's basic financial statements. The Combining Fund Financial Statements are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Combining Fund Financial Statements 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 Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2019, on our consideration of Marion Public Schools, Michigan's 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 Marion Public Schools internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion Public Schools, Michigan's internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2019

This section of Marion Public Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

Financial Highlights Section

Government-Wide

- The liabilities and deferred inflows of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year creating a deficit net position of $7,989,301. Of this amount net capital assets net of related debt was a positive $893,393.

- The District's deficit net position increased by $1,378 meaning it improved.

Fund Level

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $1,180,342 an increase of $29,116 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $314,991 and total fund balance was $593,802.

Overview of the Financial Statements

A. Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District's assets and liabilities. All of the year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

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

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

B. Fund Financial Statements

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

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

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

The District maintains the following kinds of funds:

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

Fiduciary Funds – The District is a trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

The District maintains two types of fiduciary fund. The Agency Fund reports resources held by the District in a custodial capacity for individuals, private organizations and other governments. The Private Purpose Trust Fund accounts for assets where the principal is considered either expendable or non-expendable and the earnings may be spent.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-39 of this report.

Other Information

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

C. Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30.

	2019	2018
Assets		
Current Assets	$ 2,265,295	$ 2,484,533
Non Current Assets		
Capital Assets	11,870,345	11,870,345
Less Accumulated Depreciation	(6,679,747)	(6,163,466)
Total Non Current Assets	5,190,598	5,706,879
Total Assets	7,455,893	8,191,412
Deferred Outflows of Resources	3,078,088	1,820,221
Liabilities		
Current Liabilities	1,647,312	1,883,197
Non Current Liabilities	14,686,685	14,971,790
Total Liabilities	16,333,997	16,854,987
Deferred Inflows of Resources	2,189,285	1,147,325
Net Position		
Net Investment in Capital Assets	893,393	921,923
Restricted for Debt Retirement	142,438	130,269
Restricted for Millie Jones Expenses	3,040	4,540
Unrestricted (Deficit)	(9,028,172)	(9,047,411)
Total Net Position (Deficit)	$ (7,989,301)	$ (7,990,679)

D. Analysis of Financial Position

During the fiscal year ended June 30, 2019, the District's net position increased by $1,378. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2019, $516,281 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2019, no expenditures were capitalized and recorded as assets of the District.

The effect of the current year's depreciation is a decrease to capital assets in the amount of $516,281 for the fiscal year ended June 30, 2019.

3. Pension and Other Postemployment Benefits Expense

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

E. Change in Net Position

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30.

	2019	2018
General Revenues		
Property Taxes	$ 2,072,227	$ 2,025,704
Investment Earnings	18,245	16,000
State Sources	2,714,470	2,930,038
Other	44,780	46,376
Total General Revenues	4,849,722	5,018,118
Program Revenues		
Charges for Services	49,800	65,690
Operating Grants	1,109,671	1,156,801
Total Program Revenues	1,159,471	1,222,491
Total Revenues	6,009,193	6,240,609
Expenses		
Instruction	2,830,543	3,135,680
Supporting Services	1,864,928	1,738,552
Community Activities	101,096	90
Non-Public School Pupils	37,974	25,252
Food Service Activities	338,367	335,666
Athletic Activities	153,661	163,905
Facilities Acquisition	32,186	15,009
Interest on Long-Term Debt	131,029	145,900
Other Transactions	1,750	1,750
Unallocated Depreciation	516,281	448,784
Total Expenses	6,007,815	6,010,588
Change in Net Position	$ 1,378	$ 230,021

F. Financial Analysis of the District's Funds

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

	2019	2018	Increase (Decrease)
Major Fund			
General Fund	$ 593,802	$ 528,689	$ 65,113
2016 Building and Site Fund	378,500	417,548	(39,048)
Nonmajor Funds			
Food Service	45,840	52,363	(6,523)
2016 Debt Retirement Fund	58,851	51,252	7,599
2015 Debt Refunding	84,602	70,444	14,158
2010 Debt Refunding	18,747	19,636	(889)
2012 Debt Retirement	0	11,294	(11,294)
Total Governmental Funds	$ 1,180,342	$ 1,151,226	$ 29,116

The General Fund balance increased primarily due to expenditures coming in lower than anticipated.

2016 Building and Site Fund decreased its fund balance due to spending bond proceeds received in the prior year. Other funds' changes were insignificant compared to this.

G. General Fund Budgetary Highlights

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

For the 2018-2019 fiscal year, the District amended the general fund budget throughout the fiscal year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES AND OTHER SOURCES	$ 4,967,595	$ 5,085,767	$ 5,080,650
EXPENDITURES AND OTHER USES			
Instruction	$ 3,221,670	$ 3,310,732	$ 3,248,981
Supporting Services	1,805,786	1,759,159	1,686,288
Non-Public School Pupils	32,700	43,058	37,974
Debt Services	42,194	42,194	42,194
Transfer Out	0	100	100
Total Expenditures and Other Uses	$ 5,102,350	$ 5,155,243	$ 5,015,537

The change in the Total Revenue Original Budget to Final Budget was an increase of $118,172 as a result of state aid and grant increases. At risk revenue increased $13,040. In addition, 147c (UAAL) increased approximately $44,141 from the initial to final budget. Pupil count decreased by 2 FTE from original to final budget. At $7,871 per student, this is a decrease of $15,742. Federal grants increased by $45,249.

The change in the Total Expenditures and Other Uses Original Budget to Final Budget was an increase of $52,893. This is primarily due to budgeting for additional legal fees, and UAAL (retirement).

The difference between final budgeted revenue and actual revenue was insignificant.

The actual expenditures are lower than the final budget due to actual expenses being less than anticipated.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2019, the District has $11,870,345 in a broad range of capital assets, including school buildings and facilities, school buses, and various types of equipment. Depreciation expense for the year amounted to $516,281, bringing the accumulated depreciation to $6,679,747 as of June 30, 2019.

There were no additions to capital assets.

Additional information on the District's capital assets can be found in the notes to this report.

2. Long-Term Obligations

At June 30, 2019, the District has $4,615,000 in bonded debt outstanding. This represents a decrease of $525,000 from the amount outstanding at the close of the prior fiscal year. Other long-term obligations include compensated absences of $96,841, a water connection loan in the amount of $46,623, net pension liability of $8,298,255, and net other postemployment benefit liability of $2,117,910.

Additional information on the District's long-term obligations can be found in the notes to this report.

I. Factors Bearing on the District's Future

Due to decreasing enrollments, the District is able to use a 3-year blended count for determining their state aid. In 2019-2020, the year that drops out of the blend is larger than the remaining ones. This loss alone will result in a decrease of 24 students. At an anticipated foundation allowance of $7,871, this is a potential decrease in revenue of $188,904.

All of the union contracts have wage and benefit reopeners. The District is trying to come up with a reasonable solution for all parties.

Retirement costs continue to be a concern for the District. In 2019-2020, the District anticipates spending approximately 16% of its total budget for employee retirement costs.

The cost of health care also continues to be a concern for the District. The District anticipates health insurance to cost approximately $521,698 for 2019-2020. This is approximately 10% of the total budget. Currently, the state has not finalized school budget for the 2019-2020 school year. The District has a preliminary budget prepared based on many assumptions. Unfortunately, school may start before they know their foundation allowance and categoricals for 2019-2020. It will be difficult to make adjustments once schedules are handed out and teaching assignments have been made should the need arise due to lower than anticipated funding. In addition, initial allocations for federal grants are significantly lower than last year. This will be a challenge to adapt the programming to fit the funding constraints.

Marion Public Schools is striving to meet the challenges facing them while remaining a "great small school".

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Wexford-Missaukee Intermediate School District, 9907 East 13th Street, Cadillac, Michigan 49601.

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MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS		
CURRENT ASSETS		
Cash	$	751,580
Restricted Cash		378,500
Accounts Receivable		238
Due from Other Governmental Units		689,908
Prepaids		8,327
Inventory		7,738
Investments		429,004
Total Current Assets		2,265,295
NON CURRENT ASSETS		
Capital Assets		11,870,345
Less Accumulated Depreciation		(6,679,747)
Total Non Current Assets		5,190,598
TOTAL ASSETS		7,455,893
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding - Net		40,571
Related to Pensions		2,657,438
Related to Other Postemployment Benefits		380,079
TOTAL DEFERRED OUTFLOWS OF RESOURCES		3,078,088

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2019

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	46,991
Accrued Interest Payable	19,762
Due to External Parties	331
Note Payable	594,533
Salaries and Fringe Benefits Payable	433,690
Unearned Revenue	9,408
Current Portion of Non Current Liabilities	542,597
Total Current Liabilities	1,647,312
NON CURRENT LIABILITIES	
Bonds Payable (Net)	4,669,653
Water Connection Loan	46,623
Net Pension Liability	8,298,255
Net Other Postemployment Benefits Liability	2,117,910
Compensated Absences	96,841
Less Current Portion of Non Current Liabilities	(542,597)
Total Non Current Liabilities	14,686,685
TOTAL LIABILITIES	16,333,997
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	1,506,692
Related to Other Postemployment Benefits	682,593
TOTAL DEFERRED INFLOWS OF RESOURCES	2,189,285
NET POSITION	
Net Investment in Capital Assets	893,393
Restricted for Debt Retirement	142,438
Restricted for Millie Jones Expenses	3,040
Unrestricted (Deficit)	(9,028,172)
TOTAL NET POSITION (Deficit)	$ (7,989,301)

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS	GOVERNMENTAL ACTIVITIES: NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES				
Instruction	$ 2,830,543	$ 0	$ 728,973	$ (2,101,570)
Supporting Services	1,864,928	14,400	66,847	(1,783,681)
Community Activities	101,096	0	0	(101,096)
Non-Public School Pupils	37,974	0	33,670	(4,304)
Food Service Activities	338,367	18,190	280,181	(39,996)
Athletic Activities	153,661	17,210	0	(136,451)
Facilities Acquisition	32,186	0	0	(32,186)
Interest on Long-Term Debt	131,029	0	0	(131,029)
Other Transactions	1,750	0	0	(1,750)
Unallocated Depreciation	516,281	0	0	(516,281)
TOTAL GOVERNMENTAL ACTIVITIES	$ 6,007,815	$ 49,800	$ 1,109,671	(4,848,344)
GENERAL REVENUES				
Property Taxes - General Purposes				1,444,701
Property Taxes - Debt Service				627,526
Investment Earnings				18,245
State Sources				2,714,470
Other				44,780
Total General Revenues				4,849,722
Change in Net Position				1,378
NET POSITION - Beginning of Year (Deficit)				(7,990,679)
NET POSITION - End of Year (Deficit)				$ (7,989,301)

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

	GENERAL FUND	2016 BUILDING AND SITE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	$ 548,701	$ 0	$ 202,879	$ 751,580
Restricted Cash	0	378,500	0	378,500
Accounts Receivable	166	0	72	238
Due from Other Funds	0	0	0	0
Due from Other Governmental Units	688,126	0	1,782	689,908
Prepaid Items	8,327	0	0	8,327
Inventory	0	0	7,738	7,738
Investments	428,867	0	137	429,004
TOTAL ASSETS	$ 1,674,187	$ 378,500	$ 212,608	$ 2,265,295
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 43,443	$ 0	$ 3,548	$ 46,991
Due to Other Funds	331	0	0	331
Note Payable	594,533	0	0	594,533
Salaries and Fringe Benefits Payable	433,690	0	0	433,690
Unearned Revenue	8,388	0	1,020	9,408
Total Liabilities	1,080,385	0	4,568	1,084,953
FUND BALANCES				
Nonspendable:				
Prepaid Items	8,327	0	0	8,327
Inventory	0	0	7,738	7,738
Restricted for:				
Food Service	0	0	38,102	38,102
Capital Projects	0	378,500	0	378,500
Debt Retirement	0	0	162,200	162,200
Millie Jones Expenditures	3,040	0	0	3,040
Assigned for Subsequent Year Budget Shortfall	267,444	0	0	267,444
Unassigned	314,991	0	0	314,991
Total Fund Balances	593,802	378,500	208,040	1,180,342
TOTAL LIABILITIES AND FUND BALANCES	$ 1,674,187	$ 378,500	$ 212,608	$ 2,265,295

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

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

JUNE 30, 2019

Total Governmental Fund Balances		$ 1,180,342
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 11,870,345	
Accumulated depreciation is	(6,679,747)	5,190,598
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable	(4,615,000)	
Water Connection Loan	(46,623)	
Compensated Absences	(96,841)	
Bond Discount (Premium)	(109,308)	
Amortization of Bond Premium (Discount)	54,655	
Bond Deferred Loss on Refunding	128,481	
Amortization of Bond Deferred Loss on Refunding	(87,910)	(4,772,546)
Some liabilities, including net pension and net other postemployment benefits obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability		(8,298,255)
Net Other Postemployment Benefits Liability		(2,117,910)
Deferred outflows and inflows of resources related to pensions and other postempoyment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		2,657,438
Deferred Outflows of Resources Related to Other Postemployment Benefits		380,079
Deferred Inflows of Resources Related to Pensions		(1,506,692)
Deferred Inflows of Resources Related to Other Postemployment Benefits		(682,593)
Long-term accrued interest is not included as a liability in government funds, it is recorded when paid.		(19,762)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (7,989,301)

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

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

YEAR ENDED JUNE 30, 2019

	GENERAL FUND	2016 BUILDING AND SITE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	$ 1,533,057	$ 3,583	$ 648,412	$ 2,185,052
State Sources	3,119,172	0	9,959	3,129,131
Federal Sources	301,841	0	270,347	572,188
Other Transactions	126,580	0	0	126,580
Total Revenues	5,080,650	3,583	928,718	6,012,951
EXPENDITURES				
Instruction				
Basic Programs	2,486,185	0	0	2,486,185
Added Needs	762,796	0	0	762,796
Supporting Services				
Pupil	19,064	0	0	19,064
Instructional Staff	28,301	0	0	28,301
General Administration	170,508	0	0	170,508
School Administration	361,930	0	0	361,930
Business	73,780	8	0	73,788
Operation and Maintenance	403,270	0	0	403,270
Pupil Transportation Services	354,105	0	0	354,105
Support Services - Central	121,669	10,437	0	132,106
Support Services - Athletics	153,661	0	0	153,661
Non-Public School Pupils	37,974	0	0	37,974
Food Service Activities	0	0	305,788	305,788
Facilities Acquisition				
Building Improvement Services	0	32,186	0	32,186
Debt Service				
Principal	37,533	0	490,000	527,533
Interest	4,661	0	128,229	132,890
Other Transactions	0	0	1,750	1,750
Total Expenditures	5,015,437	42,631	925,767	5,983,835
Excess (Deficiency) of Revenues Over Expenditures	65,213	(39,048)	2,951	29,116
OTHER FINANCING SOURCES (USES)				
Transfer In (Out)	(100)	0	100	0
Net Change in Fund Balance	65,113	(39,048)	3,051	29,116
FUND BALANCE - Beginning of Year	528,689	417,548	204,989	1,151,226
FUND BALANCE - End of Year	$ 593,802	$ 378,500	$ 208,040	$ 1,180,342

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

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

YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances Total Governmental Funds	$	29,116
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Depreciation Expense		(516,281)
Capital Outlay		0
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:		
Accrued Interest Payable - Beginning of Year		22,357
Accrued Interest Payable - End of Year		(19,762)
Under the modified accrual basis of accounting used in the governmental funds, the issuance of long-term debt provides a current financial resource to governmental funds, and expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.		
Amortization of Deferred Charges		(734)
Repayment of Bond Principal		525,000
Repayment of Principal on Long-Term Debt		2,533
Governmental funds report district pension and other postemployment benefits contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions is reported as an expense.		
Change in Pension Related Items		(124,212)
Change in Other Postemployment Benefits Related Items		108,762

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

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

YEAR ENDED JUNE 30, 2019

Change in restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to district pension and other postemployment benefits contributions subsequent to measurement date.	
State Aid Funding for Pensions	(3,758)
Employees Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated Absences - Beginning of Year	75,198
Compensated Absences - End of Year	(96,841)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,378

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2019

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUND
ASSETS		
Cash	$ 292,336	$ 50,695
Interest Receivable	4,294	0
Accounts Receivable	890	0
Due From Other Funds	331	
Scholarship Loans	20,224	0
Investments	9,910	0
TOTAL ASSETS	327,985	50,695
LIABILITIES		
Accounts Payable	890	0
Due to Groups and Organizations	0	50,695
TOTAL LIABILITIES	890	50,695
NET POSITION		
Restricted for:		
Endowments	289,687	0
Student Scholarships	37,408	0
TOTAL NET POSITION	$ 327,095	$ 0

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2019

	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS	
Earnings on Investments and Deposits	$ 5,480
DEDUCTIONS	
Scholarships	6,200
Changes in Net Position	(720)
NET POSITION - Beginning of Year	327,815
NET POSITION - End of Year	$ 327,095

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Marion Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The School District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

The *capital projects funds (2016 Building and Site Fund)* accounts for the acquisition of fixed assets or construction of major capital projects.

Other non-major funds:

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

The *debt retirement funds* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Additionally, the District reports the following fiduciary funds:

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity.

The *private purpose trust fund* is accounted for using the accrual method of accounting. Private purpose trust funds account for assets where the principal is considered to be either expendable or non-expendable and the earnings may be spent. These funds are not reported on the District's financial statements as they are not used to support District operations or programs.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations and acquisitions under capital leases are reported as other financing sources.

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

The private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, value outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

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

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

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

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

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

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

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

g) Budgeted amounts are as originally adopted on June 20, 2018, or as amended by the School Board of Education throughout the year.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

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

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the District to invest as follows:

a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.

b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.

c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

e) United States government or federal agency obligation repurchase agreements.

f) Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.

g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

h) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The District's deposits and investments are held separately by several of the District's funds.

3. *Inventory and Prepaid Items*

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

4. *Capital Assets*

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Additions	25 - 50 years
Furniture and Other Equipment	5 - 20 years

5. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenues is recognized. The District has unearned revenue in the General Fund and Food Service Fund that is related to state and local grants/donations, with restrictions on how they can be spent, being received but as of the year-end have not been spent.

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 obligation and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or funding obligation. A deferred outflow is recognized for pension and other postemployment benefits related items.

These amounts are expenses in the plan year in which they apply. Details can be found in footnotes 3.E and 3.F.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are future resources yet to be recognized in relation to the pension and other postemployment benefits actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefits liabilities and the actual results. Details can be found in footnotes 3.E and 3.F.

9. Defined Benefit Plans

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

10. Net Position Flow Assumption

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

11. Fund Balance Flow Assumption

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

12. Fund Balance Policies

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

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

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

13. Use of Estimates

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

14. Restricted Assets

Certain resources of the 2016 Building and Site Funds are set aside for capital projects are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2019 the foundation allowance was based on pupil membership counts taken in February of 2018 and October of 2018. For fiscal year ended June 30, 2019, the per pupil foundation allowance was $7,871 for Marion Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2018 to August 2019. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

2. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

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

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

For the year ended June 30, 2019, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund – Non-Principal Residence Exemption (PRE)	18.0000
General Fund – Commercial Personal Property	6.0000
2010 Refunding Debt Retirement Fund – PRE, Non-PRE	0.6000
2015 Refunding Debt Retirement Fund – PRE, Non-PRE	1.8000
2012 Debt Retirement Fund – PRE, Non-PRE	0.5500
2016 Debt Retirement Fund – PRE, Non-PRE	1.1500

NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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, the District's bank balance was $1,557,161 and $780,346 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The risk is spread amongst the District's funds. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the deposits.

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.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

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.

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

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

As of June 30, 2019, the District had the following investments:

	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF+ External Investment Pool - MIMAX	$ 429,004	0.0027	AAAm	100.00%
Portfolio Weighted Average Maturity		0.0027		

1 Day Maturity Equals 0.0027, One Year Equals 1.000

The District invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund Plus (MILAF+). MILAF+ is a local government investment pool of "qualified" investments for Michigan school districts. MILAF+ is not regulated nor is it registered with the SEC. MILAF+ reports as of June 30, 2018, the fair value of the District's investments is the same as the value of the pooled shares. MILAF, as defined by GASB, is recorded at amortized cost which approximates fair value. The MILAF+ portfolio offers three share classes which are: Cash Management Class, MAX Class, and GovMIC Class. The only class that has limitations or restrictions on withdrawals is MAX Class, which requires notification of redemptions prior to 14 days to avoid penalties. The MILAF+ portfolio is not subject to fair value disclosures.

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

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

The District does not have any investments subject to the fair value measurement.

The carrying amount of deposits and investments is as follows:

	Total
Deposits – including Fiduciary Funds of $343,031	$ 1,473,111
Investments - including Fiduciary Funds of $9,910	438,914
	$ 1,912,025

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

	Total
Cash - Fiduciary Funds	$ 343,031
Cash - District-Wide	751,580
Restricted Cash	378,500
Investments - Fiduciary Funds	9,910
Investments - District-Wide	429,004
	$ 1,912,025

B. Receivables/Unearned Revenue

Receivables as of year-end for the government's individual major funds and nonmajor are as follows:

	General	Nonmajor and Other Funds	Total
Receivables			
Accounts Receivable	$ 166	$ 72	$ 238
Due from Other Governmental Units	688,126	1,782	689,908
	$ 688,292	$ 1,854	$ 690,146

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

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

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenue of $9,408, which is made up of grant receipts and other revenue that has been received, but not yet earned.

C. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets, Not Being Depreciated:				
Land	$ 56,817	$ 0	$ 0	$ 56,817
Total Capital Assets, Not Being Depreciated	56,817	0	0	56,817
Capital Assets, Being Depreciated:				
Books	24,365	0	0	24,365
Buildings	3,436,495	0	0	3,436,495
Buses	745,368	0	0	745,368
Equipment and Furniture	1,853,747	0	0	1,853,747
Improvements	5,723,549	0	0	5,723,549
Other Vehicles	30,004	0	0	30,004
Total Capital Assets, Being Depreciated	11,813,528	0	0	11,813,528

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Less Accumulated Depreciation for:				
Books	24,365	0	0	24,365
Buildings	1,685,181	39,688	0	1,724,869
Buses	465,337	69,778	0	535,115
Equipment and Furniture	1,482,185	119,822	0	1,602,007
Improvements	2,477,685	286,178	0	2,763,863
Other Vehicles	28,713	815	0	29,528
Total Accumulated depreciation	6,163,466	516,281	0	6,679,747
Total Capital Assets, Being Depreciated, Net	5,650,062	(516,281)	0	5,133,781
Governmental Activities Capital Assets, Net	$ 5,706,879	$ (516,281)	$ 0	$ 5,190,598

Depreciation for the fiscal year ended June 30, 2019 amounted to $516,281. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Retirement and Post-Employment 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. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www://michigan.gov/mpsers-cafr.

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

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

Benefits Provided- Overall

Introduction

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

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

Benefits Provided – Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

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

Benefits Provided – Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of September 30, 2017 valuation will be amortized over a 21-year period beginning October 1, 2017 and ending September 20, 2038.

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

	Pension	**Other Postemployment Benefit**
October 1, 2017 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%

The District's pension contributions for the year ended June 30, 2019 were equal to the required contribution total. Pension contributions were approximately $712,229, with $704,369 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 $180,071, with $175,238 specifically for the Defined Benefit Plan.

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

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

Pension Liabilities

At June 30, 2019, the District reported a liability of $8,298,255 for its proportionate share of the 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 date of September 30, 2017 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the District's proportion was .0276040% and .0292235%, respectively.

MPSERS (Plan) Non-University Employers Net Pension Liability

	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
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.36%	64.21%
Net Pension Liability as a Percentage of Covered Payroll	352.81%	309.13%

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

For the year ended June 30, 2019, the District recognized total pension expense of $828,581.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 38,505	$ 60,302
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	293,963
Changes of assumptions	1,921,869	0
Net difference between projected and actual earnings on pension plan investments	0	567,390
Changes in proportion and differences between District contributions and proportionate share of contributions	46,170	585,037
District contributions subsequent to the measurement date	650,894	0
Total	$ 2,657,438	$ 1,506,692

$650,894 reported as deferred outflows of resources and $293,963 reported as deferred inflows or resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2019	$ 372,826
2020	220,822
2021	136,114
2022	64,053
	$ 793,815

F. 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 $2,117,910 for its proportionate share of the 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 date of September 30, 2017 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the District's proportion was 0.0266439% and 0.0293190%, respectively.

MPSERS (Plan) Non-University Employers Net OPEB Liability

	September 30, 2018	September 30, 2017
Total OPEB Liability	$ 13,932,170,264	$ 13,920,945,991
Plan Fiduciary Net Position	5,983,218,473	5,065,474,948
OPEB Liability	$ 7,948,951,791	$ 8,855,471,043
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	42.95%	36.39%
OPEB Liability as a Percentage of Covered Payroll	93.29%	105.64%

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

For the year ended June 30, 2019, the District recognized total OPEB expense of $66,476.

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 expected and actual experience	$ 0	$ 394,197
Changes of assumptions	224,288	0
Net difference between projected and actual earnings on OPEB plan investments	0	81,396
Changes in proportion and differences between District contributions and proportionate share of contributions	3,801	207,000
District contributions subsequent to the measurement date	151,990	0
Total	$ 380,079	$ 682,593

$151,990 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2019	$ (105,950)
2020	(105,950)
2021	(105,950)
2022	(89,913)
2023	(46,741)
	$ (454,504)

G. Actuarial Assumptions

Investment rate of return for Pension – 7.05% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus Plan).

Investment rate of return for OPEB – 7.15% a year, compounded annually net of investment and administrative expenses.

Salary increases - The rate of pay increase used for individual members is 2.75%.

Inflation – 3.0%

Mortality assumptions –

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

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

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

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

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 7.05% (7% Pension Plus Plan), and the other postemployment benefit rate was 7.15%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare cost trend rate for other postemployment benefit – 7.5% for year one and graded to 3.0% to year twelve.

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

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

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

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

The target asset allocation at September 30, 2018 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.00%	5.60%
Alternative Investment Pools	18.00%	8.70%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	-0.10%
Real Estate & Infrastructure Pools	10.00%	4.20%
Absolute Return Pools	15.50%	5.00%
Short-Term Investment Pools	2.00%	-0.90%
	100%	

*Long-term rate of return is net of administrative expenses and 2.3% inflation.

Pension Discount Rate

A discount rate of 7.05% was used to measure the total pension liability (7.0% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.05% (7.0% for the Pension Plus Plan and 6.00% 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 contributions from school districts 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.

OPEB Discount Rate

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

Sensitivity of the District's Proportionate Share of t1he 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 Pension Plus Plan and 6.00% for the Pension Plus 2 Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	Discount Rate	1% Increase
$ 10,894,968	$ 8,298,255	$ 6,140,808

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

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

1% Decrease	Discount Rate	1% Increase
$ 2,542,508	$ 2,117,910	$ 1,760,771

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

The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.0%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	Healthcare Cost Trend Rates	1% Increase
$ 1,741,958	$ 2,117,910	$ 2,549,204

H. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2018 Comprehensive Annual Financial Report.

I. Payables to the Pension and OPEB Plan

As of June 30, 2019, the District is current on all required pension and OPEB plan payments. As of June 30, 2019, the District reported payables in the amount of $119,732 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

J. Risk Management

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

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2019 or any of the prior three years.

K. Lease Information

The School District leases copy machines and digital duplicators. The total rental expense for the fiscal years ended June 30, 2019, and June 30, 2018, was $15,597 and $16,263 respectively. The future minimum payments are summarized below:

YEAR-ENDING	AMOUNTS
2020	$ 15,479
2021	15,479
2022	14,320
2023	8,120
2024	1,566
	$ 54,964

L. Long-Term Obligations

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

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

	General Obligation Serial Bonds	Water Connection Loan	Compensated Absences Payable	Net Pension Liability	Net OPEB Liability	Total
Balance June 30, 2018	$ 5,140,000	$ 49,156	$ 75,198	$ 7,573,046	$ 2,596,339	$ 15,433,739
Increases	0	0	21,643	1,476,871	0	1,498,514
Decreases	(525,000)	(2,533)	0	(751,662)	(478,429)	(1,757,624)
Balance June 30, 2019	4,615,000	46,623	96,841	8,298,255	2,117,910	15,174,629
Less current portion	(540,000)	(2,597)	unknown	unknown	unknown	(542,597)
Total due after one year	$ 4,075,000	$ 44,026	$ 96,841	$ 8,298,255	$ 2,117,910	$ 14,632,032

The District's liability obligations at June 30, 2019, are comprised of the following issues:

General Obligation Serial Bonds	
2010 refunding bonds due in annual installments of $80,000 through May 1, 2021, interest at 4.30% to 4.50%.	$ 160,000
2005 energy conservation improvement bonds due in annual installments of $35,000 through May 1, 2020, interest at 4.95%.	35,000
2015 refunding bonds due in annual installments of $260,000 to $385,000 through May 1, 2025, interest at 3.00%.	2,025,000
2016 school building and site bonds due in annual installments of $165,000 to $435,000 through May 1, 2028, interest at 1.95%.	2,395,000
Water Connection Loan	
$78,734 loan from the Village of Marion dated March 1, 2005 to finance new water line connection at High School. Semi-annual payments of $1,873 including interest at 2.5% due March 1 and August 31 each year through March 1, 2034.	46,623
Compensated Absences Payable	
Accumulated Sick and Vacation Pay	96,841
Net Pension Liability	
Proportionate Share of MPSERS Pension Liability	8,298,255
Net Other Postemployment Benefit Liability	
Proportionate Share of MPSERS Other Postemployment Benefit Liability	2,117,910
TOTAL LONG-TERM OBLIGATIONS	$ 15,174,629

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2019, including interest payments of $528,571 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 542,597	$ 117,373	$ 659,970
2021	527,662	101,120	628,782
2022	542,729	85,939	628,668
2023	557,798	71,560	629,358
2024	577,868	56,784	634,652
2025-2029	1,895,459	94,575	1,990,034
2030-2034	17,510	1,220	18,730
	$ 4,661,623	$ 528,571	$ 5,190,194

The annual requirements to amortize the compensated absences and net pension and OPEB liabilities are uncertain because it is unknown when the repayments will be made.

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

M. Short-Term Obligations

On August 20, 2018, the District issued a State Aid Anticipation Note in the amount of $1,100,000 for the purpose of managing the District's cash flow needs during the year. The Note carried interest rates of 1.75% and 2.50% and matures on August 20, 2019. At June 30, 2019, the balance outstanding on this note was $583,633, plus accrued interest of $10,900.

The notes are 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. The required payments of $523,286 are in an irrevocable set-aside account with U.S. Bank National Association. At year-end, the balances of these payments are considered defeased debt and are not included in the year-end balance. The District has approved a note payable in the amount of $900,000 for the year ending June 30, 2020.

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

Short-Term Debt at July 1, 2018	$	831,140
New Debt Issued		1,100,000
Debt Retired and Paid		(1,336,607)
Short-Term Debt at June 30, 2019	$	594,533

N. Interfund Receivables and Payables

	INTERFUND RECEIVABLES		INTERFUND PAYABLES	
General Fund	$	0	$	331
Fiduciary Fund		331		0
	$	331	$	331

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2019 are expected to be repaid within one year.

O. Interfund Transfers

	TRANSFERS IN	TRANSFERS OUT
General Fund	$ 0	$ 100
Food Service Fund	100	0
2016 Debt Retirement Fund	10,678	0
2015 Debt Retirement Fund	15,350	0
2010 Refunding Debt Retirement Fund	3,401	0
2012 Debt Retirement Fund	0	29,429
	$ 29,529	$ 29,529

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

P. Other Information

1. Contingencies

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

Q. 2016 Building and Site Bonds Capital Projects Fund

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code. Cash of $378,500 is restricted to use specified by the bond provisions.

Beginning with the year of bond issuance, the school district has reported the annual construction activity in the 2016 Building and Site Capital Projects Fund. The project for which the 2016 Building and Site Bonds were issued was considered complete on June 30, 2018, and the cumulative expenditures recognized for the construction period were $2,389,620 as of June 30, 2019.

R. Commitments

On June 26, 2019 the board approved a transportation service contract for July 1, 2019 to June 30, 2024. The District busses will be sold as part of this contract in the June 30, 2020 fiscal year.

S. Subsequent Events

The District is in the process of borrowing short-term debt for cash flow purposes in the amount of $900,000.

After June 30, 2019, the District signed a contract for $15,466 for tunnel and floor sink issues and repair of plumbing in tunnel and waste lines in kitchen. Also, the District sold its bus fleet for $241,230.

No adjustment was made to the financial statements for the year ending June 30, 2019 related to these subsequent events.

T. GASB Statement No. 77 Tax Abatements

Effective for the year ended June 30, 2019, the District is required to disclose significant tax abatements as required by GASB statement 77 (tax abatements). The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by Marion Township within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, acquisition of personal property or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2019, (tax year 2018) the District's property tax revenues were reduced insignificantly under these programs (less than $7,500).

NOTE 3 – UPCOMING ACCOUNTING PRONOUNCEMENTS

The District is currently evaluating the impact these standards will have on the financial statements when adopted.

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 fiscal 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.

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 fiscal 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.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Local Sources	$ 1,479,085	$ 1,526,379	$ 1,533,057
State Sources	3,091,204	3,125,193	3,119,172
Federal Sources	264,536	310,302	301,841
Other Transactions	132,770	123,893	126,580
Total Revenues	4,967,595	5,085,767	5,080,650
EXPENDITURES			
Instruction			
Basic Programs			
Elementary	874,578	804,081	793,738
High School	1,719,735	1,730,989	1,688,992
Summer School	0	3,455	3,455
Added Needs			
Special Education	284,460	285,607	280,721
Compensatory Education	342,897	486,600	482,075
Supporting Services			
Pupil			
Guidance	45,000	20,357	18,346
Other Pupil Services	1,000	1,000	718
Instructional Staff			
Improvement of Instruction	24,805	28,707	28,301
General Administration			
Board of Education	55,463	83,463	82,208
Executive Administration	67,055	90,679	88,300
School Administration			
Office of the Principal	469,004	375,802	361,930
Business			
Fiscal Services	39,364	39,835	39,711
Other Business Services	22,825	34,342	34,069
Operation and Maintenance	430,557	419,415	403,270
Pupil Transportation Services	359,121	362,647	354,105

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Support Services - Central			
Non-Instructional Technology	123,745	131,237	120,593
Staff/Personnel Services	0	2,383	1,076
Support Services - Other			
Athletics Activities	167,847	169,292	153,661
Community Services			
Non-Public School Pupils	32,700	43,058	37,974
Debt Service			
Principal	37,533	37,533	37,533
Interest	4,661	4,661	4,661
Total Expenditures	5,102,350	5,155,143	5,015,437
Excess (Deficiency) of Revenues Over Expenditures	(134,755)	(69,376)	65,213
OTHER FINANCING SOURCES (USES)			
Transfer In (Out)	0	(100)	(100)
Net Change in Fund Balance	(134,755)	(69,476)	65,113
FUND BALANCE - Beginning of Year	418,632	528,690	528,689
FUND BALANCE - End of Year	$ 283,877	$ 459,214	$ 593,802

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2019

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)						0.02760%	0.02922%	0.03114%	0.03078%	0.03056%
District's proportionate share of net pension liability						$ 8,298,255	$ 7,573,046	$ 7,769,345	$ 7,518,343	$ 6,731,841
District's covered payroll						2,268,117	2,362,170	2,636,322	2,563,593	2,600,783
District's proportionate share of net pension liability as a percentage of its covered payroll						365.87%	320.60%	294.70%	293.27%	258.84%
Plan fiduciary net position as a percentage of total pension liability						62.36%	64.21%	63.27%	63.17%	66.20%

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2019

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions						$ 712,229	$ 699,160	$ 689,957	$ 702,070	$ 590,067
Contributions in relation to statutorily required contributions *						712,229	699,160	689,957	702,070	590,067
Contribution deficiency (excess)						$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll						$ 2,271,756	$ 2,276,952	$ 2,387,633	$ 2,532,281	$ 2,594,857
Contributions as a percentage of covered payroll						31.35%	30.71%	28.90%	27.72%	22.74%

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2019

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)									0.02664%	0.02932%
District's proportionate share of net OPEB liability									$ 2,117,910	$ 2,596,339
District's covered payroll									2,268,117	2,362,170
District's proportionate share of net OPEB liability as a percentage of its covered payroll									93.38%	109.91%
Plan fiduciary net position as a percentage of total OPEB liability									42.95%	36.39%

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2019

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions									$ 180,071	$ 163,345
Contributions in relation to statutorily required contributions *									180,071	163,345
Contribution deficiency (excess)									$ 0	$ 0
Covered payroll									$ 2,271,756	$ 2,276,952
Contributions as a percentage of covered payroll									7.93%	7.17%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2019

A. Changes of Benefit Terms:

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

B. Changes of Assumptions:

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

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2019

	SPECIAL REVENUE FUND	DEBT RETIREMENT FUNDS				TOTAL
	FOOD SERVICE FUND	2016 DEBT RETIREMENT FUND	2015 REFUNDING DEBT RETIREMENT FUND	2010 REFUNDING DEBT RETIREMENT FUND	2012 DEBT RETIREMENT FUND	NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash	$ 40,679	$ 58,851	$ 84,602	$ 18,747	$ 0	$ 202,879
Accounts Receivable	72	0	0	0	0	72
Due from Other Governmental Units	1,782	0	0	0	0	1,782
Inventory	7,738	0	0	0	0	7,738
Investments	137	0	0	0	0	137
TOTAL ASSETS	$ 50,408	$ 58,851	$ 84,602	$ 18,747	$ 0	$ 212,608
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 3,548	$ 0	$ 0	$ 0	$ 0	$ 3,548
Unearned Revenue	1,020	0	0	0	0	1,020
Total Liabilities	4,568	0	0	0	0	4,568
FUND BALANCE						
Nonspendable						
Inventory	7,738	0	0	0	0	7,738
Restricted for:						
Food Service	38,102	0	0	0	0	38,102
Debt Retirement	0	58,851	84,602	18,747	0	162,200
Total Fund Balances	45,840	58,851	84,602	18,747	0	208,040
TOTAL LIABILITIES AND FUND BALANCES	$ 50,408	$ 58,851	$ 84,602	$ 18,747	$ 0	$ 212,608

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

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

YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUND	DEBT RETIREMENT FUNDS				
	FOOD SERVICE FUND	2016 DEBT RETIREMENT FUND	2015 REFUNDING DEBT RETIREMENT FUND	2010 REFUNDING DEBT RETIREMENT FUND	2012 DEBT RETIREMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES						
Local Sources	$ 18,984	$ 176,623	$ 276,303	$ 92,052	$ 84,450	$ 648,412
State Sources	9,834	35	55	18	17	9,959
Federal Sources	270,347	0	0	0	0	270,347
Total Revenues	299,165	176,658	276,358	92,070	84,467	928,718
EXPENDITURES						
Food Service Activities	305,788	0	0	0	0	305,788
Debt Service						
Principal	0	130,000	210,000	85,000	65,000	490,000
Interest	0	49,237	67,050	10,610	1,332	128,229
Other Transactions	0	500	500	750	0	1,750
Total Expenditures	305,788	179,737	277,550	96,360	66,332	925,767
Excess (Deficiency) of Revenues Over Expenditures	(6,623)	(3,079)	(1,192)	(4,290)	18,135	2,951
OTHER FINANCING SOURCES (USES)						
Transfer In (Out)	100	10,678	15,350	3,401	(29,429)	100
Net Change in Fund Balance	(6,523)	7,599	14,158	(889)	(11,294)	3,051
FUND BALANCE - Beginning of Year	52,363	51,252	70,444	19,636	11,294	204,989
FUND BALANCE - End of Year	$ 45,840	$ 58,851	$ 84,602	$ 18,747	$ 0	$ 208,040

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2005 ENERGY CONSERVATION IMPROVEMENT BONDS

JUNE 30, 2019

TITLE OF ISSUE — 2005 Energy Conservation Improvement Bonds

PURPOSE — The bonds are issued for the purpose of paying the cost of certain energy conservation projects for the District's facilities.

DATE OF ISSUE — April 15, 2005

INTEREST PAYABLE — May 1 and November 1 of each year

AMOUNT OF ISSUE		$ 375,000
AMOUNT REDEEMED		
Prior to Current Year	$ 305,000	
During Current Year	35,000	340,000
BALANCE OUTSTANDING - June 30, 2019		$ 35,000

DUE DATES	INTEREST RATE	Requirements Principal	Interest	Total
November 1, 2019			$ 866	$ 866
May 1, 2020	4.950 %	$ 35,000	866	35,866
		$ 35,000	$ 1,732	$ 36,732

DENOMINATIONS — $5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY — The Bonds or portions of Bonds in multiples of $5,000, maturing on or after May 1, 2016 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2015, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS — The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied within the constitutional and statutory tax limitations of the District.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2010 REFUNDING BONDS

JUNE 30, 2019

TITLE OF ISSUE	2010 Refunding Bonds		
PURPOSE	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.		
DATE OF ISSUE	March 11, 2010		
INTEREST PAYABLE	May 1 and November 1 of each year		
AMOUNT OF ISSUE			$ 900,000
AMOUNT REDEEMED			
Prior to Current Year		$ 655,000	
During Current Year		85,000	740,000
BALANCE OUTSTANDING - June 30, 2019			$ 160,000

DUE DATES	INTEREST RATE	Requirements Principal	Interest	Total
November 1, 2019			$ 3,520	$ 3,520
May 1, 2020	4.300 %	$ 80,000	3,520	83,520
November 1, 2020			1,800	1,800
May 1, 2021	4.500 %	80,000	1,800	81,800
		$ 160,000	$ 10,640	$ 170,640

DENOMINATIONS

$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of Bonds in multiples of $5,000, maturing on or after May 1, 2020 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2019, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the school District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2012 SCHOOL BUS BONDS

JUNE 30, 2019

TITLE OF ISSUE	2012 School Bus Bond		
PURPOSE	Purchasing school buses and radio equipment for the new school buses.		
DATE OF ISSUE	November 1, 2012		
INTEREST PAYABLE	May 1 and November 1 of each year		
AMOUNT OF ISSUE			$ 410,000
AMOUNT REEDEEMED			
Prior to Current Year		$ 345,000	
During Current Year		65,000	410,000
BALANCE OUTSTANDING - June 30, 2019			$ 0
DENOMINATIONS	$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.		
REDEMPTION PRIOR TO MATURITY	The bonds of this issue shall not be subject to redemption prior to maturity.		
TAX LEVY FOR RETIREMENT OF BONDS	The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.		

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2015 REFUNDING BONDS

JUNE 30, 2019

TITLE OF ISSUE	2015 Refunding Bonds		
PURPOSE	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds		
DATE OF ISSUE	March 3, 2015		
INTEREST PAYABLE	May 1 and November 1 of each year		
AMOUNT OF ISSUE			$ 2,800,000
AMOUNT REDEEMED			
Prior To Current Year		$ 565,000	
During Current Year		210,000	775,000
BALANCE OUTSTANDING - June 30, 2019			$ 2,025,000

DUE DATES	INTEREST RATE	Requirements Principal	Interest	Total
November 1, 2019			$ 30,375	$ 30,375
May 1, 2020	3.000 %	$ 260,000	30,375	290,375
November 1, 2020			26,475	26,475
May 1, 2021	3.000 %	270,000	26,475	296,475
November 1, 2021			22,425	22,425
May 1, 2022	3.000 %	360,000	22,425	382,425
November 1, 2022			17,025	17,025
May 1, 2023	3.000 %	370,000	17,025	387,025
November 1, 2023			11,475	11,475
May 1, 2024	3.000 %	380,000	11,475	391,475
November 1, 2024			5,775	5,775
May 1, 2025	3.000 %	385,000	5,775	390,775
		$ 2,025,000	$ 227,100	$ 2,252,100

DENOMINATIONS	$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.
REDEMPTIONS PRIOR TO MATURITY	Bonds of this issue are not subject to redemption prior to maturity.
TAX LEVY FOR RETIREMENT OF BONDS	The bonds will pledge the full faith and credit of the school District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2016 BUILDING AND SITE BONDS

JUNE 30, 2019

TITLE OF ISSUE	2016 Building and Site Bonds		
PURPOSE	The bonds are issued for the purpose of acquiring, installing and equipping instructional technology for school facilities; partially remodeling, furnishing and refurnishing, equipping and re-equipping school facilities; constructing, equipping, developing and improving athletic facilities; purchasing and equipping school buses; and developing and improving sites.		
DATE OF ISSUE	August 2, 2016		
INTEREST PAYABLE	May 1 and November 1 of each year		
AMOUNT OF ISSUE			$ 2,730,000
AMOUNT REDEEMED			
Prior to Current Year		$ 205,000	
During Current Year		130,000	335,000
BALANCE OUTSTANDING - June 30, 2019			$ 2,395,000

DUE DATES	INTEREST RATE	Requirements Principal	Interest	Total
November 1, 2019			$ 23,351	$ 23,351
May 1, 2020	1.950 %	$ 165,000	23,351	188,351
November 1, 2020			21,743	21,743
May 1, 2021	1.950 %	175,000	21,743	196,743
November 1, 2021			20,036	20,036
May 1, 2022	1.950 %	180,000	20,036	200,036
November 1, 2022			18,281	18,281
May 1, 2023	1.950 %	185,000	18,281	203,281
November 1, 2023			16,478	16,478
May 1, 2024	1.950 %	195,000	16,478	211,478
November 1, 2024			14,576	14,576
May 1, 2025	1.950 %	205,000	14,576	219,576
November 1, 2025			12,578	12,578

MARION PUBLIC SCHOOLS
MARION, MICHIGAN

BOND PAYMENT SCHEDULE
2016 BUILDING AND SITE BONDS

JUNE 30, 2019

DUE DATES	INTEREST RATE	Requirements Principal	Interest	Total
May 1, 2026	1.950 %	420,000	12,577	432,577
November 1, 2026			8,483	8,483
May 1, 2027	1.950 %	435,000	8,482	443,482
November 1, 2027			4,241	4,241
May 1, 2028	1.950 %	435,000	4,241	439,241
		$ 2,395,000	$ 279,532	$ 2,674,532

DENOMINATIONS — $5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY — The Bonds or portions of Bonds in multiples of $5,000, maturing on or after May 1, 2027 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2026, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS — The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied within the constitutional and statutory tax limitations of the District.