

**Alma Public Schools
Alma, Michigan**

Financial Statements

June 30, 2019



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Alma Public Schools
Members of the Board of Education and Administration
June 30, 2019

Members of the Board of Education

Art McClintic, President

Justin Barnaby, Vice President

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Mark Smoker, Trustee

Kendra Overla, Trustee

Eric Sanko, Trustee

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Donalynn Ingersoll, Superintendent

Mark Jacobs, Director of Finance



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Independent Auditors' Report

Management and the Board of Education
Alma Public Schools
Alma, Michigan

Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School 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.

Auditors' 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 auditors' 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 Alma Public Schools, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and 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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alma Public Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Alma Public Schools' basic financial statements as of and for the year ended June 30, 2018, which are not presented with the accompanying basic financial statements. In our report dated October 5, 2018, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Alma Public Schools' basic financial statements as a whole. The 2018 information in the comparative supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2018 information in the comparative supplementary schedule is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2019 on our consideration of Alma Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alma 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 Alma Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Alma, Michigan
September 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

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

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alma Public School District financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund – the General Fund with all other funds presented in one column as non-major funds, except the 2017 Capital Projects Fund which is also a major fund. The remaining statements cover the internal service fund which accounts for the activities of the district's partially self-insured health plan, and the statement of fiduciary net position which presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Basic Financial Statements

District-wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for General Fund
Proportionate Share of the Net Pension Liability
School District's Contributions

Other Supplementary Information

Reporting the School District as a Whole – Government-wide Financial Statements

The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

These two statements report the School District's net position and how it has changed. Net position – the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources, as reported in the statement of net position – is one way to measure the School District's financial health, or position. Over time, increases or decreases in the School District's net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net position and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds – Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (the Food Service Fund for example) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

The School District as a Whole

Net Position

The district's combined net position is reflected in Table 1. The change in total net position is discussed in conjunction with Table 2.

TABLE 1

	2019	2018
Assets and Deferred Outflows of Resources		
Current and other assets	\$ 8,102,000	\$ 11,574,000
Property and equipment	41,461,000	39,351,000
Deferred outflows of resources – pension	12,854,000	7,208,000
Deferred outflows of resources – OPEB	2,186,000	749,000
Deferred outflows of resources – debt	749,000	800,000
Total assets and deferred outflows of resources	65,352,000	59,682,000
Liabilities and Deferred Inflows of Resources		
Current liabilities	4,367,000	4,604,000
Long-term liabilities	31,291,000	32,917,000
Net pension liability	37,935,000	32,087,000
Net OPEB liability	10,155,000	10,951,000
Deferred inflows of resources – pension	4,682,000	3,598,000
Deferred inflows of resources – OPEB	2,283,000	370,000
Total liabilities and deferred inflows of resources	90,713,000	84,527,000
Net Position		
Net investment in capital assets	12,403,000	12,361,000
Restricted	54,000	50,000
Unrestricted (deficit)	(37,818,000)	(37,256,000)
Total net position	(\$25,361,000)	(\$24,845,000)

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

The School District's net position was a deficit of (\$25,361,000) at June 30, 2019. This deficit is the result of recording our proportionate share of the State's overall unfunded pension liability as required by the Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The School District also recorded our proportionate share of the State's overall unfunded OPEB liability as required by Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

Had we not recorded the amounts related to the net pension and OPEB liability, our net position would have actually increased by \$450,000 to \$14,654,000.

Net investment in capital assets of \$12,403,000 compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from donors or enabling legislation that limit the School District's ability to use those assets for day-to-day operations. The remaining amount of net position, a (\$37,818,000) deficit, was unrestricted.

The (\$37,818,000) in unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. Our portion of the unfunded pension and OPEB liability will be paid off over a number of years similar to a mortgage through elevated plan contributions from district revenues. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal year 2019.

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

TABLE 2

	2019	2018
Revenue		
Program revenue:		
Charges for services	\$442,000	\$1,119,000
Operating grants and contributions	7,749,000	6,612,000
Capital grants and contributions	80,000	-0-
General revenue:		
Property taxes	4,466,000	4,261,000
State foundation allowance	13,880,000	13,671,000
Other	196,000	175,000
Total revenue	26,813,000	25,838,000
Functions/Professional Expenses		
Instruction	16,423,000	15,297,000
Support services	8,720,000	8,235,000
Food services	939,000	867,000
Community services	57,000	64,000
Interest on long-term debt	1,190,000	1,231,000
Total expenses	27,329,000	25,694,000
Change in Net Position	(\$516,000)	\$144,000

Revenues for the district's governmental activities increased 3.8 % while total expenses increased 6.4 %

The School District experienced a decrease in net position for the year of (\$516,000). This was in contrast to a prior year increase of \$144,000. The change was due to many factors across all funds primarily an increase in capital outlay.

Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$4,423,000, which was a decrease of \$3,063,000 from last year. \$3,680,000 of this decrease was capital improvements from previous year bond proceeds.

In the General Fund, our principal operating fund, the fund balance increased \$444,000 to \$3,659,000. The unassigned portion of the fund balance increased \$146,000 to \$2,975,000, or approximately 13.3% of budgeted expenses.

The General Fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds, fund balance, increased by \$88,000 to \$151,000 at year end. The increase was due to increases in federal food reimbursements and lower food costs.

The Debt Service Funds fund balance increased \$33,000 to an amount of \$24,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund balances are restricted since they can only be used to pay debt service obligations. Millage rates were set at 7.0 mills for the current year to fund debt service on the 2017, 2014 and 2012 Refunding Bonds and the 2010 Qualified School Construction Bonds.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements).

Changes to the General Fund original budget were as follows:

Budgeted revenues increased \$4,000 in total which is insignificant compared to the original budget. The net increase was mostly due to an increase in expected pupil enrollment and additional federal grant funding. These increases were offset by moving interdistrict revenue for area vocational programs to their own special revenue fund.

Budgeted expenditures increased \$923,000 which is a 4.3% increase compared to the original budget. The net increase was due to additional State grant expenditures approved during the year, employee contract settlements, and additional capital improvement projects.

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

Actual revenues were (\$115,000) less than the final budgeted amounts, which is a (0.5%) decrease over the final budgeted amount. This decrease was mostly from federal and state grants not spent which are carried forward to 2019-20. The overall difference was not significant.

Actual expenditures were (\$674,000) less than the final budgeted amounts, which is a (3.0%) decrease over the final budgeted amount. This decrease was attributable to federal and state grants budgeted but not spent, capital projects not completed by year end, and an effort to control expenditures during the school year in all departments.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the School District had \$41,461,000 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately \$2,111,000, or 5.4%, from last year.

	2019	2018
Assets not being depreciated – Land	\$708,000	\$721,000
Construction in progress	3,371,000	4,018,000
Building and building improvements	57,366,000	53,315,000
Furniture and equipment	7,656,000	7,592,000
Buses and other vehicles	1,603,000	1,503,000
Total capital assets	70,704,000	67,149,000
Less accumulated depreciation	(29,243,000)	(27,798,000)
Net capital assets	\$41,461,000	\$39,351,000

This year's additions of \$4,268,000 included two new buses and construction in progress related to the 2017 bond issue. The other additions included equipment, technology, furniture and renovations funded from general revenues.

Alma Public Schools
Management's Discussion and Analysis
June 30, 2019

Debt

At the end of this year the School District's General Obligation Bonds outstanding decreased \$1,685,000 due to scheduled principal payments.

	2019	2018
2017 Building & Site Bonds	\$9,595,000	\$9,720,000
2014 Refunding Bonds	7,545,000	7,565,000
2010 Qualified School Construction Bonds	5,120,000	5,755,000
2012 Refunding Bonds	5,350,000	6,255,000
	\$27,610,000	\$29,295,000

Other obligations include other bonds and contracts payable as well as accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2020 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2020 fiscal year is 90 percent and 10 percent of the October 2019 and February 2019 student counts, respectively. The 2020 budget was adopted in June 2019, based on an estimate of students that will be enrolled in October 2019. Approximately 75 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020 school year, we anticipate that the fall student count will be slightly lower than the estimates used in creating the 2020 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues to adjust current year appropriations and to set future years budgets.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department at 1500 North Pine Avenue, Alma, Michigan 48801.

BASIC FINANCIAL STATEMENTS

Alma Public Schools
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 4,135,878
Taxes receivable	8,311
Accounts receivable	22,461
Due from other governmental units	3,723,162
Inventory	39,552
Prepaid items	172,154
Capital assets not being depreciated	4,079,282
Capital assets - net of accumulated depreciation	<u>37,382,120</u>
 Total assets	 <u>49,562,920</u>
 Deferred Outflows of Resources	
Deferred amount on debt refunding	749,493
Deferred amount relating to net pension liability	12,853,847
Deferred amount relating to net OPEB liability	<u>2,185,538</u>
 Total deferred outflows of resources	 <u>15,788,878</u>
 Total assets and deferred outflows of resources	 <u>65,351,798</u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Statement of Net Position
June 30, 2019

	Governmental Activities
Liabilities	
Accounts payable	\$ 261,306
State aid anticipation note payable	900,000
Due to other governmental units	200,547
Payroll deductions and withholdings	1,582
Accrued expenditures	1,667,140
Incurred but not reported claims (IBNR)	100,000
Accrued salaries payable	1,131,018
Unearned revenue	105,233
Long-term liabilities	
Debt due within one year	1,797,171
Debt due in more than one year	29,494,266
Net pension liability	37,934,881
Net OPEB liability	10,155,041
Total liabilities	83,748,185
Deferred Inflows of Resources	
Deferred amount relating to net pension liability	4,681,906
Deferred amount relating to net OPEB liability	2,283,070
Total deferred inflows of resources	6,964,976
Total liabilities and deferred inflows of resources	90,713,161
Net Position	
Net investment in capital assets	12,402,823
Restricted for	
Special purposes	53,550
Unrestricted (deficit)	(37,817,736)
Total net position	\$ (25,361,363)

See Accompanying Notes to the Financial Statements

Alma Public Schools
Statement of Activities
For the Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Governmental activities					
Instruction	\$ 16,423,110	\$ 88,939	\$ 6,475,012	\$ 79,709	\$ (9,779,450)
Supporting services	8,720,546	220,382	396,154	-	(8,104,010)
Food services	938,914	115,106	877,715	-	53,907
Community services	56,664	17,138	-	-	(39,526)
Interest on long-term debt	1,189,661	-	-	-	(1,189,661)
	<u>\$ 27,328,895</u>	<u>\$ 441,565</u>	<u>\$ 7,748,881</u>	<u>\$ 79,709</u>	<u>(19,058,740)</u>
General revenues					
Property taxes, levied for general purposes					2,033,004
Property taxes, levied for debt service					2,433,123
State aid - unrestricted					13,880,380
Interest and investment earnings					100,171
Gain on sale of capital assets					61,997
Other					33,715
					<u>18,542,390</u>
Change in net position					(516,350)
Net position - beginning					<u>(24,845,013)</u>
Net position - ending					<u>\$ (25,361,363)</u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	2017 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,086,601	\$ 655,568	\$ 142,009	\$ 3,884,178
Taxes receivable	-	-	8,311	8,311
Accounts receivable	20,408	-	2,053	22,461
Due from other funds	87,984	-	48,096	136,080
Due from other governmental units	3,599,924	-	123,238	3,723,162
Inventory	31,012	-	8,540	39,552
Prepaid items	168,779	-	3,375	172,154
	<u>\$ 6,994,708</u>	<u>\$ 655,568</u>	<u>\$ 335,622</u>	<u>\$ 7,985,898</u>
Liabilities				
Accounts payable	\$ 78,829	\$ 66,609	\$ 14,987	\$ 160,425
State aid anticipation note payable	900,000	-	-	900,000
Due to other funds	270,980	-	87,984	358,964
Due to other governmental units	200,547	-	-	200,547
Payroll deductions and withholdings	1,582	-	-	1,582
Accrued expenditures	694,436	-	-	694,436
Accrued salaries payable	1,082,074	-	48,944	1,131,018
Unearned revenue	96,225	-	9,008	105,233
	<u>3,324,673</u>	<u>66,609</u>	<u>160,923</u>	<u>3,552,205</u>
Deferred Inflows of Resources				
Unavailable				
Grants	10,924	-	-	10,924

See Accompanying Notes to the Financial Statements

**Alma Public Schools
Governmental Funds
Balance Sheet
June 30, 2019**

	General Fund	2017 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance				
Non-spendable				
Inventory	\$ 31,012	\$ -	\$ 8,540	\$ 39,552
Prepaid items	168,779	-	3,375	172,154
Restricted for				
Food service	-	-	138,966	138,966
Debt service	-	-	23,818	23,818
Capital projects	-	588,959	-	588,959
Special purposes	53,550	-	-	53,550
Committed				
Technology updates	100,000	-	-	100,000
Capital improvements	75,000	-	-	75,000
Assigned for fiscal year 19/20 budgeted expenditures	255,898	-	-	255,898
Unassigned	2,974,872	-	-	2,974,872
Total fund balance	<u>3,659,111</u>	<u>588,959</u>	<u>174,699</u>	<u>4,422,769</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,994,708</u>	<u>\$ 655,568</u>	<u>\$ 335,622</u>	<u>\$ 7,985,898</u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Total fund balances for governmental funds	\$ 4,422,769
Total net position for governmental activities in the statement of net position is different because	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Grants	10,924
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	4,079,282
Capital assets - net of accumulated depreciation	37,382,120
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	749,493
Deferred outflow of resources resulting from net pension liability	12,853,847
Deferred outflows of resources resulting from net OPEB liability	2,185,538
Deferred inflows of resources resulting from net pension liability	(4,681,906)
Deferred inflows of resources resulting from net OPEB liability	(2,283,070)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(760,566)
Compensated absences	(894,406)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Bonds payable	(28,472,411)
School bond loan payable	(1,892,382)
Other loans payable and liabilities	(32,238)
Net pension liability	(37,934,881)
Net OPEB liability	(10,155,041)
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net position	<u>61,565</u>
Net position of governmental activities	<u><u>\$ (25,361,363)</u></u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	General Fund	2017 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 2,442,660	\$ 51,577	\$ 2,465,803	\$ 4,960,040
State sources	17,549,325	-	278,531	17,827,856
Federal sources	746,579	-	1,107,633	1,854,212
Interdistrict sources	1,270,162	-	827,354	2,097,516
 Total revenues	 22,008,726	 51,577	 4,679,321	 26,739,624
Expenditures				
Current				
Education				
Instruction	13,516,473	-	721,528	14,238,001
Supporting services	7,802,311	1,453	169,325	7,973,089
Food services	-	-	893,343	893,343
Community services	55,020	-	-	55,020
Capital outlay	240,588	3,678,544	110,988	4,030,120
Debt service				
Principal	7,766	-	1,685,000	1,692,766
Interest and other expenditures	4,147	-	1,156,347	1,160,494
 Total expenditures	 21,626,305	 3,679,997	 4,736,531	 30,042,833
 Excess (deficiency) of revenues over expenditures	 382,421	 (3,628,420)	 (57,210)	 (3,303,209)

See Accompanying Notes to the Financial Statements

Alma Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	General Fund	2017 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from school loan revolving fund	\$ -	\$ -	\$ 177,542	\$ 177,542
Proceeds from sale of capital assets	61,997	-	-	61,997
Transfers in	-	-	245	245
Transfers out	(245)	-	-	(245)
 Total other financing sources (uses)	 61,752	 -	 177,787	 239,539
 Net change in fund balance	 444,173	 (3,628,420)	 120,577	 (3,063,670)
 Fund balance - beginning	 3,214,938	 4,217,379	 54,122	 7,486,439
 Fund balance - ending	 <u>\$ 3,659,111</u>	 <u>\$ 588,959</u>	 <u>\$ 174,699</u>	 <u>\$ 4,422,769</u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - Total governmental funds	\$ (3,063,670)
Total change in net position reported for governmental activities in the statement of activities is different because	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	10,924
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(1,497,791)
Capital outlay	3,621,264
Sale of capital assets (net book value)	(12,607)
Expenses are recorded when incurred in the statement of activities.	
Interest	(73,336)
Compensated absences	15,589
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(5,847,664)
Net change in the deferral of resources related to the net pension liability	4,561,759
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	795,780
Net change in the deferral of resources related to the net OPEB liability	(476,767)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(177,542)
Repayments of long-term debt	1,692,766
Amortization of premiums	97,186
Amortization of deferred amount on debt refunding	(50,418)
Amortization of bond discount	(2,599)
Internal Service Fund revenues and expenses are included in governmental activities in the statement of activities	(109,224)
Change in net position of governmental activities	\$ (516,350)

See Accompanying Notes to the Financial Statements

Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Net Position
June 30, 2019

Assets

Cash and cash equivalents	\$ 251,700
Due from other funds	<u>222,884</u>
Total assets	<u>474,584</u>

Liabilities

Current liabilities	
Accounts payable	100,881
Accrued expenditures	212,138
Incurred but not reported claims (IBNR)	<u>100,000</u>
Total current liabilities	<u>413,019</u>
Total unrestricted net position	<u><u>\$ 61,565</u></u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2019

Operating revenues	
Charges to other funds	\$ 1,559,907
Employee contributions	150,187
Insurance recoveries and rebates	<u>109,971</u>
Total revenues	<u>1,820,065</u>
Operating expenses	
Medical	1,004,725
Prescriptions	394,484
Stop loss insurance	405,798
Management fees	113,343
Other charges	<u>11,664</u>
Total operating expenses	<u>1,930,014</u>
Operating loss	(109,949)
Nonoperating revenues	
Interest income	<u>725</u>
Net change in net position	(109,224)
Net position - beginning of year	<u>170,789</u>
Net position - end of year	<u><u>\$ 61,565</u></u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Proprietary Fund
Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities

Receipts from other funds	\$ 1,542,165
Employee contributions	150,187
Insurance recoveries and rebates	109,971
Claims paid	(1,392,268)
Stop loss insurance premiums paid	(405,798)
Management fees paid	(113,343)
Other charges	<u>(11,664)</u>
Net cash used by operating activities	(120,750)

Cash flows from investing activities

Interest received	<u>725</u>
Net change in cash and cash equivalents	(120,025)
Cash and cash equivalents - beginning of year	<u>371,725</u>
Cash and cash equivalents - end of year	<u><u>\$ 251,700</u></u>

**Reconciliation of operating loss
to net cash used by operating activities**

Operating loss	\$ (109,949)
Items not requiring cash	
Change in incurred but not reported claims (IBNR)	75,000
Adjustments to reconcile operating loss to net cash used by operating activities - changes in assets and liabilities	
Due from other funds	(17,742)
Accounts payable	(73,399)
Accrued expenditures	<u>5,340</u>

Net cash used by operating activities	<u><u>\$ (120,750)</u></u>
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Alma Public Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 18,516	\$ 336,569
Liabilities		
Due to agency fund activities	-	\$ 336,569
Net Position		
Assets held for scholarships	<u>\$ 18,516</u>	

See Accompanying Notes to the Financial Statements

Alma Public Schools
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 600
Interest and investment earnings	<u>98</u>
Total additions	698
Net position - beginning	<u>22,167</u>
Net position - ending	<u><u>\$ 22,865</u></u>

See Accompanying Notes to the Financial Statements

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Alma Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by

general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District 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.

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

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

Proprietary fund and fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. The only proprietary fund maintained is an Internal Service Fund that is used to account for the financing of risk management services provided to other funds on a cost-reimbursement basis. The Internal Service Fund maintained by the School District is the Self-Insurance Fund, which includes transactions related to the School District's risk management programs for medical claims.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2017 Capital Projects Fund – This fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service and Vocational Education Funds.

Debt Service Funds – Debt Service Funds are used to record taxes, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Internal Service Fund – The School District's Proprietary Fund is the Internal Service Fund. The purpose of the fund is to finance services provided to other funds of the School District on a cost-reimbursement basis. The Internal Service Fund maintained by the School District accounts for medical coverage. It is funded through transfers primarily from the General Fund in amounts equal to normal estimated risk management claims.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Net Position or Equity

Cash – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property taxes receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2019, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.937
Commercial personal property	6.000
Debt Service Funds	7.000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries.

Property taxes are assessed as of December 31 and attach as an enforceable lien on July 1 of the following year. School property taxes are levied on December 1 and July 1 and are due on or before March 1 and October 31, respectively. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Gratiot and remitted to the School District before the fiscal year end.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds, the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt.

Compensated Absences – Sick days are earned by most employees at the rate of one day per school month (10 days per year). A maximum of 60 sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category.

Employees who are not teachers are awarded vacation days based on years of service, up to a maximum of 24 days. Retiring employees are paid for vacation days up to the maximum number of days accumulated.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave and vacation balances. The sick leave liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The liability for vacation is calculated based on days earned and the current rate. The amount reported is salary related and includes fringe benefits.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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.

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education, the budget or finance committee, or the Superintendent. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

Contributions were received that are restricted for use by either a particular building or programmatic purpose. At the end of the fiscal year restricted amounts were as follows:

Building	
Hillcrest Elementary	\$ 5,405
Luce Road Elementary	1,992
Pine Avenue Elementary	1,641
Donald L. Pavlik Middle School	945
High School	2,783
Program	
After school program	12,904
Athletics	27,880
	<u>\$ 53,550</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

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

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the District’s financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities districts should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Upcoming Accounting and Reporting Changes

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four

fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 87, *Leases* increases the usefulness of the District’s 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 an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District’s leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This statement is effective for the year ending June 30, 2020.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2022.

The School District is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the functional level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Compliance – Bond Proceeds

The 2017 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the 2017 Capital Projects Fund from the inception of the funds through the current fiscal year:

	2017 Fund
Revenues	\$ 10,191,529
Expenditures	9,602,570

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Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 4,135,878	\$ 355,085	\$ 4,490,963

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 1,919,666
Investments in securities, mutual funds, and similar vehicles	2,570,647
Petty cash and cash on hand	650
Total	\$ 4,490,963

As of year-end, the School District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
MILAF + MAX Class	\$ 2,570,647	< 60 days	AAAm	Standard and Poor's

Interest rate risk – The School District has a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures

not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$1,508,805 of the School District's bank balance of \$2,301,779 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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. As of year end, none of the district's investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2019:

Amounts invested in MILAF + Portfolio of \$2,570,647. The MILAF + Portfolio is not registered under Rule 2a-7 under the Investment Company Act of 1940. The money market securities are valued using

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amortized cost, which generally approximates the current fair value of the security. However, the value is not obtained from a quoted price in an active market. (Level 2 inputs)

Note 5 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 720,733	\$ -	\$ 12,607	\$ 708,126
Construction-in-progress	4,018,327	3,371,156	4,018,327	3,371,156
Total capital assets not being depreciated	4,739,060	3,371,156	4,030,934	4,079,282
Capital assets being depreciated				
Buildings and additions	46,763,663	4,063,185	-	50,826,848
Site improvements	6,551,154	18,491	30,185	6,539,460
Equipment and furniture	7,591,983	63,529	-	7,655,512
Buses and other vehicles	1,502,643	123,230	23,000	1,602,873
Total capital assets being depreciated	62,409,443	4,268,435	53,185	66,624,693
Less accumulated depreciation for				
Buildings and additions	16,961,653	981,397	-	17,943,050
Site improvements	3,094,129	320,325	30,185	3,384,269
Equipment and furniture	6,889,663	101,248	-	6,990,911
Buses and other vehicles	852,522	94,821	23,000	924,343
Total accumulated depreciation	27,797,967	1,497,791	53,185	29,242,573
Net capital assets being depreciated	34,611,476	2,770,644	-	37,382,120
Net capital assets	\$ 39,350,536	\$ 6,141,800	\$ 4,030,934	\$ 41,461,402

Depreciation expense was charged to activities of the School District as follows:

Governmental activities	
Instruction	\$ 1,270,141
Support services	218,002
Food services	9,648
	<u>9,648</u>
Total governmental activities	\$ 1,497,791

Construction Contracts

As of year-end, the School District had the following construction contracts in progress:

Project	Total Contract	Remaining Construction Commitment at Year End
2017 Bond Construction Project	<u>\$ 10,056,886</u>	<u>\$ 502,090</u>

Note 6 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

	Payable Fund		
	General Fund	Non Major Governmental Funds	Total
Receivable Fund			
Non Major Governmental Funds	\$ 48,096	\$ -	\$ 48,096
Internal Service Fund	222,884	-	222,884
General Fund	-	87,984	87,984
Total	<u>\$ 270,980</u>	<u>\$ 87,984</u>	<u>\$ 358,964</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

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Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year between the General Fund and the Food Service Fund totaling \$245. These transfers were made to cover the costs resulting from uncollectible meal charges as of June 30, 2019.

Note 7 - Unearned Revenue

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 unearned revenue consisted of the following:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 96,225
Other - student meal deposits	9,008
	9,008
 Total	\$ 105,233

Note 8 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 1,400,000	\$ 900,000	\$ 1,400,000	\$ 900,000

Note 9 - Leases

Capital Lease

The School District has a capital lease for copy machines. The future minimum lease payments are as follows:

Year ending June 30,		\$	
2020		11,913	
2021		11,913	
2022		11,913	
2023		2,978	
Total minimum lease payments		38,717	
Less amount representing interest		(6,479)	
Present value of minimum lease payments		\$ 32,238	

The copiers were not capitalized, as they were individually below the \$5,000 threshold as stated in the School District's capitalization policy.

Note 10 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state aid if the School District is in default, or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences.

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Notes to the Financial Statements
June 30, 2019

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	\$ 29,295,000	\$ -	\$ 1,685,000	\$ 27,610,000	\$ 1,690,000
Premium on bonds	980,387	-	97,186	883,201	-
Discount on bonds	(23,389)	-	(2,599)	(20,790)	-
Total bonds payable	<u>30,251,998</u>	<u>-</u>	<u>1,779,587</u>	<u>28,472,411</u>	<u>1,690,000</u>
Notes from direct borrowings and direct placements					
School bond loan fund (SBLF)	275,000	-	-	275,000	-
School loan revolving fund (SLRF)	1,439,840	177,542	-	1,617,382	-
Accrued interest (SBLF & SLRF)	591,051	77,608	-	668,659	-
Total notes from direct borrowings and direct placements	<u>2,305,891</u>	<u>255,150</u>	<u>-</u>	<u>2,561,041</u>	<u>-</u>
Other liabilities					
Capital lease	40,004	-	7,766	32,238	7,761
Compensated absences	909,995	63,367	78,956	894,406	99,410
Total other liabilities	<u>949,999</u>	<u>63,367</u>	<u>86,722</u>	<u>926,644</u>	<u>107,171</u>
Total	<u>\$ 33,507,888</u>	<u>\$ 318,517</u>	<u>\$ 1,866,309</u>	<u>\$ 31,960,096</u>	<u>\$ 1,797,171</u>

For governmental activities, compensated absences and the capital lease are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following:

2012 Refunding Bonds due in annual installments of \$30,000 to \$895,000 through May 1, 2026, interest at 3.63% to 5.00%	\$ 5,350,000
2014 Refunding Bonds due in annual installments of \$15,000 to \$960,000 through May 1, 2033, interest at 3.38% to 4.00%	7,545,000
2010 Building and Site Bonds due in annual installments of \$640,000 through May 1, 2027, interest at 4.35% to 5.25%	5,120,000
2017 Building and Site Bonds due in annual installments of \$150,000 to \$1,325,000 through May 1, 2037, interest at 3.00% to 3.50%	<u>9,595,000</u>
Total general obligation bonds	<u>\$ 27,610,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Bonds	
	Principal	Interest
2020	\$ 1,690,000	\$ 1,102,881
2021	1,720,000	1,025,691
2022	1,745,000	943,341
2023	1,780,000	861,241
2024	1,795,000	784,891
2025-2029	8,205,000	2,780,094
2030-2034	6,750,000	1,384,794
2035-2037	3,925,000	275,625
Total	<u>\$ 27,610,000</u>	<u>\$ 9,158,558</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had fund balance of \$23,818. Future debt and interest will be payable from future tax levies.

State School Bond Loan Fund and School Loan Revolving Fund

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's bond issues. The School District has issued various bonds to renovate School District facilities. The bond elections, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond voted millage of 7 mills. Since the monies generated by the 7 mills are presently not enough to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow to meet debt service requirements. Management of the School District anticipates that as bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. The School District did not pay any interest on the outstanding loan balance during the fiscal year. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

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Compensated Absences

Accrued compensated absences at year end, consist of \$58,146 of vacation hours earned and vested and \$836,260 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Deferred Amount on Refunding

The School District issued bonds in 2012 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$589,071. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2026.

The School District issued bonds in 2014 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$466,529. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2033.

The following summarizes the current fiscal year activity:

	Beginning Balance	Additions	Reductions	Ending Balance
2012 Refunding Bonds	\$ 340,068	\$ -	\$ 49,203	\$ 290,865
2014 Refunding bonds	459,843	-	1,215	458,628
Total	<u>\$ 799,911</u>	<u>\$ -</u>	<u>\$ 50,418</u>	<u>\$ 749,493</u>

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

In addition to risks described above, the School District is subject to risk of loss as a result of employee injuries (worker's compensation). To minimize such risk of loss, the School District participates in a public entity risk pool through the School Employers Group. The School District's contribution to the pool during the fiscal year net of prior year rebates amounted to \$27,755. The possibility of additional liabilities in excess of current year contributions exists, however, these amounts are indeterminable and believed to be immaterial, and as such no contingent liabilities have been recognized on the School District's financial statements for the year ended June 30, 2019.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District had unemployment compensation expense of \$2,285 for the year ended June 30, 2019. No provision has been made for possible future claims.

The School District is partially self-insured for health benefits paid on behalf of 75% of the employees eligible to receive health benefits. Payments are made to the insurance administrator each month based on actual claims and administration fees. The plan provides a stop-loss provision of \$50,000 per employee and \$1,465,723 aggregate. For governmental activities, the liability for health benefits is primarily liquidated by the General Fund.

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Change in estimated liabilities for claims for health benefits for the year is as follows:

	2019	2018
Estimated liability at the beginning of the year	\$ 25,000	\$ 56,000
Estimated claims incurred including changes in estimates	1,399,209	1,299,700
Claim payments	(1,324,209)	(1,330,700)
Estimated liability end of year	\$ 100,000	\$ 25,000

Note 12 - Pension Plan

Plan Description

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

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

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

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

Benefits Provided

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

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

Contributions

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

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

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The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 20-year period for the 2017 fiscal year.

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

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

Required contributions to the pension plan from the School District were \$3,436,171 for the year ending September 30, 2018.

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

At June 30, 2019, the School District reported a liability of \$37,934,881 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2017. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2018, the School District's proportion was .1262 percent, which was an increase of .0024 percent from its proportion measured as of September 30, 2017. At September 30, 2018, the total pension expense for the School District was \$4,809,676. For the year ending June 30, 2019, the School District recognized pension expense of \$3,406,025.

At June 30, 2019, the School 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	Amount to Amortize
Difference between expected and actual experience	\$ 176,025	\$ (275,666)	\$ (99,641)
Changes in assumptions	8,785,687	-	8,785,687
Net difference between projected and actual earnings on pension plan investments	-	(2,593,782)	(2,593,782)
Changes in proportion and differences between employer contributions and proportionate share of contributions	669,385	(401,885)	267,500
Total to be recognized in future	9,631,097	(3,271,333)	6,359,764
Employer contributions subsequent to the measurement date	3,222,750	(1,410,573)	-
	<u>\$ 12,853,847</u>	<u>\$ (4,681,906)</u>	<u>\$ 6,359,764</u>

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

Deferred (Inflow) and Deferred Outflow of Resources by Year
 (To Be Recognized in Future Pension Expenses)

Year	Amount
2019	\$ 2,502,241
2020	1,861,782
2021	1,418,038
2022	577,703
	<u>\$ 6,359,764</u>

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Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2017
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 7.05%
 - Pension Plus Plan: 7.00%
 - Pension Plus 2 Plan: 6.00%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5304

Recognition period for assets in years is 5.0000

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

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June 30, 2019

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.7%
Alternative Investment Pools	18.00%	9.2%
International Equity	16.00%	7.2%
Fixed Income Pools	10.50%	5.0%
Real Estate and Infrastructure Pools	10.00%	3.9%
Absolute Return Pools	15.50%	5.2%
Short Term Investment Pools	2.00%	0.0%
	<u>100.00%</u>	

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

Rate of Return

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 11.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.05% was used to measure the total pension liability (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2

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

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

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

1% Decrease*	Current Single Discount Rate Assumption*	1% Increase*
6.05% / 6.00% / 5.00%	7.05% / 7.00% / 6.00%	8.05% / 8.00% / 7.00%
\$ 49,805,569	\$ 37,934,881	\$ 28,072,269

*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at www.michigan.gov/orschools.

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Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 13 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300

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

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

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

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

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2018.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	6.44%
Personal Healthcare Fund (PHF)	0.0%	6.13%

Required contributions to the OPEB plan from the School District were \$829,241 for the year ended September 30, 2018.

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

At June 30, 2019, the School District reported a liability of \$10,155,041 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2017. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2018, the School District's proportion was .1278 percent, which was an increase of 0.0041 percent from the percent from its proportion measured as of September 30, 2017. At September 30, 2018, the total OPEB expense for the School District was \$562,108. For the year ending June 30, 2019, the School District recognized total OPEB expense of \$882,444.

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

At June 30, 2019, the School 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	Amount to Amortize
Difference between expected and actual experience	\$ -	\$ (1,890,114)	\$ (1,890,114)
Changes in assumptions	1,075,424	-	1,075,424
Net difference between projected and actual earnings on OPEB plan investments	-	(390,283)	(390,283)
Changes in proportion and differences between employer contributions and proportionate share of contributions	308,101	(2,673)	305,428
Total to be recognized in future	1,383,525	(2,283,070)	(899,545)
Employer contributions subsequent to the measurement date	802,013	-	-
	<u>\$ 2,185,538</u>	<u>\$ (2,283,070)</u>	<u>\$ (899,545)</u>

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

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)

2019	\$ (231,181)
2020	(231,181)
2021	(231,181)
2022	(151,585)
2023	(54,417)
	<u>\$ (899,545)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2017
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 7.15%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.0% Year 12
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

- Opt Out Assumptions: 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

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Notes to the Financial Statements
June 30, 2019

- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.6018

Recognition period for assets in years is 5.0000

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

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.7%
Alternative Investment Pools	18.00%	9.2%
International Equity	16.00%	7.2%
Fixed Income Pools	10.50%	0.5%
Real Estate and Infrastructure Pools	10.00%	3.9%
Absolute Return Pools	15.50%	5.0%
Short Term Investment Pools	2.00%	0.0%
	100.00%	

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

Rate of Return

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

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

Discount Rate

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

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

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

1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
\$ 12,190,920	\$ 10,155,041	\$ 8,442,618

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 8,352,409	\$ 10,155,041	\$ 12,223,028

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 14 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2019.

Alma Public Schools
Notes to the Financial Statements
June 30, 2019

Note 15 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by the City of Alma and Pine River Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; and PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

For the fiscal year ended June 30, 2019, the School District's property tax revenues were reduced by approximately \$242,000 under these programs.

There are no significant abatements made by the School District.

REQUIRED SUPPLEMENTARY INFORMATION

Alma Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 2,206,465	\$ 2,409,561	\$ 2,442,660	\$ 33,099
State sources	17,652,119	17,590,692	17,549,325	(41,367)
Federal sources	519,954	851,083	746,579	(104,504)
Interdistrict sources	1,741,596	1,272,831	1,270,162	(2,669)
	<u>22,120,134</u>	<u>22,124,167</u>	<u>22,008,726</u>	<u>(115,441)</u>
Total revenues				
Expenditures				
Instruction				
Basic programs	9,336,816	10,109,994	9,926,609	(183,385)
Added needs	4,219,437	3,675,613	3,589,864	(85,749)
Supporting services				
Pupil	1,155,931	1,595,788	1,552,381	(43,407)
Instructional staff	154,028	315,148	231,385	(83,763)
General administration	311,240	331,064	322,948	(8,116)
School administration	1,337,920	1,290,874	1,268,502	(22,372)
Business	480,760	465,512	441,151	(24,361)
Operations and maintenance	2,286,127	2,316,230	2,304,340	(11,890)
Pupil transportation services	746,030	783,257	700,747	(82,510)
Central	362,130	413,672	393,984	(19,688)
Athletic activities	512,330	585,604	586,873	1,269
Community services	70,825	82,171	55,020	(27,151)
Capital outlay	391,033	322,884	240,588	(82,296)
Debt service				
Principal	7,000	7,750	7,766	16
Interest and fiscal charges	5,000	4,250	4,147	(103)
	<u>21,376,607</u>	<u>22,299,811</u>	<u>21,626,305</u>	<u>(673,506)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>743,527</u>	<u>(175,644)</u>	<u>382,421</u>	<u>558,065</u>

Alma Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	\$ 5,000	\$ 61,000	\$ 61,997	\$ 997
Transfers out	-	-	(245)	245
Total other financing sources (uses)	5,000	61,000	61,752	752
Net change in fund balance	748,527	(114,644)	444,173	558,817
Fund balance - beginning	3,214,938	3,214,938	3,214,938	-
Fund balance - ending	<u>\$ 3,963,465</u>	<u>\$ 3,100,294</u>	<u>\$ 3,659,111</u>	<u>\$ 558,817</u>

Alma Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A. Reporting unit's proportion of net pension liability (%)	0.1262%	0.1238%	0.1228%	0.1273%	0.1247%					
B. Reporting unit's proportionate share of net pension liability	\$ 37,934,881	\$ 32,087,217	\$ 30,646,362	\$ 31,082,024	\$ 27,470,796					
C. Reporting unit's covered-employee payroll	\$ 10,869,820	\$ 10,492,633	\$ 10,360,282	\$ 10,783,374	\$ 10,732,581					
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered- employee payroll	348.99%	305.81%	295.81%	288.24%	255.96%					
E. Plan fiduciary net position as a percentage of total pension liability	62.36%	64.21%	63.27%	63.17%	66.20%					

Note Disclosures

Changes in benefit terms: There were no changes of benefit terms in plan fiscal year 2018.

Changes in benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2018.

Alma Public Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A. Statutorily required contributions	\$ 3,406,025	\$ 3,210,165	\$ 1,926,171	\$ 2,023,515	\$ 2,607,326					
B. Contributions in relation to statutorily required contributions	<u>3,406,025</u>	<u>3,210,165</u>	<u>1,926,171</u>	<u>2,023,515</u>	<u>2,607,326</u>					
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -					
D. Reporting unit's covered-employee payroll	\$ 11,224,689	\$ 10,826,786	\$ 10,768,215	\$ 10,426,497	\$ 10,911,799					
E. Contributions as a percentage of covered-employee payroll	30.34%	29.65%	17.89%	19.41%	23.89%					

Alma Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A. Reporting unit's proportion of net OPEB liability (%)	0.1278%	0.1237%								
B. Reporting unit's proportionate share of net OPEB liability	\$ 10,155,041	\$ 10,950,821								
C. Reporting unit's covered-employee payroll	\$ 10,869,820	\$ 10,492,633								
D. Reporting unit's proportionate share of net OPEB liability as a percentage of its covered- employee payroll	93.42%	104.37%								
E. Plan fiduciary net position as a percentage of total OPEB liability	42.95%	36.39%								

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2018.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2018.

Alma Public Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A. Statutorily required contributions	\$ 882,444	\$ 811,034								
B. Contributions in relation to statutorily required contributions	<u>882,444</u>	<u>811,034</u>								
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
D. Reporting unit's covered-employee payroll	\$ 11,224,689	\$ 10,826,786								
E. Contributions as a percentage of covered-employee payroll	7.86%	7.49%								

OTHER SUPPLEMENTARY INFORMATION

Alma Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds		Debt Service Funds				Total Nonmajor Governmental Funds
	Food Services	Vocational Education	2012 Debt Service	2014 Debt Service	2010 Debt Service	2017 Debt Service	
Assets							
Cash	\$ 117,232	\$ -	\$ 1,628	\$ 20,448	\$ 1,886	\$ 815	\$ 142,009
Taxes receivable	-	-	3,681	1,128	2,137	1,365	8,311
Accounts receivable	2,053	-	-	-	-	-	2,053
Due from other funds	48,096	-	-	-	-	-	48,096
Due from other governmental units	-	123,238	-	-	-	-	123,238
Inventory	8,540	-	-	-	-	-	8,540
Prepaid items	3,375	-	-	-	-	-	3,375
Total assets	\$ 179,296	\$ 123,238	\$ 5,309	\$ 21,576	\$ 4,023	\$ 2,180	\$ 335,622
Liabilities							
Accounts payable	\$ 13,191	\$ 1,796	\$ -	\$ -	\$ -	\$ -	\$ 14,987
Due to other funds	-	78,714	3,808	1,217	3,137	1,108	87,984
Accrued salaries payable	6,216	42,728	-	-	-	-	48,944
Unearned revenue	9,008	-	-	-	-	-	9,008
Total liabilities	28,415	123,238	3,808	1,217	3,137	1,108	160,923
Fund Balance							
Non-spendable							
Inventory	8,540	-	-	-	-	-	8,540
Prepaid items	3,375	-	-	-	-	-	3,375
Restricted for							
Food service	138,966	-	-	-	-	-	138,966
Debt service	-	-	1,501	20,359	886	1,072	23,818
Total fund balance	150,881	-	1,501	20,359	886	1,072	174,699
Total liabilities and fund balances	\$ 179,296	\$ 123,238	\$ 5,309	\$ 21,576	\$ 4,023	\$ 2,180	\$ 335,622

Alma Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	Special Revenue Funds		Debt Service Funds				Total Nonmajor Governmental Funds
	Food Services	Vocational Education	2012 Debt Service	2014 Debt Service	2010 Debt Service	2017 Debt Service	
Revenues							
Local sources	\$ 115,377	\$ -	\$ 1,041,431	\$ 318,555	\$ 604,604	\$ 385,836	\$ 2,465,803
State sources	27,146	162,350	39,430	12,083	22,895	14,627	278,531
Federal sources	850,569	-	-	-	257,064	-	1,107,633
Interdistrict sources	-	827,354	-	-	-	-	827,354
Total revenues	993,092	989,704	1,080,861	330,638	884,563	400,463	4,679,321
Expenditures							
Current							
Education							
Instruction	-	721,528	-	-	-	-	721,528
Supporting services	-	169,325	-	-	-	-	169,325
Food services	893,343	-	-	-	-	-	893,343
Capital outlay	12,137	98,851	-	-	-	-	110,988
Debt service							
Principal	-	-	905,000	20,000	635,000	125,000	1,685,000
Interest and other expenditures	-	-	261,200	292,444	285,693	317,010	1,156,347
Total expenditures	905,480	989,704	1,166,200	312,444	920,693	442,010	4,736,531
Excess (deficiency) of revenues over expenditures	87,612	-	(85,339)	18,194	(36,130)	(41,547)	(57,210)
Other Financing Sources							
Proceeds from school loan revolving fund	-	-	77,030	-	62,636	37,876	177,542
Transfers in	245	-	-	-	-	-	245
Total other financing sources	245	-	77,030	-	62,636	37,876	177,787
Net change in fund balance	87,857	-	(8,309)	18,194	26,506	(3,671)	120,577
Fund balance - beginning (deficit)	63,024	-	9,810	2,165	(25,620)	4,743	54,122
Fund balance - ending	\$ 150,881	\$ -	\$ 1,501	\$ 20,359	\$ 886	\$ 1,072	\$ 174,699

Alma Public Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2019

	2019	2018
Assets		
Cash	\$ 3,086,601	\$ 3,068,662
Accounts receivable	20,408	6,850
Due from other funds	87,984	31,857
Due from other governmental units	3,599,924	3,617,079
Inventory	31,012	28,618
Prepaid items	168,779	132,429
Total assets	\$ 6,994,708	\$ 6,885,495
Liabilities		
Accounts payable	\$ 78,829	\$ 77,593
State aid anticipation note payable	900,000	1,400,000
Due to other funds	270,980	244,179
Due to other governmental units	200,547	193,440
Payroll deductions and withholdings	1,582	624
Accrued expenditures	694,436	641,945
Accrued salaries payable	1,082,074	1,063,784
Unearned revenue	96,225	48,992
Total liabilities	3,324,673	3,670,557
Fund Balance		
Non-spendable		
Inventory	31,012	28,618
Prepaid items	168,779	132,429
Restricted for special purposes	53,550	50,345
Committed		
Technology updates	100,000	100,000
Capital improvements	75,000	75,000
Assigned for fiscal year 19/20 budgeted expenditures	255,898	-
Unassigned	2,974,872	2,828,546
Total fund balance	3,659,111	3,214,938
Total liabilities and fund balance	\$ 6,994,708	\$ 6,885,495

Alma Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2019

Year Ending June 30,	2014 Refunding Bonds	2012 Refunding Bonds	2010 Building and Site Bonds	2017 Building and Site Bonds	Total
2020	\$ 15,000	\$ 885,000	\$ 640,000	\$ 150,000	\$ 1,690,000
2021	15,000	890,000	640,000	175,000	1,720,000
2022	15,000	890,000	640,000	200,000	1,745,000
2023	20,000	895,000	640,000	225,000	1,780,000
2024	20,000	885,000	640,000	250,000	1,795,000
2025	20,000	875,000	640,000	275,000	1,810,000
2026	875,000	30,000	640,000	300,000	1,845,000
2027	945,000	-	640,000	325,000	1,910,000
2028	960,000	-	-	350,000	1,310,000
2029	955,000	-	-	375,000	1,330,000
2030	945,000	-	-	400,000	1,345,000
2031	930,000	-	-	425,000	1,355,000
2032	920,000	-	-	450,000	1,370,000
2033	910,000	-	-	475,000	1,385,000
2034	-	-	-	1,295,000	1,295,000
2035	-	-	-	1,300,000	1,300,000
2036	-	-	-	1,300,000	1,300,000
2037	-	-	-	1,325,000	1,325,000
Total	\$ 7,545,000	\$ 5,350,000	\$ 5,120,000	\$ 9,595,000	\$ 27,610,000
Principal payments due on	May 1st	May 1st	May	May	
Interest payments due on	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	May and November	
Interest rate	3.38% - 4.00%	3.63% - 5.00%	4.35% - 5.25%	3.00% - 3.50%	
Original issue	\$ 7,675,000	\$ 10,835,000	\$ 9,715,000	\$ 9,820,000	