MANTON CONSOLIDATED SCHOOLS

MANTON, MICHIGAN

YEAR ENDED JUNE 30, 2019

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

CERTIFIED PUBLIC ACCOUNTANTS
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MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

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August 9, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Manton Consolidated Schools
Manton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manton Consolidated Schools, Manton, Michigan as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Manton Consolidated Schools, Manton, Michigan as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages iv through xii and 39-44 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manton Consolidated Schools, Michigan's basic financial statements. The Combining and Individual Fund Financial Statements, and Other Information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2019, on our consideration of Manton Consolidated 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 Manton Consolidated 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 Manton Consolidated Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Manton Consolidated Schools ("the District") is a K-12 school district located in Wexford, Missaukee and Grand Traverse Counties, Michigan. This section of the District's annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follows this section.

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

Financial Highlights Section

Government-Wide

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $9,153,179 creating a deficit net position amount. Of this amount net capital assets net of related debt was $5,226,293.

- The government's total net deficit increased by $194,266.

Fund Level

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $1,942,857, an increase of $101,224 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,214,603.

Overview of the Financial Statements

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The District maintains the following kinds of funds:

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

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

The District maintains one type of fiduciary fund. The Agency fund reports resources held by the District in a custodial capacity for individuals, private organizations and other governments.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-38 of this report.

Other Information

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

Summary of Net Position

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

	2019	As Restated 2018
Assets		
Current Assets	$ 3,241,623	$ 3,088,408
Non Current Assets		
Capital Assets	21,564,511	21,308,172
Less Accumulated Depreciation	(8,270,552)	(7,769,294)
Total Non Current Assets	13,293,959	13,538,878
Total Assets	16,535,582	16,627,286
Deferred Outflows of Resources	6,287,356	3,829,276
Liabilities		
Current Liabilities	2,169,076	2,063,846
Non Current Liabilities	27,111,403	25,951,064
Total Liabilities	29,280,479	28,014,910
Deferred Inflows of Resources	2,695,638	1,400,565
Net Position		
Net Investment in Capital Assets	5,226,293	4,861,986
Restricted for Specific Purposes	157,204	151,117
Unrestricted	(14,536,676)	(13,972,016)
Total Net Position (Deficit)	$ (9,153,179)	$ (8,958,913)

Analysis of Financial Position

During the fiscal year ended June 30, 2019, the District's net position decreased by $194,266. A few of the more significant factors affecting net position during the year are discussed below:

1. *Depreciation Expense*

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

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2019, $501,258 was recorded for depreciation expense.

2. *Capital Outlay Acquisitions*

For the fiscal year ended June 30, 2019, $256,339 of the expenditures were capitalized and recorded as capital assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of $244,919 for the fiscal year ended June 30, 2019.

3. *Pension and Other Postemployment Benefits Expense*

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liability increases or decreases in any given year. For the year ended June 30, 2019, the District reported a decrease of $661,789 in net position related to GASB 68 and GASB 75, which indicates that the District's proportionate share of the net pension and other postemployment benefits liability has increased by that amount.

4. *Payment of Long-Term Debt*

During the year ending June 30, 2019, the District decreased its long-term bonded debt by $737,000.

Change in Net Position

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

	2019	2018
General Revenues		
Property Taxes	$ 1,604,778	$ 1,561,061
Investment Earnings	15,617	9,258
State Sources	6,732,750	6,572,127
Other	25,154	87,201
Total General Revenues	8,378,299	8,229,647
Program Revenues		
Charges for Services	224,595	215,474
Operating Grants and Contributions	2,284,645	2,325,475
Total Program Revenues	2,509,240	2,540,949
Total Revenues	10,887,539	10,770,596

	2019	2018
Expenses		
Instruction	5,894,052	6,109,098
Supporting Services	3,715,983	3,345,976
Food Service	675,672	530,409
Community Services	63,211	50,803
Capital Projects	843	31,121
Interest on Long-Term Debt	228,779	258,132
Other Transactions	2,007	996
Unallocated Depreciation	501,258	396,729
Total Expenses	11,081,805	10,723,264
Change in Net Position	$ (194,266)	$ 47,332

The effects of the prior period restatement were considered minimal and not included in the table above.

Financial Analysis of the District's Funds

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

	2019	As Restated 2018	Increase (Decrease)
Major Fund			
General Fund	$ 1,669,209	$ 1,561,875	$ 107,334
2014 Capital Projects Fund	0	843	(843)
Nonmajor Funds			
Food Service	73,060	83,921	(10,861)
2017 Debt Retirement Fund	53,958	49,352	4,606
2014 Debt Retirement	3,625	15,950	(12,325)
QZAB Debt Retirement	143,005	129,692	13,313
Total Governmental Funds	$ 1,942,857	$ 1,841,633	$ 101,224

In 2018-2019, the General Fund balance increased primarily due to an increase in State & Federal revenue.

The 2014 Capital Projects Fund was closed out in 2018-2019.

The Food Service Fund balance decreased due to revenues decreasing and expenditures increasing. The revenue decreased in part due to a decrease in free and reduced meal counts.

The 2017 Debt Retirement Fund increase in fund balance was due to property taxes exceeding debt payments due during the year.

The 2014 Debt Retirement Fund decrease in fund balance was due to debt payments exceeding property taxes during the year.

The QZAB Debt Retirement Fund balance increase is attributed to a transfer from the general fund and an increase in interest revenue.

General Fund Budgetary Highlights

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

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES	$ 9,396,953	$ 9,444,437	$ 9,432,212
EXPENDITURES			
Instruction	$ 5,754,282	$ 5,714,868	$ 5,677,351
Supporting Services	3,617,435	3,735,758	3,648,476
Community Services	52,751	52,228	47,589
Debt Service	122,527	119,667	118,627
Total Expenditures	$ 9,546,995	$ 9,622,521	$ 9,492,043

The change from the Total Revenue Original Budget to Final Budget was an increase of $47,484. This was due to an increase in Federal sources in part due to an increase in Title I, II, and V funding.

The change in the Total Expenditures Original Budget to Final Budget was an increase of $75,526. The increase in the expenditures between original and final budget is in part related to Federal grant expenditures, new staffing positions, and an additional bus purchase.

The difference between the final budget and the actual is mostly due to not expensing the entire budgeted amounts in elementary, high school, special education, improvement of instruction, pupil services, board of education, fiscal services, custodial/maintenance, athletics, transportation, and less revenue and expenditures for grant programs and other budgeted amounts by department. This is largely due to carefully managed expenditures by the district.

Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2019, the District has $13,293,959 (net of accumulated depreciation) in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net decrease of $244,919 compared to the prior fiscal year. Depreciation expense for the year amounted to $501,258 bringing the accumulated depreciation to $8,270,552 as of June 30, 2019.

Additions to capital assets included:

- 160 chromebooks and licenses $40,640
- Floor scrubber $9,931
- Two 2016 buses $97,000
- 2020 Navistar bus $81,785

The District has committed to refinishing the middle and high school gym floors in the next fiscal year and has already spent $26,983 as of June 30, 2019. Total cost is approximately $50,000.

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

2. Long-Term Obligations

At June 30, 2019, the District had $27,811,649 in bonded debt outstanding, net pension and other postemployment benefits, compensated absences, notes from direct borrowings and direct placements, and school loan revolving fund loan. This represents an increase of $1,250,551 from the amount outstanding at the close of the prior fiscal year

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

Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- One of the primary concerns that continues to affect Manton Consolidated Schools is the State Legislative level of support for public schools in Michigan. The foundation allowance for 2019-20 has yet to be determined as the budget for the State of Michigan has not been finalized. The anticipated foundation allowance is $8,051, an estimated increase of $180 per pupil. Uncertainty does still surround the level at which districts will be funded for the student foundation allowance in the future. Decreasing student enrollment across the State also continues to be a concern.

- Retirement costs continue to be a concern for the district. In 2018-2019 the district spent approximately 18% of its budget on retirement costs.

- The Manton Consolidated School District continues a cooperative agreement with Saint Ann Catholic School of Cadillac to provide physical education, art, vocal music, band and technology for the students of Saint Ann's School. Within this arrangement, Manton is allowed to claim partial Foundation Allowance for each of the students taught on a proration basis.

- The District continues its collaborative agreement with Wexford-Missaukee Intermediate School District (WMISD) for accounts payable, payroll, technology and business management services. This agreement is a significant cost savings compared to employing staff to complete these tasks.

- Over several years of leasing and purchasing buses, the fleet is updated and functional. Future budgets will need to allow for replacement of aging buses.

- In 2014-2015 the District continued its management services with Chartwells Food Service. At the beginning of the 2014-15 school year Manton and Forest Area Schools agreed to share the Food Service Director, with Manton contributing 60% of funding and Forest Area contributing 40%. The Board has renewed the contract as of July 1, 2015, for five years. Future new employees will be employees of Chartwells based on the Board's renewal decision. An RFP for this service will need to be completed in 2019-2020.

- The General Fund ended with a fund balance of $1,669,209 as of June 30, 2019, which is 17.56% of total expenditures. The fund balance increased by $107,334.

- At Manton Consolidated Schools' Board of Education budget hearing on June 19, 2019, the Board adopted a balanced budget of $9,962,081 for the 2019-2020 fiscal year. This was accomplished by utilizing approximately $382,811 of projected fund balance. This is due in part to new contract agreements with Manton Education Association and Manton Education Support Personnel Association staff that include salary/wage increases.

- Manton Education Association and the Manton Education Support Personnel Association negotiated and settled agreements through June 30, 2023 and June 30, 2022, that include step and salary/wage increases over the next 3 and 4 years. There is a revenue sharing component to the Manton Education Association and the Manton Education Support Personnel Association contracts that could impact salary expenditures in future years depending on revenue increases due to pupil count and foundation funding versus the increased cost of retirement and insurance. The negotiation environment was very positive as all groups are working together for Manton Schools success.

- The 2014 Capital Projects Bond was completed during the 2017-2018 school year. Future budgets may need to allow for additional improvements to the athletic complex, buildings, mechanical upgrades, security and technology.

- Additional expenses to consider are: Replacement of 1:1 student devices originally purchased through bond proceeds. The high school and middle school gym floors have been refinished over the summer which will extend the life of the floors as well as the elementary school exterior cement work that was needed. Also, sometime in the future, the bus garage will need to be updated to accommodate the size of newer buses that are purchased.

- Due to the 2014 bond payments exceeding property tax revenues the school district is borrowing from the School Loan Revolving fund to assist in making the principal and interest payments over the next few years. The district is planning to start re-paying these loans in the 2022-2023 school year. The district may want to consider asking voters to increase the mills being collected for the 2014 bond at some time in the future.

- The audit was completed by representatives from Baird, Cotter and Bishop, P.C. of Cadillac.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Manton Consolidated Schools, 105 5th Street, Manton, Michigan 49663.

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS	
CURRENT ASSETS	
Cash	$ 610,479
Investments	898,199
Accounts Receivable	41,285
Due From Other Governmental Units	1,608,230
Due From External Parties - Fiduciary Funds	12,412
Inventory	10,456
Prepaid Expense	60,562
Total Current Assets	3,241,623
NON CURRENT ASSETS	
Capital Assets	21,564,511
Less Accumulated Depreciation	(8,270,552)
Total Non Current Assets	13,293,959
TOTAL ASSETS	16,535,582
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	5,502,255
Related to Other Postemployment Benefits	783,630
Deferred Charges on Refunding	1,471
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,287,356

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2019

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	64,426
State Aid Loan Payable	160,833
Accrued Expenses	409,591
Accrued Interest Payable	43,258
Salaries Payable	502,722
Unearned Revenue	161,194
Current Portion of Non Current Liabilities	827,052
Total Current Liabilities	2,169,076
NON CURRENT LIABILITIES	
Bonds Payable - Net	7,757,980
School Loan Revolving Fund Loan	19,351
Installment Purchase Agreements	291,806
Accrued Interest on School Loan Revolving Fund Loan	126
Compensated Absences	221,674
Net Pension Liability	15,508,726
Net Other Postemployment Benefits Liability	4,138,792
Less Current Portion of Non Current Liabilities	(827,052)
Total Non Current Liabilities	27,111,403
TOTAL LIABILITIES	29,280,479
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	1,764,776
Related to Other Postemployment Benefits	930,862
TOTAL DEFERRED INFLOWS OF RESOURCES	2,695,638
NET POSITION	
Net Investment in Capital Assets	5,226,293
Restricted for Debt Service	157,204
Unrestricted (Deficit)	(14,536,676)
TOTAL NET POSITION (DEFICIT)	$ (9,153,179)

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES: NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION
GOVERNMENTAL ACTIVITIES				
Instruction	$ 5,894,052	$ 6,600	$ 1,174,720	$ (4,712,732)
Supporting Services	3,715,983	46,895	625,401	(3,043,687)
Food Service	675,672	145,793	467,643	(62,236)
Community Services	63,211	25,307	5,251	(32,653)
Facilities Acquisition, Construction, and Improvements	843	0	0	(843)
Interest on Long Term Debt	228,779	0	11,630	(217,149)
Other Transactions	2,007	0	0	(2,007)
Unallocated Depreciation	501,258	0	0	(501,258)
TOTAL GOVERNMENTAL ACTIVITIES	$ 11,081,805	$ 224,595	$ 2,284,645	(8,572,565)
GENERAL REVENUES				
Property Taxes - General Purposes				714,048
Property Taxes - Debt Service				890,730
Investment Earnings				15,617
State Sources				6,732,750
Other				25,154
Total General Revenues				8,378,299
Change in Net Position				(194,266)
NET POSITION - Beginning of Year - (Deficit) As Restated				(8,958,913)
NET POSITION - End of Year - (Deficit)				$ (9,153,179)

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

	GENERAL FUND	2014 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	$ 463,997	$ 0	$ 146,482	$ 610,479
Investments	815,771	0	82,428	898,199
Accounts Receivable	4,033	0	37,252	41,285
Due from Other Funds	12,419	0	2,528	14,947
Due from Other Governmental Units	1,583,024	0	25,206	1,608,230
Inventory	0	0	10,456	10,456
Prepaid Expenditures	60,562	0	0	60,562
TOTAL ASSETS	$ 2,939,806	$ 0	$ 304,352	$ 3,244,158
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 46,641	$ 0	$ 17,785	$ 64,426
State Aid Loan Payable	160,833	0	0	160,833
Due to Other Funds	2,528	0	7	2,535
Accrued Expenses	400,131	0	9,460	409,591
Salaries Payable	502,722	0	0	502,722
Unearned Revenue	157,742	0	3,452	161,194
Total Liabilities	1,270,597	0	30,704	1,301,301
FUND BALANCES				
Nonspendable				
Inventory	0	0	10,456	10,456
Prepaid Expenditures	60,562	0	0	60,562
Restricted for				
Food Service	0	0	62,604	62,604
Debt Service	0	0	200,588	200,588
Assigned for				
Houghton Mifflin Iowa Testing Funds	11,233	0	0	11,233
Subsequent Year Budget Shortfall	382,811	0	0	382,811
Unassigned	1,214,603	0	0	1,214,603
Total Fund Balances	1,669,209	0	273,648	1,942,857
TOTAL LIABILITIES AND FUND BALANCES	$ 2,939,806	$ 0	$ 304,352	$ 3,244,158

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

JUNE 30, 2019

Total Governmental Fund Balances		$ 1,942,857
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 21,564,511	
Accumulated depreciation is	(8,270,552)	13,293,959
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:		
Bond Deferred (Gain) Loss on Refunding		1,471
Bond Discount (Premium)		(126,680)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(7,631,300)
Installment Purchase Agreements		(291,806)
School Loan Revolving Fund Loan		(19,351)
Compensated Absences		(221,674)
Net Pension Liability		(15,508,726)
Net Other Postemployment Benefits Liability		(4,138,792)
Deferred outflows and (inflows) of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		5,502,255
Deferred Inflows of Resources Related to Pensions		(1,764,776)
Deferred Outflows of Resources Related to OPEB		783,630
Deferred Inflows of Resources Related to OPEB		(930,862)
Accrued interest is not included as a liability in government funds, it is recorded when paid.		(43,384)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (9,153,179)

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

YEAR ENDED JUNE 30, 2019

	GENERAL FUND	2014 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	$ 831,269	$ 0	$ 1,038,875	$ 1,870,144
State Sources	8,133,006	0	30,108	8,163,114
Federal Sources	378,886	0	426,408	805,294
Other Transactions	89,051	0	0	89,051
Total Revenues	9,432,212	0	1,495,391	10,927,603
EXPENDITURES				
Instruction				
Basic Programs	4,595,996	0	0	4,595,996
Added Needs	1,081,355	0	0	1,081,355
Supporting Services				
Pupil	368,320	0	0	368,320
Instructional Staff	359,067	0	0	359,067
General Administration	282,516	0	0	282,516
School Administration	640,205	0	0	640,205
Business	172,032	0	0	172,032
Operation and Maintenance	749,896	0	0	749,896
Pupil Transportation Services	558,402	0	0	558,402
Central Services	200,842	0	0	200,842
Other Support Services	317,196	0	0	317,196
Food Service	0	0	610,772	610,772
Community Services				
Community Activities	1,560	0	0	1,560
Custody and Care of Children	40,465	0	0	40,465
Other Community Services	5,564	0	0	5,564
Facilities Acquisition, Construction, and Improvements	0	843	0	843
Debt Service				
Principal	103,194	0	670,000	773,194
Interest	15,433	0	248,850	264,283
Paying Agent Fees	0	0	1,040	1,040
Taxes Abated and Written Off	0	0	967	967
Total Expenditures	9,492,043	843	1,531,629	11,024,515
Excess (Deficiency) of Revenues Over Expenditures	(59,831)	(843)	(36,238)	(96,912)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	11,620	11,620
Transfers Out	(11,620)	0	0	(11,620)
Proceeds from School Loan Revolving Fund	0	0	19,351	19,351
Proceeds from Installment Purchase Agreement	178,785	0	0	178,785
Total Other Financing Sources (Uses)	167,165	0	30,971	198,136
Net Change in Fund Balance	107,334	(843)	(5,267)	101,224
FUND BALANCE - Beginning of Year - As Restated	1,561,875	843	278,915	1,841,633
FUND BALANCE - End of Year	$ 1,669,209	$ 0	$ 273,648	$ 1,942,857

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances Total Governmental Funds	$	101,224
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Capital Outlay		256,339
Depreciation Expense		(501,258)
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:		
Accrued Interest Payable - Beginning of Year		43,877
Accrued Interest Payable - End of Year		(43,384)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.		
Repayment of Bond Principal		737,000
Repayment of Installment Purchase Agreements		36,194
Amortization of Bond Premium		36,480
Amortization of Bond Deferred Loss on Refunding		(1,469)
Proceeds from School Loan Revolving Fund Loan		(19,351)
Proceeds from Installment Purchase Agreements		(178,785)
Employees Retirement Incentive and Accumulated Sick Pay are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:		
Accumulated Sick Pay - Beginning of Year		222,330
Accumulated Sick Pay - End of Year		(221,674)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in Pension Related Items		(752,664)
Change in Other Postemployment Benefits Related Items		130,939
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147c pension contributions subsequent to the measurement date.		
Change in State Aid Funding for Pension		(40,064)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(194,266)

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2019

	AGENCY FUND
ASSETS	
Cash	$ 153,533
LIABILITIES	
Due to Groups and Organizations	141,121
Due to General Fund	12,412
Total Liabilities	153,533
NET POSITION	$ 0

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District ("the District") is located in Wexford, Missaukee and Grand Traverse Counties with its administrative offices located in Manton, Michigan. The District operates under an elected 7-member board of education and provides services to its 959 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletic activities. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *2014 Capital Projects Fund* accounts for the acquisition of fixed assets or construction of major capital projects.

Other non-major funds:

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

The *2017, 2014, and QZAB Debt Retirement Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the District reports the following fund type:

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The District reports the following fiduciary fund:

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary Basis of Accounting

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

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

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

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

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

c) Prior to June 30, the budget is legally adopted by the Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

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

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

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

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

2. Excess of Expenditures Over Appropriations

	APPROPRIATIONS	EXPENDITURES
Food Service Fund		
Food Service Activities	$ 604,019	$ 610,772

This overage was covered by available fund balance.

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

1. Cash

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

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

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

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

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

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

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

3. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

4. Inventory and Prepaid Items

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

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

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are measured at acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Land Improvements	20 years
Buildings and Additions	20-50 years
Furniture, Equipment, and Textbooks	5-20 years
Transportation Equipment	5-8 years

The District's capitalization policy is to capitalize individual amounts exceeding $5,000 and aggregate purchases of similar items purchased at the same time, such as textbooks for a classroom.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the *Statement of Financial Position* will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide *Statement of Net Position*. A deferred charge on refunding results from the difference in the carrying value of refunded obligation and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding obligation. The other two items are related to the pension plan and other postemployment benefits for its employees. Details can be found in footnotes 3.F and 3.G.

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

7. Defined Benefit Plans

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumption

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

10. Fund Balance Policies

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

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

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

11. Use of Estimates

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

12. Unearned Revenue

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

H. Revenues and Expenditures/Expenses

1. State Revenue

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

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

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

2. Program Revenues

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

3. *Property Taxes*

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed and due December 1. Unpaid taxes become delinquent as of February 14 and are subject to penalties and interest after that date.

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

Fund	Mills
General Fund - Non-Principal Residence Exemption (PRE)	18.000
General Fund – Commercial Personal Property	6.000
Debt Service Funds – PRE, Non-PRE, Commercial Personal Property	7.000

4. *Compensated Absences*

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

5. *Long-Term Obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums and discounts to be applied prospectively for all bonds issued after July 1, 2003.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2019.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2019, the District's bank balance was $873,262 and $507,195 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The risk is spread amongst the District's funds. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the deposits.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

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

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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

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

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

	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF+ External Investment Pool - MAX Class	$ 897,470	0.0027	AAAm	99.92%
MILAF+ External Investment Pool - Cash Mgmt Class	729	0.0027	AAAm	0.08%
	$ 898,199			100.00%
Portfolio Weighted Average Maturity		0.0027		

1 Day Maturity Equals 0.0027, One Year Equals 1.000

The District invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund Plus (MILAF+). MILAF+ is a local government investment pool of “qualified” investments for Michigan school districts. MILAF+ is not regulated nor is it registered with the SEC. MILAF+ reports as of June 30, 2019, the fair value of the District’s investments is the same as the value of the pooled shares. MILAF, as defined by GASB, is recorded at amortized cost which approximates fair value. The MILAF+ portfolio offers three share classes which are: Cash Management Class, MAX Class, and GovMIC Class. The only class that has limitations or restrictions on withdrawals is MAX Class, which requires notification of redemptions prior to 14 days to avoid penalties. The MILAF+ portfolio is not subject to fair value disclosures.

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

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

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

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

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

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

The carrying amount of deposits and investments is as follows:

	Total
Deposits – including Fiduciary Funds of $153,533	$ 763,312
Petty Cash and Cash on Hand	700
Investments	898,199
	$ 1,662,211

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

	Total
Cash - Fiduciary Funds	$ 153,533
Cash - District-Wide	610,479
Investments	898,199
	$ 1,662,211

B. Receivables

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

	General	Nonmajor Funds	Total
Receivables			
Accounts	$ 4,033	$ 37,252	$ 41,285
Due from Other Governmental Units	1,583,024	25,206	1,608,230
Total Receivables	$ 1,587,057	$ 62,458	$ 1,649,515

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

C. Capital Assets

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated - Land	$ 126,413	$ 0	$ 0	$ 126,413
Capital assets being depreciated				
Land improvements	1,077,154	0	0	1,077,154
Buildings and additions	16,204,941	0	0	16,204,941
Furniture, equipment, and textbooks	3,464,383	50,571	0	3,514,954
Transportation equipment	435,281	178,785	0	614,066
Construction in progress	0	26,983	0	26,983
Subtotal	21,181,759	256,339	0	21,438,098
Less accumulated depreciation for:				
Land improvements	223,461	19,973	0	243,434
Buildings and additions	4,695,236	317,791	0	5,013,027
Furniture, equipment, and textbooks	2,570,018	124,258	0	2,694,276
Transportation equipment	280,579	39,236	0	319,815
Accumulated depreciation	7,769,294	501,258	0	8,270,552
Net capital assets being depreciated	13,412,465	(244,919)	0	13,167,546
Net capital assets	$ 13,538,878	$ (244,919)	$ 0	$ 13,293,959

Depreciation for the fiscal year ended June 30, 2019, amounted to $501,258. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Short-Term Obligations

On August 20, 2018, the District issued a State Aid Note in the amount of $500,000 for the purpose of managing the District's cash flow needs during the year. The Note carried an interest rate of 1.750% and matured on August 20, 2019. The District has pledged its future State Aid revenue for payment of this liability at maturity. Prior to year-end, the District repaid $339,167 of the state aid note and on July 22, 2018, repaid the remaining balance of $160,833 plus interest of $6,599. Interest paid is net of interest on the original borrowing of $8,750 and set aside reinvestment interest earnings of $2,151, which had a rate of 2.544%.

The notes are secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. The required payments of $500,000 are in an irrevocable set-aside account with the Bank of New York Mellon. At year-end, the balances of these payments are considered defeased debt and are not included in the year-end balance. The District has approved a note payable in the amount of $450,000 for the fiscal year ending June 30, 2020.

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

	STATE AID NOTE
Balance - July 1, 2018	$ 161,563
Additions	500,000
Deletions	(500,730)
Balance - June 30, 2019	$ 160,833

E. Retirement and Post-Retirement Benefits

Plan Description – The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.//michigan.gov/mpsers-cafr.

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

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

Benefit Provided - Overall

Introduction

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

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

Benefits Provided – Other postemployment benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2019 were equal to the required contribution total. Pension contributions were approximately $1,410,000, with $1,365,000 specifically for the Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2019 were equl to the required contribution total. OPEB benefits were approximately $360,000, with $337,000 specifically for the Defined Benefit Plan.

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

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

Pension Liabilities

At June 30, 2019, the District reported a liability of $15,508,726 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2017 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the District's proportion was 0.05158947% and 0.05120208%.

MPSERS (Plan) Non-University Net Pension Liability

	September 30, 2018	September 30, 2017
Total Pension Liability	$ 79,863,694,444	$ 72,407,218,688
Plan Fiduciary Net Position	49,801,889,205	46,492,967,573
Net Pension Liability	$ 30,061,805,239	$ 25,914,251,115
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.36%	64.21%
Net Pension Liability as a Percentage of Covered Payroll	352.81%	309.13%

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

For the year ended June 30, 2019, the District recognized total pension expense of $2,117,713.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 71,963	$ 112,699
Changes of assumptions	3,591,808	0
Net difference between projected and actual earnings on pension plan investments	0	1,060,403
Changes in proportion and differences between District contributions and proportionate share of contributions	568,402	16,147
District section 147c revenue related to pension contributions subsequent to the measurement date	0	575,527
District contributions subsequent to the measurement date	1,270,082	0
Total	$ 5,502,255	$ 1,764,776

$1,270,082 reported as deferred outflows of resources and $575,527 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	**Amount**
2019	$ 1,278,554
2020	950,297
2021	594,556
2022	219,517
	$ 3,042,924

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

OPEB Liabilities

At June 30, 2019 the District reported a liability of $4,138,792 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2017 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the District's proportion was 0.05206714% and 0.05141022%.

MPSERS (Plan) Non-University Employers Net OPEB Liability

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

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

For the year ended June 30, 2019, the District recognized total OPEB expense of $206,152.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 770,335
Changes of assumptions	438,300	0
Net difference between projected and actual earnings on OPEB plan investments	0	159,064
Changes in proportion and differences between District contributions and proportionate share of contributions	49,572	1,463
District contributions subsequent to the measurement date	295,758	0
Total	$ 783,630	$ 930,862

$295,758 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2019	$ (110,814)
2020	(110,814)
2021	(110,814)
2022	(78,379)
2023	(32,169)
	$ (442,990)

H. Actuarial Assumptions

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

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

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

Inflation – 3.0%

Mortality assumptions –

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pension Discount Rate

A discount rate of 7.05% was used to measure the total pension liability (7.0% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.05% (7.0% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.05% (7.0% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	Discount Rate	1% Increase
$ 20,361,759	$ 15,508,726	$ 11,476,644

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

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

1% Decrease	Discount Rate	1% Increase
$ 4,968,535	$ 4,138,792	$ 3,440,876

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

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

1% Decrease	Healthcare Cost Trend Rates	1% Increase
$ 3,404,111	$ 4,138,792	$ 4,981,621

I. Pension and OPEB Plan Fiduciary Net Position

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

J. Payables to the Pension Plan

As of June 30, 2019, the District is current on all required pension and OPEB plan payments. As of June 30, 2019, the District reported payables in the amount of $236,387 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

K. Risk Management

The District is exposed to various risks of loss related to property loss, torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' (workers compensation) as well as medical benefits provided to employees.

The District participates in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessment to make up the deficiency.

The District also carries commercial insurance for various risks of loss such as student accident insurance.

L. Lease Information

The rental expense for the year ended June 30, 2019, was $28,547.

The rental expense consists of lease agreements on copiers and buses. The future minimum lease payments for these leases are as follows:

YEAR ENDING	PAYABLES
2020	$ 27,399
2021	16,709
2022	13,658
	$ 57,766

M. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. The following is a summary of the governmental long-term obligation transactions for the District for the year ended June 30, 2019:

	COMPENSATED ABSENCES	GENERAL OBLIGATION BONDS	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	NET PENSION AND OPEB LIABILITIES	SCHOOL LOAN REVOLVING FUND LOAN	TOTAL
Balance July 1, 2018	$ 222,330	$ 8,368,300	$ 149,215	$ 17,821,253	$ 0	$ 26,561,098
Additions	0	0	178,785	3,569,023	19,351	3,767,159
Deletions	(656)	(737,000)	(36,194)	(1,742,758)	0	(2,516,608)
Balance June 30, 2019	221,674	7,631,300	291,806	19,647,518	19,351	27,811,649
Less current portion	Unknown	(757,000)	(70,052)	Unknown	0	(827,052)
Total due after one year	$ 221,674	$ 6,874,300	$ 221,754	$ 19,647,518	$ 19,351	$ 26,984,597

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

Compensated Absences and Net Pension and OPEB Liabilities	
Compensated Absences of Employee Vested Sick Pay	$ 221,674
Net Pension Liability	15,508,726
Net OPEB Liability	4,138,792
Total Compensated Absences and Net Pension and OPEB Liabilities	19,869,192
Notes From Direct Borrowings and Direct Placements	
Plow truck installment loan due in annual installments of $6,737 through April 1, 2022, with interest at 2.14%	19,377
Three 2014 buses installment loan due in annual installments of $32,465 through July 30, 2021, with interest at 1.99%	93,644
Two 2016 buses installment loan due in annual installments of $21,563 through July 30, 2023, with interest at 3.59%	97,000
One 2020 bus installment loan due in annual installments of $16,455 to $18,263 through August 1, 2023, with interest at 3.79%	81,785
Total Notes From Direct Borrowings and Direct Placements	291,806
General Obligation Bonds	
2017 Refunding Bonds due in annual installments of $305,000 to $365,000 through May 1, 2027, with interest at 3.00%.	2,705,000
2014 Refunding Bonds due in annual installments of $195,000 to $395,000 through May 1, 2034, with interest from 3.00% to 3.625%.	4,555,000
2007 Limited Tax Qualified Zone Academy Bond (QZAB loan) due in one installment of $174,300 on October 17, 2022, with interest at 0%.	174,300
2006 Limited Tax Qualified Zone Academy Energy Conservation Bond (QZAB loan) due in annual installments of $5,000 through May 1, 2021, with interest at 0%.	10,000
2010 Limited Tax Qualified Zone Academy Energy Conservation Bond (QZAB loan) due in annual installments of $62,000 to $63,000 through May 1, 2022, with interest at 0%.	187,000
Total General Obligation Bonds	7,631,300
School Loan Revolving Fund Loans is from the State of Michigan and is necessary because the District's debt retirement millage was limited to 7.00 mills in 2018-2019. As long as the tax revenue from this millage is insufficient to make current debt service payments on the District's bonds, additional loans can be obtained in amounts sufficient to make bond and interest payments. No payments are due on these loans or accrued interest until such time as tax revenues exceed bond debt service requirements. Interest rates on these loans are variable, the rate during the year ended June 30, 2019 was 3.44213%. The accrued interest on these loans at June 30, 2019 totaled $126. The state may apply a default late charge on a note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.	19,351
Total Long-term Obligations	$ 27,811,649

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $291,806 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The annual requirements to amortize all long-term obligations outstanding exclusive of compensated absences and net pension and OPEB liabilities as of June 30, 2019, including interest payments of $1,681,525 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS PRINCIPAL	GENERAL OBLIGATION BONDS INTEREST	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS PRINCIPAL	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS INTEREST	TOTAL
2020	$ 757,000	$ 228,750	$ 70,052	$ 7,169	$ 1,062,971
2021	762,000	208,050	72,132	6,896	1,049,078
2022	603,000	187,200	74,160	4,867	869,227
2023	734,300	171,000	37,049	2,778	945,127
2024	565,000	154,200	38,412	1,415	759,027
2025-2029	2,430,000	515,550	0	0	2,945,550
2030-2034	1,780,000	193,650	0	0	1,973,650
	$ 7,631,300	$ 1,658,400	$ 291,805	$ 23,125	9,604,630
Net Pension Liability					15,508,726
Net OPEB Liability					4,138,792
Compensated Absences					221,674
					$ 29,473,822

The annual requirements to amortize the compensated absences, net pension and OPEB liabilities, and the School Loan Revolving Fund loan are not included above because it is unknown when the repayments will be made.

Compensated absences and pension and OPEB expenses will be paid by the fund in which the employee worked, including the general fund and other governmental funds. Accrued interest on the School Loan Revolving Fund Loan of $126 is treated as a long-term liability because it is not known when it will actually be paid.

N. Interfund Receivables and Payables

FUND	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	$ 12,419	$ 2,528
Food Service Fund	339	0
2017 Debt Retirement Fund	990	0
2014 Debt Retirement Fund	1,199	0
QZAB Debt Retirement Fund	0	7
Agency Fund	0	12,412
	$ 14,947	$ 14,947

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

O. Interfund Transfers

FUND	TRANSFERS IN	TRANSFERS OUT
General Fund	$ 0	$ 11,620
QZAB Debt Fund	11,620	0
	$ 11,620	$ 11,620

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

P. Commitments and Contingencies

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

Prior to year-end, the District committed to spend approximately $50,000 on improvements and renovations to the middle and high school gym floors. As of year-end, work in the amount of approximately $27,000 was completed and paid for leaving the difference of $23,000 for completion in the 2019-2020 year.

Q. Capital Projects Fund

The 2014 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code.

Beginning with the year of the bond issuance, the District has reported the annual construction activity in the 2014 Capital Projects Fund. The project for which the 2014 School Building and Site Bonds were issued was considered complete on June 30, 2018, and the cumulative expenditures recognized for the construction period were $4,441,619.

R. Subsequent Events

The District is in the process of borrowing short-term debt for cash flow purposes in the amount of $450,000 via a state aid anticipation note. In addition, the District will be borrowing another $71,734 from the School Loan Revolving Fund.

The District approved cement improvements at the elementary in the amount of $24,000 after June 30, 2019.

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

S. Single Audit

Current federal guidelines require entities with federal expenditures exceeding $750,000 to have a "single audit" of federally funded programs.

Revenues from Federal Sources - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 805,294
Federal Expenditures related to Qualified Zone Academy Bonds (no CFDA number) that are not required to be reported on the Schedule of Expenditures of Federal Awards and are not covered by Single Audit	(11,630)
	$ 793,664

The amount of expenditures of federal awards used for determining whether or not the District is required to have a "single audit" of federally funded programs is $793,664. Because this amount is more than the threshold of $750,000, the District was required to have a "single audit".

T. Restatement of Fund Balance/Net Position

During the 2018-2019 fiscal year, an adjustment was made to the fund balance and net position stated in the June 30, 2018 audit report. The prior period fund balance and net position was restated to show a prepaid expenditure/expense for general liability insurance. The following table summarizes the adjustments made to beginning fund balance and net position:

	Fund Balance	Net Position
General Fund and Governmental Activities - As Previously Reported as of June 30, 2018 (Deficit)	$ 1,541,993	$ (8,978,795)
Prepaid Expenditures/Expenses - General Liability Insurance	19,882	19,882
General Fund and Governmental Activities - Restated as of June 30, 2018 (Deficit)	$ 1,561,875	$ (8,958,913)

During the 2018-2019 fiscal year, an adjustment was made to the fund balance and net position stated in the June 30, 2018 audit report. The prior period fund balance and net position was restated to show a prepaid expenditure/expense for general liability insurance. The following table summarizes the adjustments made to beginning fund balance and net position:

NOTE 4 – UPCOMING ACCOUNTING PRONOUCEMENTS

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

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

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES			
Local Sources	$ 835,279	$ 832,696	$ 831,269
State Sources	8,178,719	8,131,719	8,133,006
Federal Sources	294,645	390,185	378,886
Other Transactions	88,310	89,837	89,051
Total Revenues	9,396,953	9,444,437	9,432,212
EXPENDITURES			
Instruction			
Basic Programs	4,669,532	4,604,047	4,595,996
Added Needs	1,084,750	1,110,821	1,081,355
Supporting Services			
Pupil	345,018	373,847	368,320
Instructional Staff	369,376	380,635	359,067
General Administration	275,349	288,141	282,516
School Administration	633,729	641,121	640,205
Business	183,647	176,098	172,032
Operation and Maintenance	781,279	766,526	749,896
Pupil Transportation Services	507,915	575,716	558,402
Central Services	208,754	204,340	200,842
Other Support Services	312,368	329,334	317,196
Community Services			
Community Activities	3,000	2,900	1,560
Custody and Care of Children	44,251	42,728	40,465
Other Community Services	5,500	6,600	5,564
Debt Service			
Principal	103,194	103,194	103,194
Interest	19,333	16,473	15,433
Total Expenditures	9,546,995	9,622,521	9,492,043
Excess (Deficiency) of Revenues Over Expenditures	(150,042)	(178,084)	(59,831)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(11,925)	(11,620)	(11,620)
Proceeds from Installment Purchase Agreement	102,000	178,785	178,785
Total Other Financing Sources (Uses)	90,075	167,165	167,165
Net Change in Fund Balance	(59,967)	(10,919)	107,334
FUND BALANCE - Beginning of Year - As Restated	1,374,057	1,541,993	1,561,875
FUND BALANCE - End of Year	$ 1,314,090	$ 1,531,074	$ 1,669,209

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)						0.05158947%	0.05120800%	0.0491144%	0.0468395%	0.0460900%
District's proportionate share of net pension liability						$ 15,508,726	$ 13,268,636	$ 12,253,638	$ 11,440,556	$ 10,151,321
District's covered payroll						4,434,991	4,331,911	4,095,086	4,096,859	3,940,146
District's proportionate share of net pension liability as a percentage of its covered payroll						349.69%	306.30%	299.23%	279.25%	257.64%
Plan fiduciary net position as a percentage of total pension liability						62.36%	64.21%	63.27%	63.17%	66.20%

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions						$ 1,365,049	$ 1,200,961	$ 1,196,013	$ 1,097,648	$ 894,445
Contributions in relation to statutorily required contributions *						1,365,049	1,200,961	1,196,013	1,097,648	894,445
Contribution deficiency (excess)						$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll						$ 4,480,037	$ 4,389,438	$ 4,303,022	$ 4,000,068	$ 3,946,602
Contributions as a percentage of covered payroll						30.47%	27.36%	27.79%	27.44%	22.66%

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)									0.05206714%	0.0514102%
District's proportionate share of net OPEB liability									$ 4,138,792	$ 4,552,617
District's covered payroll									4,434,991	4,331,911
District's proportionate share of net OPEB liability as a percentage of its covered payroll									93.32%	105.09%
Plan fiduciary net position as a percentage of total OPEB liability									42.95%	36.39%

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions									$ 337,091	$ 400,250
Contributions in relation to statutorily required contributions *									337,091	400,250
Contribution deficiency (excess)									$ 0	$ 0
Covered payroll									$ 4,480,037	$ 4,331,911
Contributions as a percentage of covered payroll									7.52%	9.24%

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

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

A. Changes of Benefit Terms:

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

B. Changes of Assumptions:

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

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET

JUNE 30, 2019

	SPECIAL REVENUE FUND	DEBT RETIREMENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	2017	2014	QZAB	
ASSETS					
Cash	$ 30,504	$ 52,968	$ 2,426	$ 60,584	$ 146,482
Investments	0	0	0	82,428	82,428
Accounts Receivable	37,252	0	0	0	37,252
Due from Other Funds	339	990	1,199	0	2,528
Due from Other Governmental Units	25,206	0	0	0	25,206
Inventory	10,456	0	0	0	10,456
TOTAL ASSETS	$ 103,757	$ 53,958	$ 3,625	$ 143,012	$ 304,352
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 17,785	$ 0	$ 0	$ 0	$ 17,785
Due to Other Funds	0	0	0	7	7
Accrued Expenses	9,460	0	0	0	9,460
Unearned Revenue	3,452	0	0	0	3,452
Total Liabilities	30,697	0	0	7	30,704
FUND BALANCES					
Nonspendable for Inventory	10,456	0	0	0	10,456
Restricted for Food Service	62,604	0	0	0	62,604
Restricted for Debt Service	0	53,958	3,625	143,005	200,588
Total Fund Balances	73,060	53,958	3,625	143,005	273,648
TOTAL LIABILITIES AND FUND BALANCES	$ 103,757	$ 53,958	$ 3,625	$ 143,012	$ 304,352

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

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

YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUND	DEBT RETIREMENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	2017	2014	QZAB	
REVENUES					
Local Sources	$ 145,796	$ 399,853	$ 491,482	$ 1,744	$ 1,038,875
State Sources	27,707	1,077	1,324	0	30,108
Federal Sources	426,408	0	0	0	426,408
Total Revenues	599,911	400,930	492,806	1,744	1,495,391
EXPENDITURES					
Food Service Activities	610,772	0	0	0	610,772
Debt Service					
Principal	0	305,000	365,000	0	670,000
Interest	0	90,300	158,550	0	248,850
Paying Agent Fees	0	596	393	51	1,040
Taxes Abated and Written Off	0	428	539	0	967
Total Expenditures	610,772	396,324	524,482	51	1,531,629
Excess (Deficiency) of Revenues Over Expenditures	(10,861)	4,606	(31,676)	1,693	(36,238)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	0	0	0	11,620	11,620
Proceeds from School Loan Revolving Fund	0	0	19,351	0	19,351
Total Other Financing Sources (Uses)	0	0	19,351	11,620	30,971
Net Change in Fund Balance	(10,861)	4,606	(12,325)	13,313	(5,267)
FUND BALANCE - Beginning of Year	83,921	49,352	15,950	129,692	278,915
FUND BALANCE - End of Year	$ 73,060	$ 53,958	$ 3,625	$ 143,005	$ 273,648

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2019

	BALANCE 7/01/18	RECEIPTS (Including Transfers)	DISBURSEMENTS (Including Transfers)	BALANCE 6/30/19
Art Club	$ 2,105	$ 547	$ 332	$ 2,320
Athletic Activity	3,924	1,299	2,596	2,627
Food Service Activity	0	811	0	811
Band Accessories	(17)	1,869	1,193	659
Band Accessories - St. Ann's	7	197	0	204
Baseball	2,499	3,122	3,926	1,695
Boy's Basketball	1,342	12,572	12,123	1,791
Girl's Basketball	919	9,831	9,067	1,683
Cheerleading - High School	3,042	3,042	3,992	2,092
Checking Account Interest	1,669	445	722	1,392
Class of 2009	431	0	0	431
Class of 2010	113	0	0	113
Class of 2011	196	0	0	196
Class of 2012	34	0	0	34
Class of 2013	149	0	0	149
Class of 2014	641	0	0	641
Class of 2015	642	0	0	642
Class of 2016	47	0	0	47
Class of 2017	1,097	0	0	1,097
Class of 2018	7,851	0	5,361	2,490
Class of 2019	14,262	5,321	17,067	2,516
Class of 2020	1,665	21,664	10,857	12,472
Class of 2021	607	2,541	1,708	1,440
Class of 2022	0	2,058	(25)	2,083
Cross Country	(919)	4,510	5,056	(1,465)
Eighth Grade	899	250	(600)	1,749
Elementary Activity	11,938	4,127	10,718	5,347
Fifth Grade	252	465	172	545
First Robotics	0	1,944	1,075	869
Football	511	5,519	3,224	2,806
Golf	372	0	0	372
High School Activity	4,468	2,997	2,522	4,943
Junior Running Rangers	948	400	560	788
Latchkey	263	35	50	248
Library - High School	3,324	3,955	3,970	3,309
Manton PTO	5,348	8,507	11,856	1,999

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2019

	BALANCE 7/01/18	RECEIPTS (Including Transfers)	DISBURSEMENTS (Including Transfers)	BALANCE 6/30/19
Middle School - Chicago	1,788	9,758	8,311	3,235
Middle School Activity	6,998	11,065	14,060	4,003
National Honor Society	903	2,171	1,969	1,105
Natural Helpers	302	0	0	302
Odyssey of the Mind	2,670	0	135	2,535
O'Brien - Quy Scholarship	20,000	0	0	20,000
Outdoor Activity	217	0	(250)	467
Outdoor Education	3,652	30,012	24,858	8,806
Play 60 Grant	0	4,729	3,668	1,061
Seventh Grade	2,208	250	510	1,948
Sixth Grade	118	276	61	333
Softball - Girl's	2,791	3,571	3,983	2,379
Student Council - Jr. High	2,038	5,535	5,627	1,946
Student Council - High School	2,093	3,321	2,587	2,827
Tech Deposits & Repairs (Elem)	0	7,543	7,543	0
Tech Deposits & Repairs (MS)	8,423	3,655	7,840	4,238
Tech Deposits & Repairs (HS)	12,726	4,998	7,840	9,884
Track and Field	262	329	443	148
Weight Room	389	0	389	0
Wrestling Club	6,216	2,627	389	8,454
Volleyball	1,046	5,443	5,432	1,057
Yearbook	4,670	6,101	5,513	5,258
	$ 150,139	$ 199,412	$ 208,430	$ 141,121
Represented by				
Assets				
Cash on Deposit	$ 158,265			$ 153,533
Liabilities				
Due to Groups and Organizations	$ 150,139			$ 141,121
Due to General Fund	8,126			12,412
Total Liabilities	$ 158,265			$ 153,533

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2017 REFUNDING BONDS PAYABLE SCHEDULE
JUNE 30, 2019

TITLE OF ISSUE	2017 Refunding Bonds		
PURPOSE	The Bonds were issued for the purpose of refunding a portion of the District's outstanding 2007 School Building and Site Bonds, dated April 3, 2007.		
DATE OF ISSUE	March 9, 2017		
INTEREST PAYABLE	May 1, and November 1, of each year		
AMOUNT OF ISSUE			$ 3,325,000
AMOUNT REDEEMED			
Prior to Current Year		$ 315,000	
Current Year		305,000	620,000
BALANCE OUTSTANDING - June 30, 2019			$ 2,705,000

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
November 1, 2019			$ 40,575	$ 40,575
May 1, 2020	3.00%	$ 305,000	40,575	345,575
November 1, 2020			36,000	36,000
May 1, 2021	3.00%	300,000	36,000	336,000
November 1, 2021			31,500	31,500
May 1, 2022	3.00%	345,000	31,500	376,500
November 1, 2022			26,325	26,325
May 1, 2023	3.00%	365,000	26,325	391,325
November 1, 2023			20,850	20,850
May 1, 2024	3.00%	355,000	20,850	375,850
November 1, 2024			15,525	15,525
May 1, 2025	3.00%	350,000	15,525	365,525
November 1, 2025			10,275	10,275
May 1, 2026	3.00%	345,000	10,275	355,275
November 1, 2026			5,100	5,100
May 1, 2027	3.00%	340,000	5,100	345,100
		$ 2,705,000	$ 372,300	$ 3,077,300

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2014 REFUNDING BONDS PAYABLE SCHEDULE
JUNE 30, 2019

TITLE OF ISSUE	2014 Refunding Bonds (General Obligation-Unlimited Tax)		
PURPOSE	The Bonds were issued for the purpose of refunding a portion of the District's outstanding 2003 School Building and Site Bonds, dated May 22, 2003.		
DATE OF ISSUE	May 6, 2014		
INTEREST PAYABLE	May 1, and November 1, of each year		
AMOUNT OF ISSUE			$ 5,935,000
AMOUNT REDEEMED			
Prior to Current Year		$ 1,015,000	
Current Year		365,000	1,380,000
BALANCE OUTSTANDING - June 30, 2019			$ 4,555,000

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
November 1, 2019			$ 73,800	$ 73,800
May 1, 2020	3.000%	$ 385,000	73,800	458,800
November 1, 2020			68,025	68,025
May 1, 2021	3.000%	395,000	68,025	463,025
November 1, 2021			62,100	62,100
May 1, 2022	3.000%	195,000	62,100	257,100
November 1, 2022			59,175	59,175
May 1, 2023	3.000%	195,000	59,175	254,175
November 1, 2023			56,250	56,250
May 1, 2024	3.000%	210,000	56,250	266,250
November 1, 2024			53,100	53,100
May 1, 2025	3.000%	230,000	53,100	283,100
November 1, 2025			49,650	49,650
May 1, 2026	3.000%	260,000	49,650	309,650
November 1, 2026			45,750	45,750
May 1, 2027	3.000%	285,000	45,750	330,750
November 1, 2027			41,475	41,475
May 1, 2028	3.000%	305,000	41,475	346,475
November 1, 2028			36,900	36,900

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2014 REFUNDING BONDS PAYABLE SCHEDULE
JUNE 30, 2019

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
May 1, 2029	3.500%	315,000	36,900	351,900
November 1, 2029			31,388	31,388
May 1, 2030	3.500%	330,000	31,387	361,387
November 1, 2030			25,613	25,613
May 1, 2031	3.500%	345,000	25,612	370,612
November 1, 2031			19,575	19,575
May 1, 2032	3.500%	355,000	19,575	374,575
November 1, 2032			13,363	13,363
May 1, 2033	3.500%	370,000	13,362	383,362
November 1, 2033			6,888	6,888
May 1, 2034	3.625%	380,000	6,887	386,887
		$ 4,555,000	$ 1,286,100	$ 5,841,100

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2007 QUALIFIED ZONE ACADEMY BONDS
JUNE 30, 2019

TITLE OF ISSUE	2007 School Building and Site Bonds (Qualified Zone Academy Bonds)	
PURPOSE	The Bonds were issued for the purpose of acquiring and installing gym bleacher expansions, acquiring lawn equipment, and developing and improving the athletic complex, athletic parking lot and bus parking lot.	
DATE OF ISSUE	October 17, 2007	
INTEREST RATE	0.00%	
AMOUNT OF ISSUE		$ 174,300
AMOUNT REDEEMED		0
BALANCE OUTSTANDING - June 30, 2019		$ 174,300

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
October 17, 2022	0.00%	$ 174,300	$ 0	$ 174,300

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2006 QUALIFIED ZONE ACADEMY BONDS
JUNE 30, 2019

TITLE OF ISSUE	2006 Energy Conservation Improvement Bonds (Qualified Zone Academy Bonds)		
PURPOSE	The Bonds were issued for the purpose of financing the costs of energy conservation improvements to school facilities.		
DATE OF ISSUE	August 9, 2006		
INTEREST RATE	0.00%		
AMOUNT OF ISSUE			$ 75,000
AMOUNT REDEEMED			
Prior to Current Year		$ 60,000	
Current Year		5,000	65,000
BALANCE OUTSTANDING - June 30, 2019			$ 10,000

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
May 1, 2020	0.00%	$ 5,000	$ 0	$ 5,000
May 1, 2021	0.00%	5,000	0	5,000
		$ 10,000	$ 0	$ 10,000

MANTON CONSOLIDATED SCHOOLS
MANTON, MICHIGAN

2010 QUALIFIED ZONE ACADEMY BONDS
JUNE 30, 2019

TITLE OF ISSUE	2010 Energy Conservation Improvement Bonds (Qualified Zone Academy Bonds)		
PURPOSE	The Bonds were issued for the purpose of financing the costs of energy conservation improvements to school facilities.		
DATE OF ISSUE	December 15, 2010		
INTEREST RATE	0.00%		
AMOUNT OF ISSUE			$ 745,000
AMOUNT REDEEMED			
Prior to Current Year		$ 496,000	
Current Year		62,000	558,000
BALANCE OUTSTANDING - June 30, 2019			$ 187,000

DUE DATES	INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
May 1, 2020	0.00%	$ 62,000	$ 0	$ 62,000
May 1, 2021	0.00%	62,000	0	62,000
May 1, 2022	0.00%	63,000	0	63,000
		$ 187,000	$ 0	$ 187,000