WILLIAMSTON COMMUNITY SCHOOLS

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

YEAR ENDED JUNE 30, 2019

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Williamston Community Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Williamston Community Schools' 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*, issue 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 Williamston Community Schools 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional supplementary 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 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 additional supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 25, 2019 on our consideration of Williamston Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Williamston Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamston Community Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

October 25, 2019

WILLIAMSTON COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Williamston Community Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Governmental funds revenues increased to $24.5 million compared to $22.4 million at June 30, 2018. Governmental fund expenditures were $29.9 million compared to $29.4 million at June 30, 2018.

- General Fund revenues were $19.6 million, $642,000 more than General Fund expenditures and transfers.

- State Aid Foundation Allowance increased by $240 per student to $7,871 per student.

- The District's fall student count increased to 1,891 pupils, an increase of 48 students over last year.

- The District participates in the School Bond Loan Fund (SBLF) and the School Loan Revolving Fund (SLRF) which allows districts to maintain level debt millages throughout the life of a bond. This feature can, however, create a net deficit in the District-wide financials statements in the short term, with future debt millages restoring the net position of the District once the bonded debt is reduced. The District decreased its outstanding long-term debt $2.1 million or 5%.

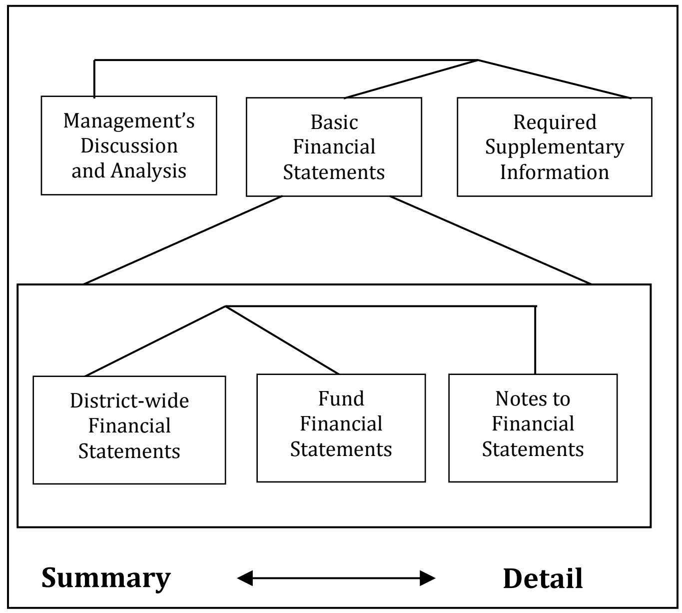
- The total taxable value of property in the District increased 1.50%. The five-year average for taxable value increases is 3.02%

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

Figure A-1
Organization of Williamston Community Schools' Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2
Major Features of District-wide and Fund Financial Statements

		Fund Financial Statements	
Scope	District-wide Statements	Governmental Funds	Fiduciary Funds
	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term, Williamston's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE FINANCIAL STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include *all* of the District's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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, deferred outflows, deferred inflows and liabilities - is one way to measure the District's financial health or *position*.

- Over time, increases or 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, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- *Governmental activities* - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. 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 establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch).

The District has two kinds of funds:

- *Governmental funds* - Most of 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 you determine whether there are more or fewer 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 District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

- *Fiduciary funds* - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. 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. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position (deficit) - The District's *combined* net deficit was lower on June 30, 2019, than the year before, decreasing to ($41.539) million. The District's net deficit results from participating for many years in the School Bond Loan Fund (SBLF) and School Loan Revolving Fund (SLRF) programs as well as recording net unfunded pension liability and net unfunded other postemployment benefits liability. These programs allow districts to levy the same debt service property tax millage rate over the life of a bond issue. During the early years of participation in the SBLF and SLRF, the property tax levy is less than is required for debt service and districts in the program borrow from the SBLF and SLRF to make up the difference. During the later years of participation, the property tax levy remains level and is greater than is required for debt service. Districts use the excess to pay back the SBLF and SLRF. The District has been in the SBLF since 1997, and SLRF since 2000. It is important to note that the Board of Education has full authority to levy the necessary taxes to meet bond issue debt service requirements.

Table A-3
Williamston Community Schools Net Position

	2019	2018
Current assets	$ 8,191,531	$ 6,714,331
Capital assets, net of depreciation	37,219,993	38,196,931
Total assets	45,411,524	44,911,262
Deferred outflows of resources	12,472,426	7,422,223
Noncurrent liabilities	46,380,218	39,760,760
Other liabilities	6,203,199	13,743,857
Net pension liability	32,110,647	28,106,439
Net other postemployment benefit liability	8,415,702	9,619,784
Total liabilities	93,109,766	91,230,840
Deferred inflows of resources	6,326,868	3,590,444
Net position		
Net investment in capital assets	(7,282,255)	(9,244,387)
Restricted	793,792	1,236,811
Unrestricted	(35,064,221)	(34,480,223)
Total net position	$ (41,552,684)	$ (42,487,799)

Table A-4
Changes in Williamston Community Schools Net Position

	2019	2018
Revenues		
Program revenues		
Charges for service	$ 1,110,273	$ 1,111,014
Federal and state categorical grants	3,341,818	3,231,163
General revenues		
Property taxes	5,412,150	5,286,542
State aid-unrestricted	13,346,955	12,205,670
Other	1,409,807	901,155
Total revenues	24,621,003	22,735,544
Expenses		
Instruction	12,089,601	11,503,459
Supporting services	7,199,877	6,339,528
Community services	876,197	840,025
Food service	481,171	470,998
Interest on long-term debt	1,756,971	1,639,127
Unallocated depreciation	1,282,071	1,291,159
Total expenses	23,685,888	22,084,296
Change in net position	$ 935,115	$ 651,248

District Governmental Activities

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our before-and-after-care program, Kids Corner/Little Hornets, and our school breakfast and lunch program seek to be self-supporting and cost effective.

- The state per pupil foundation allowance increased $240 per student to $7,871.

- Food Service fund balance decreased $2,879 on revenues of $486,973.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of $2.15 million. The General Fund's fund balance increased approximately $640,000 to $1.34 million.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts, and must be estimated or projected. Over the course of the budget year, the District revises the annual operating budget several times. For fiscal year 2018-2019, these budget amendments included:

- Changes adopted in the third and fourth quarters of the fiscal year to account for final enrollment counts, changes in assumptions since the original budget was adopted.

The District's original budget called for an increase of $300,000 before transfers. The budget amendment approved in June of 2019 called for budget increase of $585,000 before transfers. Actual revenues and transfers exceeded expenditures and transfers by $641,739 at year end. Actual budget variance at year-end June 30, 2019 was 0.04% of expenditures.

- Actual revenues were $252,300 more than budgeted. This variance was due primarily to normal anticipated budget variances.

- Actual expenditures were $281,812 higher than budgeted. This variance was due primarily to normal anticipated budget variances.

- Actual other financing sources and uses were $21,251 greater than budgeted. This variance was due primarily to normal anticipated budget variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2019, the District had invested over $66.9 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year exceeded $1.2 million.

Table A-5
Williamston Community Schools Capital Assets

	2019	2018
Land	$ 1,341,655	$ 1,341,655
Buildings and building improvements	60,601,670	60,341,674
Vehicles and equipment	4,965,202	5,156,275
	66,908,527	66,839,604
Accumulated depreciation	29,688,534	28,642,673
Total	$ 37,219,993	$ 38,196,931

Long-term Debt

At year-end the District had $44.9 million in general obligation bonds and other long-term debt outstanding - a net increase of 4.48% from last year. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

Table A-6
Williamston Community Schools Outstanding Long-term Debt

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
1996 Building and Site Bonds	$ 8,050,000	$ -	$ 1,150,000	$ 6,900,000
2015 Refunding Series A	12,150,000	-	1,025,000	11,125,000
2015 Refunding Series B	12,500,000	-	6,125,000	6,375,000
Installment loan	76,043	-	17,184	58,859
Michigan School Bond Loans				
Principal and interest	14,285,176	6,208,318	-	20,493,494
	$ 47,061,219	$ 6,208,318	$ 8,317,184	$ 44,952,353

- The District continued to pay down its debt, retiring $8.3 million of outstanding bonds.

- The District borrowed $5.7 million from the School Loan Revolving Fund during 2018-2019. This leaves an outstanding SBLF and SLRF balance of approximately $20.5 million at year-end.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- All employee contracts were settled as of June 30, 2019. All increases in contract settlements were included in the budget adopted by the board in June 2019.

- The state had not passed its budget for 2019-20 at the time of our budget adoption. Our 2019-20 budget was adopted using $100 per pupil increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Williamston Community Schools, 418 Highland Street, Williamston, Michigan 48895.

BASIC FINANCIAL STATEMENTS

WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 4,561,396
Investments	1,023
Receivables	
Accounts receivable	118,726
Intergovernmental	3,174,515
Inventories	48,766
Prepaids	287,105
Capital assets not being depreciated	1,341,655
Capital assets, net of accumulated depreciation	35,878,338
TOTAL ASSETS	45,411,524
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net of amortization	262,880
Related to pensions	10,568,200
Related to other postemployment benefits	1,641,346
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,472,426
LIABILITIES	
Accounts payable	242,018
Accrued salaries and related items	982,824
Accrued retirement	550,891
Accrued interest	259,760
Unearned revenue	17,706
Notes payable	4,150,000
Noncurrent liabilities	
Due within a year	8,693,711
Due in more than one year	37,686,507
Net pension liability	32,110,647
Net OPEB liability	8,415,702
TOTAL LIABILITIES	93,109,766
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	3,046,358
Related to state aid funding for pension	1,168,768
Related to other postemployment benefits	2,111,742
TOTAL DEFERRED INFLOWS OF RESOURCES	6,326,868
NET POSITION	
Net investment in capital assets	(7,282,255)
Restricted for debt service	793,792
Unrestricted	(35,064,221)
TOTAL NET POSITION	$ (41,552,684)

See notes to financial statements.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Governmental Activities Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 12,089,601	$ 10,625	$ 2,955,886	$ (9,123,090)
Supporting services	7,199,877	199,233	149,679	(6,850,965)
Community services	876,197	644,212	1,050	(230,935)
Food service	481,171	256,203	235,203	10,235
Interest on long-term debt	1,756,971	-	-	(1,756,971)
Unallocated depreciation	1,282,071	-	-	(1,282,071)
Total governmental activities	$ 23,685,888	$ 1,110,273	$ 3,341,818	(19,233,797)
General revenues				
Property taxes, levied for general purposes				1,301,865
Property taxes, levied for community services				318,578
Property taxes, levied for debt service				3,366,834
Property taxes, levied for sinking fund				424,873
State sources - unrestricted				13,346,955
Investment sources				1,970
Intermediate sources				1,330,854
Other				76,983
Total general revenues				20,168,912
CHANGE IN NET POSITION				935,115
NET POSITION, beginning of year				(42,487,799)
NET POSITION, end of year				$ (41,552,684)

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	2015 Refunding Bonds Series B	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 3,561,789	$ 270,224	$ 729,383	$ 4,561,396
Investments	411	-	612	1,023
Receivables:				
Accounts receivable	115,064	-	3,662	118,726
Intergovernmental	3,171,641	-	2,874	3,174,515
Due from other funds	126,278	-	588,639	714,917
Inventories	34,710	-	14,056	48,766
Prepaids	287,105	-	-	287,105
TOTAL ASSETS	$ 7,296,998	$ 270,224	$ 1,339,226	$ 8,906,448
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Payables:				
Accounts payable	$ 180,344	$ -	$ 61,674	$ 242,018
Due to other funds	-	270,224	444,693	714,917
Accrued salaries	880,466	-	1,249	881,715
Accrued retirement	550,564		327	550,891
Accrued interest	94,006	-	-	94,006
Other accrued liabilities	100,652	-	457	101,109
Unearned revenue	2,295	-	15,411	17,706
Short-term notes payable	4,150,000	-	-	4,150,000
TOTAL LIABILITIES	5,958,327	270,224	523,811	6,752,362
FUND BALANCES (DEFICITS)				
Nonspendable				
Inventories	34,710	-	14,056	48,766
Prepaids	287,105	-	-	287,105
Restricted for				
Debt service	-	-	959,546	959,546
Community services	-	-	25,293	25,293
Unassigned				
General fund	1,016,856			1,016,856
Food service	-	-	(11,774)	(11,774)
Capital projects	-	-	(171,706)	(171,706)
TOTAL FUND BALANCES	1,338,671	-	815,415	2,154,086
TOTAL LIABILITIES AND FUND BALANCES	$ 7,296,998	$ 270,224	$ 1,339,226	$ 8,906,448

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total governmental fund balances		$ 2,154,086
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 66,907,432	
Accumulated depreciation is	(29,687,439)	
		37,219,993
Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:		
Deferred outflows of resources - deferred charge on refunding, net of amortization		262,880
Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Pension/OPEB contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and the differences between projected and actual plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:		
Deferred outflows of resources - related to pensions		10,568,200
Deferred outflows of resources - related to other postemployment benefits		1,641,346
Deferred inflows of resources - related to pensions		(3,046,358)
Deferred inflows of resources - related to other postemployment benefits		(2,111,742)
Deferred inflows of resources - related to state pension funding		(1,168,768)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds payable and notes from direct borrowing and direct placements		(45,882,733)
Compensated absences and severance benefits		(497,485)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(165,754)
Net pension liability		(32,110,647)
Net other postemployment benefits liability		(8,415,702)
Net position of governmental activities		$ (41,552,684)

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	General Fund	2015 Refunding Bonds Series B	Nonmajor Governmental Funds	Total
REVENUES				
Local sources				
Property taxes	$ 1,301,865	$ 974,836	$ 3,135,449	$ 5,412,150
Tuition	477,676	-	-	477,676
Investment earnings	5	254	1,711	1,970
Food sales, athletics, and community service	160,968	-	429,676	590,644
Other	227,474	-	-	227,474
Total local sources	2,167,988	975,090	3,566,836	6,709,914
State sources	15,871,505	7,672	40,601	15,919,778
Federal sources	387,864	-	219,401	607,265
Incoming transfers and other	1,222,033	-	-	1,222,033
TOTAL REVENUES	19,649,390	982,762	3,826,838	24,458,990
EXPENDITURES				
Current				
Instruction	11,594,755	-	-	11,594,755
Supporting services	7,070,175	-	-	7,070,175
Community services	428,972	-	443,110	872,082
Food service	-	-	469,852	469,852
Capital outlay	-	-	382,240	382,240
Debt service				
Principal retirement	-	6,125,000	2,175,000	8,300,000
Interest, fiscal, and other charges	-	316,838	928,750	1,245,588
TOTAL EXPENDITURES	19,093,902	6,441,838	4,398,952	29,934,692
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	555,488	(5,459,076)	(572,114)	(5,475,702)
OTHER FINANCING SOURCES (USES)				
Proceeds from school loan revolving fund	-	5,088,104	608,831	5,696,935
Transfers in	81,751	-	-	81,751
Proceeds from sale of capital assets	4,500	-	-	4,500
Transfers out	-	-	(81,751)	(81,751)
TOTAL OTHER FINANCING SOURCES (USES)	86,251	5,088,104	527,080	5,701,435
NET CHANGE IN FUND BALANCES	641,739	(370,972)	(45,034)	225,733
FUND BALANCES				
Beginning of year	696,932	370,972	860,449	1,928,353
End of year	$ 1,338,671	$ -	$ 815,415	$ 2,154,086

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	$ 225,733
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,282,071)
Capital outlay	305,133
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 the year	207,598
Accrued interest payable, end of the year	(165,754)
The issuance of long-term debt (e.g., bonds) provides current financial resources to any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from school loan revolving fund	(5,696,935)
Payments on debt	8,317,184
Amortization of deferred charge on refunding	(23,898)
Amortization of bond premium	87,719
Long-term interest on school bond loan fund (accrued)	(46)
Long-term interest on school loan revolving fund (accrued)	(511,337)
Compensated absences and severance benefits 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:	
Accrued compensated absences, beginning of the year	431,723
Accrued compensated absences, end of the year	(497,485)
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:	
Pension related items	(1,048,006)
Other postemployment benefit items	428,044
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefits contributions subsequent to the measurement period:	
State aid funding for pension benefits	157,513
Change in net position of governmental activities	$ 935,115

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	$ 7,713	$ 107,007
LIABILITIES		
Due to students		
High School	-	79,274
Middle School	-	27,733
TOTAL LIABILITIES	-	107,007
FUND BALANCE		
Held in trust for private purposes	$ 7,713	$ -

See notes to financial statements.

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

	Private Purpose Trust Funds
REVENUES	
Contributions	
Private contributions	$ -
EXPENDITURES	
Other supporting services	-
NET CHANGE IN FUND BALANCES	-
FUND BALANCES	
Beginning of year	7,713
End of year	$ 7,713

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

The Williamston Community Schools (the "District") is governed by the Williamston Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal 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 the accounting principles generally accepted in the United States of America. 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. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

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.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District'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. 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 *2015 Refunding Bond Series B* accounts for restricted revenues used to make payments on the 2015 Series B refunding bonds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Other Nonmajor Funds

The *special revenue funds* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and community service activities in the special revenue funds.

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

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

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 (primarily student activities).

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

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

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 process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates 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.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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 District considers revenues to be available if they are generally 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 debt 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. 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).

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 current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as intergovernmental receivables.

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 and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary basis of accounting (continued):

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

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

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

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

e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year end June 30, 2019. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.

Investments

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments (continued)

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments 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.

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	50 years
Equipment	5-20 years
Vehicles	8 years

Defined Benefit Plans

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Outflows

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

Deferred Inflows

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

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.

In the computation of invested in capital assets, net of related debt, school bond loan fund and school bond revolving fund principal proceeds of $19,630,889 are considered capital-related debt. Accrued interest on the school bond loan fund and school bond revolving fund of $862,605 is not considered capital related debt.

In addition, during the year ended June 30, 2016 the District issued bonded debt in the amount of $24,500,000 used to make principal and interest payments related to the School Loan Revolving fund and the School Bond Loan Fund. 4% of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2019 is $255,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Flow Assumptions

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.

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 Board of Education is the highest level of decision-making authority for the District that can, by adoption of a Board Action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the Board Action remains in place until a similar action is taken (the adoption of another board action) 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 Board of Education 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.

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 5% of the preceding year's expenditures.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* 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 requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

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

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.8400
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9893
Community services fund	
PRE, Non-PRE, Commercial Personal Property	0.7419

Compensated Absences

The District’s policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee leaves, resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the 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 debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Investment type	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF External Investment pool - CMC	$ 102	0.0027	AAAm	9.97%
MILAF External Investment pool - MAX	904	0.0027	AAAm	88.37%
Michigan Class - pooled short term investments	17	0.0027	AAAm	1.66%
Total fair value	$ 1,023			100.00%
Portfolio weighted average maturity		0.0027		

1 day maturity equals 0.0027, one year equals 1.00

The District voluntarily invests certain excess funds in pooled short-term investment funds which included money market funds. One of the pooled investment funds utilized by the District is Michigan Class. Michigan Class is an external money market fund of "qualified" investments for Michigan school districts. Michigan Class is not regulated nor is it registered with the SEC. Michigan Class reports as of June 30, 2019, the fair value of the District's investments is the same as the value of the pool shares.

Michigan Class funds are a local governmental investment pool as defined by the GASB and as such are recorded at fair value. These funds are subject to the fair value disclosures.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. The pooled investments funds utilized by the District are the Michigan Investment Liquid Asset Funds (MILAF). These are external pooled investment funds of "qualified" investments for Michigan school districts. MILAF is not regulated nor are they 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 pool shares.

The MILAF External Investment Pool–CMF consists of money market funds and are recorded at amortized cost which approximates fair value. These funds are not subject to the fair value disclosures.

MILAF MAX funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF-Max fund requires notification of redemptions prior 14 days to avoid penalties. The money market funds are also recorded at amortized cost which approximate fair value. These funds are not subject to the fair value disclosure.

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 (NRSROs).

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2019, $4,744,396 of the District's bank balance of $4,994,396 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The carrying value on the books for deposits at the end of the year was $4,676,116.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

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

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

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

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

The 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.

The District's Michigan Class Investments are valued at Level 2.

At June 30, 2019, the carrying amount is as follows:

Deposits - including fiduciary funds of $114,720	$ 4,676,116
Investments	1,023
	$ 4,677,139

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

Cash and cash equivalents - District-wide	$ 4,561,396
Cash and cash equivalents - Fiduciary funds	114,720
Investments - District-wide	1,023
	$ 4,677,139

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2019 consist of the following:

State aid - Michigan Department of Education	$ 2,878,799
Federal	270,209
Intermediate school district and other	25,507
	$ 3,174,515

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,341,655	$ -	$ -	$ 1,341,655
Capital assets, being depreciated				
Buildings and building improvements	60,341,674	259,996	-	60,601,670
Vehicles and equipment	5,156,275	45,137	(236,210)	4,965,202
Total capital assets, being depreciated	65,497,949	305,133	(236,210)	65,566,872
Accumulated depreciation				
Buildings and building improvements	24,103,645	1,133,549	-	25,237,194
Vehicles and equipment	4,539,028	148,522	(236,210)	4,451,340
Total accumulated depreciation	28,642,673	1,282,071	(236,210)	29,688,534
Net capital assets being depreciated	36,855,276	(976,938)	-	35,878,338
Net governmental capital assets	$ 38,196,931	$ (976,938)	$ -	$ 37,219,993

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation for the fiscal year ended June 30, 2019 amounted to $1,282,071. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - NOTE PAYABLE - STATE AID ANTICIPATION NOTE

At June 30, 2019, the District issued state aid anticipation notes payable in the amount of $4,750,000 with interest rates between 1.75% and 2.50% and maturity dates through August 20, 2019. Proceeds of the notes were used to fund school operations. 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 notes, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. One note requires payments to an irrevocable set-aside account for principal and accrued interest at June 30, 2019. At year end, the balance of these payments in the amount of $600,000 is considered defeased debt and is not included in the year-end balance. Activity for the year ended June 30, 2019 is as follows:

Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
$ 3,391,167	$ 4,750,000	$ 3,991,167	$ 4,150,000

NOTE 6 - LONG-TERM OBLIGATIONS

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

		Notes from Direct Borrowings and Direct Placements				
	General Obligation Bonds	Installment Loan	School Bond Loan Fund	School Loan Revolving Fund	Compensated Absences	Total
Balance July 1, 2018	$ 33,718,099	$ 76,043	$ 1,377	$ 14,283,799	$ 431,723	$ 48,511,041
Additions	-	-	46	6,208,272	65,762	6,274,080
Deletions	(8,387,719)	(17,184)	-	-	-	(8,404,903)
Balance June 30, 2019	25,330,380	58,859	1,423	20,492,071	497,485	46,380,218
Due within one year	(8,550,000)	(18,348)	-	-	(125,363)	(8,693,711)
Due in more than one year	$ 16,780,380	$ 40,511	$ 1,423	$ 20,492,071	$ 372,122	$ 37,686,507

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2019 is comprised of the following issues:

General Obligation Bonds	
$27,535,000 School Building and Site Bonds dated January 1, 1996, due in annual installments of $1,150,000 through May 1, 2025 with interest of 5.5%, payable semi-annually.	$ 6,900,000
$14,690,000 Refunding Bond, Series A dated September 29, 2015, due in annual installments ranging from $1,000,000 to $1,025,000 through May 1, 2030 with interest ranging from 3.0% to 5.0%, payable semi-annually.	11,125,000
$24,500,000 Refunding Bond, Series B dated September 29, 2015, due in an annual installment of $6,375,000 on May 1, 2020 with an interest rate of 2.667%, payable semi-annually.	6,375,000
Plus premium on bond issuances	930,380
Total general obligation bonds	25,330,380
Notes from Direct Borrowings and Direct Placements	
$92,137 installment note dated July 7, 2017, due in monthly installments of $1,806, including interest of 6.57%, through June 7, 2022.	58,859
Borrowings from the State of Michigan under the School Bond Loan Fund, including interest at 3.44% at June 30, 2019.	1,423
Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest at 3.44% at June 30, 2019.	20,492,071
Total notes from direct borrowings and direct placements	20,552,353
Total general obligation bonds and notes from direct borrowings and direct placements	45,882,733
Obligation under contract for compensated absences	497,485
Total general long-term obligations	$ 46,380,218

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $58,859 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.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, $11,000,000 of bonds outstanding are considered defeased.

Borrowing from the State of Michigan - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2019 was 3.44%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.84 mills. The school district is required to levy 7.84 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 7.84 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

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

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements			
Year Ending June 30,	Principal	Interest	Principal	Interest	Compensated Absences	Total
2020	$ 8,550,000	$ 994,522	$ 18,348	$ 3,322	$ -	$ 9,566,192
2021	2,175,000	720,250	19,592	2,079	-	2,916,921
2022	2,175,000	616,000	20,919	752	-	2,812,671
2023	2,175,000	511,750	-	-	-	2,686,750
2024	2,175,000	375,875	-	-	-	2,550,875
2025-2029	6,150,000	863,250	-	-	-	7,013,250
2030	1,000,000	35,000	-	-	-	1,035,000
Total	24,400,000	4,116,647	58,859	6,153	-	28,581,659
Issuance premium	930,380	-	-	-	-	930,380
School bond loan fund	-	-	1,262	161	-	1,423
School revolving fund	-	-	19,629,627	862,444	-	20,492,071
Compensated absences	-	-	-	-	497,485	497,485
	$ 25,330,380	$ 4,116,647	$ 19,689,748	$ 868,758	$ 497,485	$ 50,503,018

Interest expense (all funds) for the year ended June 30, 2019 was approximately $1,245,000.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2019 are as follows:

Receivable Fund		Payable Fund	
General fund	$ 126,278	Food service	$ 3,049
Community fund	30,577	Debt service - 2015A	181,254
Debt service - 1996	558,062	Debt service - 2015B	270,224
		Sinking fund	260,390
	$ 714,917		$ 714,917

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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

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

Pension Reform 2012

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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 transient date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% 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 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

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

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

Final Average Compensation (FAC) - Average of 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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan 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% - 17.89%	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 $3,009,000, with $2,948,000 specifically for the Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2019 were equal to the required contribution total. OPEB benefits were approximately $896,000, with $849,000 specifically for the Defined Benefit Plan.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 $32,110,647 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 0.10682% and 0.10846%.

MPSERS (Plan) Non-university Employers	September 30, 2018	September 30, 2017
Total Pension Liability	$ 79,863,694,444	$ 72,407,218,688
Plan Fiduciary Net Position	49,801,889,205	46,492,967,561
Net Pension Liability	30,061,805,239	25,914,251,127
Proportionate Share	0.10682%	0.10846%
Net Pension Liability for the District	$ 32,110,647	$ 28,106,439

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

For the year ended June 30, 2019, the District recognized pension expense of $3,995,786.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 258,575	$ (617,463)
Differences between expected and actual experience	148,999	(233,343)
Changes of assumptions	7,436,799	-
Net differences between projected and actual earnings on pension plan investments	-	(2,195,552)
Reporting Unit's contributions subsequent to the measurement date	2,723,827	-
	$ 10,568,200	$ (3,046,358)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

$2,723,827 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2019	$ 2,019,202
2020	1,460,806
2021	932,771
2022	385,236

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 $8,415,702 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 0.10587% and 0.10863%.

MPSERS (Plan) Non-university Employers	September 30, 2018	September 30, 2017
Total Other Postemployment Benefit Liability	$ 13,932,170,264	$ 13,920,945,991
Plan Fiduciary Net Position	5,983,218,473	5,065,474,948
Net Other Postemployment Benefit Liability	7,948,951,791	8,855,471,043
Proportionate Share	0.10587%	0.10863%
Net Other Postemployment Benefit Liability for the District	$ 8,415,702	$ 9,619,784

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2019, the District recognized OPEB expense of $420,836.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 891,227	$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(221,928)
Differences between expected and actual experience	-	(1,566,378)
Net differences between projected and actual earnings on OPEB plan investments	-	(323,436)
Reporting Unit's contributions subsequent to the measurement date	750,119	-
	$ 1,641,346	$ (2,111,742)

$750,119 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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	$ (295,671)
2020	(295,671)
2021	(295,671)
2022	(227,872)
2023	(105,630)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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% in year twelve.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Additional Assumptions for Other Postemployment Benefit Only - applies to individuals hired before September 4, 2012:

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

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

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

The target asset allocation at September 30, 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	28.0%	5.7%
Private Equity Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	3.9%
Absolute Return Pools	15.5%	5.2%
Short Term Investment Pools	2.0%	0.0%
	100.0%	

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

Pension Discount Rate - A single discount rate of 7.05% was used to measure the total pension liability (7.00% 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% (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

OPEB Discount Rate - A single 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 projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 7.05% (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		Pension	
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 42,158,799	$ 32,110,647	$ 23,762,265

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single 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:

		Other Postemployment Benefit	
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 10,102,878	$ 8,415,702	$ 6,996,579

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.0%), 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:

		Other Postemployment Benefits	
	1% Trend Decrease	Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 6,921,822	$ 8,415,702	$ 10,129,487

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools 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 workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2019 or any of the prior 3 years.

NOTE 10 - TRANSFERS

The food service and community service funds have transferred $20,000 and $61,751, respectively, to the general fund for indirect cost reimbursement.

NOTE 11 - SUBSEQUENT EVENTS

The District has approved borrowing of $3,750,000 for fiscal year 2020 to replace the note payable as described in Note 5.

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 13 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement 77 (*Tax Abatements*).

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

Municipality	Taxes Abated
Leroy Township	$ 11,810
Williamston City	36,483
	$ 48,293

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

There are no abatements made by the District.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

NOTE 15 - DEFICIT BALANCE

As of June 30, 2019, the Sinking fund had a deficit fund balance of $171,706.

REQUIRED SUPPLEMENTARY INFORMATION

WILLIAMSTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources				
Property taxes	$ 1,281,498	$ 1,403,742	$ 1,301,865	$ (101,877)
Tuition	412,308	412,308	477,676	65,368
Athletics	135,000	135,000	160,968	25,968
Other	173,887	163,224	227,479	64,255
State sources	15,467,648	15,764,678	15,871,505	106,827
Federal sources	405,476	374,289	387,864	13,575
Incoming transfers and other	1,028,384	1,143,849	1,222,033	78,184
TOTAL REVENUES	18,904,201	19,397,090	19,649,390	252,300
EXPENDITURES				
Current				
Instruction				
Basic programs	9,379,968	9,364,110	9,602,849	(238,739)
Added needs	2,066,866	2,073,279	1,991,906	81,373
Adult and Continuing Education	18,610	18,610	-	18,610
Total instruction	11,465,444	11,455,999	11,594,755	(138,756)
Supporting services				
Pupil	1,190,613	1,200,170	1,135,249	64,921
Instructional staff	891,339	987,800	998,002	(10,202)
General administration	379,993	384,079	387,821	(3,742)
School administration	1,204,355	1,178,597	1,182,236	(3,639)
Business	3,077,005	3,201,230	3,366,867	(165,637)
Total supporting services	6,743,305	6,951,876	7,070,175	(118,299)
Community services	395,452	404,215	428,972	(24,757)
TOTAL EXPENDITURES	18,604,201	18,812,090	19,093,902	(281,812)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	300,000	585,000	555,488	(29,512)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	4,500	4,500
Transfers in	75,000	65,000	81,751	16,751
TOTAL OTHER FINANCING SOURCES (USES)	75,000	65,000	86,251	21,251
NET CHANGE IN FUND BALANCE	$ 375,000	$ 650,000	641,739	$ (8,261)
FUND BALANCE				
Beginning of year			696,932	
End of year			$ 1,338,671	

WILLIAMSTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2018	2017	2016	2015	2014
Reporting Unit's share of net pension liability	0.10682%	0.10846%	0.10999%	0.10690%	0.10794%
Reporting Unit's proportionate share of net pension liability	$ 32,110,647	$ 28,106,439	$ 27,441,253	$ 26,110,017	$ 23,775,595
Reporting Unit's covered-employee payroll	$ 9,006,482	$ 8,978,139	$ 9,365,460	$ 8,794,354	$ 8,935,799
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	356.53%	313.05%	293.00%	296.90%	266.07%
Plan fiduciary net position as a percentage of total pension liability (Non-university employees)	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District presents information for those years for which information is available.

WILLIAMSTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2019	2018	2017	2016	2015
Statutorily required contributions	$ 2,948,780	$ 2,936,701	$ 2,566,667	$ 2,369,641	$ 1,809,441
Contributions in relation to statutorily required contributions	2,948,780	2,936,701	2,566,667	2,369,641	1,809,441
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 9,196,160	$ 8,991,915	$ 9,037,853	$ 8,953,645	$ 8,775,957
Contributions as a percentage of covered-employee payroll	32.07%	32.66%	28.40%	26.47%	20.62%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District presents information for those years for which information is available.

WILLIAMSTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (%)	0.10587%	0.10863%
Reporting Unit's proportionate share of net other postemployment benefits liability	$ 8,415,702	$ 9,619,784
Reporting Unit's covered-employee payroll	$ 9,006,482	$ 8,978,139
Reporting Unit's proportionate share of net other postemployment benefits liability as a percentage of its covered-employee payroll	93.47%	107.15%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employees)	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District presents information for those years for which information is available.

WILLIAMSTON COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2019	2018
Statutorily required contributions	$ 848,880	$ 708,795
Contributions in relation to statutorily required contributions	848,880	708,795
Contribution deficiency (excess)	$ -	$ -
Reporting Unit's covered-employee payroll	$ 9,196,160	$ 8,991,915
Contributions as a percentage of covered-employee payroll	9.23%	7.88%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District presents information for those years for which information is available.

NOTE 1 - PENSION INFORMATION

Benefit changes - there were no changes of benefit terms in 2018.

Changes of assumptions - the assumption changes for 2018 were:

Wage inflation rate decreased to 2.75% from 3.50%.

Discount rate for MIP and Basic plans decreased to 7.05% from 7.50%.

Projected salary increases decreased to 2.75%-11.55%, including wage inflation at 2.75% from 3.50%-12.30%, including wage inflation of 3.50%.

Mortality assumptions were updated to the RP-2014 Male and Female Healthy Annuitant table from the RP-2000 Combined Healthy Life Mortality table.

NOTE 2 - OPEB INFORMATION

Benefit changes - there were no changes of benefit terms in 2018.

Changes of assumptions - the assumption changes for 2018 were:

Wage inflation rate decreased to 2.75% from 3.50%.

Discount rate decreased to 7.15% from 7.50%.

Projected salary increases decreased to 2.75%-11.55%, including wage inflation at 2.75% from 3.50%-12.30%, including wage inflation of 3.50%.

Healthcare cost trend rate decreased to 7.50% Year 1 graded to 3.00% Year 12 from 7.50% Year 1 graded to 3.50% Year 12.

Mortality assumptions were updated to the RP-2014 Male and Female Healthy Annuitant table from the RP-2000 Combined Healthy Life Mortality table.

ADDITIONAL SUPPLEMENTARY INFORMATION

WILLIAMSTON COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2019

	Special Revenue		Capital Projects	Debt Service		
	Food Service	Community Services	Sinking Fund	1996 Debt	2015A Debt	Total Nonmajor Funds
ASSETS						
Cash and cash equivalents	$ 406	$ -	$ 146,851	$ 118,649	$ 463,477	$ 729,383
Investments	-	-	-	612	-	612
Receivables:						
Accounts receivable	3,662	-	-	-	-	3,662
Intergovernmental receivable	2,874	-	-	-	-	2,874
Due from other funds	-	30,577	-	558,062	-	588,639
Inventories	14,056	-	-	-	-	14,056
TOTAL ASSETS	$ 20,998	$ 30,577	$ 146,851	$ 677,323	$ 463,477	$ 1,339,226
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Payables:						
Accounts payable	$ -	$ 3,507	$ 58,167	$ -	$ -	$ 61,674
Due to other funds	3,049	-	260,390	-	181,254	444,693
Accrued salaries	-	1,249	-	-	-	1,249
Accrued retirement	-	327	-	-	-	327
Other accrued liabilities	256	201	-	-	-	457
Unearned revenue	15,411	-	-	-	-	15,411
TOTAL LIABILITIES	18,716	5,284	318,557	-	181,254	523,811
FUND BALANCES (DEFICIT)						
Nonspendable						
Inventories	14,056	-	-	-	-	14,056
Restricted for						
Debt service	-	-	-	677,323	282,223	959,546
Community services	-	25,293	-	-	-	25,293
Unassigned						
Food service	(11,774)	-	-	-	-	(11,774)
Capital projects	-	-	(171,706)	-	-	(171,706)
TOTAL FUND BALANCES (DEFICIT)	2,282	25,293	(171,706)	677,323	282,223	815,415
TOTAL LIABILITIES AND FUND BALANCES	$ 20,998	$ 30,577	$ 146,851	$ 677,323	$ 463,477	$ 1,339,226

WILLIAMSTON COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2019

	Special Revenue		Capital Projects	Debt Service		Total
	Food Service	Community Services	Sinking Fund	1996 Debt	2015A Debt	Nonmajor Funds
REVENUES						
Local sources						
Property taxes	$ -	$ 318,578	$ 424,873	$ 1,417,162	$ 974,836	$ 3,135,449
Investment earnings	305	-	460	718	228	1,711
Community service activities	-	178,211	-	-		178,211
Food sales	251,465	-	-	-	-	251,465
Total local sources	251,770	496,789	425,333	1,417,880	975,064	3,566,836
State sources	15,802	2,537	3,350	11,240	7,672	40,601
Federal sources	219,401	-	-	-	-	219,401
TOTAL REVENUES	486,973	499,326	428,683	1,429,120	982,736	3,826,838
EXPENDITURES						
Current						
Food service activities	469,852	-	-	-	-	469,852
Community services	-	443,110	-	-	-	443,110
Capital outlay	-	-	382,240	-	-	382,240
Debt service						
Principal repayment	-	-	-	1,150,000	1,025,000	2,175,000
Interest expense	-	-	-	442,750	486,000	928,750
TOTAL EXPENDITURES	469,852	443,110	382,240	1,592,750	1,511,000	4,398,952
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,121	56,216	46,443	(163,630)	(528,264)	(572,114)
OTHER FINANCING SOURCES (USES)						
Proceeds from school loan revolving fund	-	-	-	360,708	248,123	608,831
Transfers out	(20,000)	(61,751)	-	-	-	(81,751)
TOTAL OTHER FINANCING SOURCES (USES)	(20,000)	(61,751)	-	360,708	248,123	527,080
NET CHANGE IN FUND BALANCES	(2,879)	(5,535)	46,443	197,078	(280,141)	(45,034)
FUND BALANCES (DEFICIT)						
Beginning of year	5,161	30,828	(218,149)	480,245	562,364	860,449
End of year	$ 2,282	$ 25,293	$ (171,706)	$ 677,323	282,223	$ 815,415

WILLIAMSTON COMMUNITY SCHOOLS
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Suzie Lorenz	Steve Smith	Total
ASSETS			
Cash and cash equivalents	$ 6,967	$ 746	$ 7,713
LIABILITIES	-	-	-
FUND BALANCES			
Held in trust for private purposes	$ 6,967	$ 746	$ 7,713

WILLIAMSTON COMMUNITY SCHOOLS
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019

	Suzie Lorenz	Steve Smith	Total
REVENUES			
Contributions			
Private contributions	$ -	$ -	$ -
EXPENDITURES			
Other supporting services	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES			
Beginning of year	6,967	746	7,713
End of year	$ 6,967	$ 746	$ 7,713

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Williamston Community Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Williamston Community Schools' basic financial statements and have issued our report thereon dated October 25, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

October 25, 2019

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October 25, 2019

To the Board of Education
Williamston Community Schools

We have audited the financial statements of Williamston Community Schools for the year ended June 30, 2019, and have issued our report thereon dated October 25, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2019. Professional standards also required that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Williamston Community Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

> Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.

Management's estimate in calculating the liability for employee compensated absences:

> We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets:

> We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We did not identify any sensitive disclosures.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were the following uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Governmental activities and general fund - One potential misstatement for a total overstated net position/fund balance of $106,241.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

A separate management letter was not issued.

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

Very truly yours,

Maner Costerisan PC