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# Allen Park Public Schools

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**Financial Report  
with Supplemental Information  
June 30, 2019**

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## **Independent Auditor's Report**

To the Board of Education  
Allen Park Public Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Allen Park Public Schools (the "School District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Allen Park Public 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinions***

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

To the Board of Education  
Allen Park Public Schools

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental 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, which 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 supplemental 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 an opinion on the financial statements that collectively comprise Allen Park Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019 on our consideration of Allen Park Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Allen Park Public Schools' internal control over financial reporting and compliance.



October 7, 2019

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

**Using This Annual Report**

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Allen Park Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the Refunding - Debt Service Fund, and the Capital Projects Fund - with the Cafeteria Fund presented in one column as a nonmajor fund. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

**Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

**Required Supplemental Information**

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of Pension Contributions

Schedule of OPEB Contributions

**Other Supplemental Information**

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

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

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

### ***Reporting the School District's Fund Financial Statements***

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

### **Governmental Funds**

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

### **Fiduciary Funds**

The School District has certain fiduciary responsibility for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# Allen Park Public Schools

## Management's Discussion and Analysis (Continued)

### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 10.2	\$ 7.3
Capital assets	53.6	55.5
Total assets	63.8	62.8
<b>Deferred Outflows of Resources</b>	28.8	18.1
<b>Liabilities</b>		
Current liabilities	6.0	6.1
Noncurrent liabilities	63.7	67.3
Net pension liability	72.9	63.8
Net OPEB liability	19.0	21.8
Total liabilities	161.6	159.0
<b>Deferred Inflows of Resources</b>	13.9	6.7
<b>Net Position</b>		
Net investment in capital assets	1.4	(9.5)
Unrestricted	(84.3)	(75.3)
Total net position	<b>\$ (82.9)</b>	<b>\$ (84.8)</b>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(82.9) million at June 30, 2019. Net investment in capital assets totaling \$1.4 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(84.3) million) was unrestricted.

The \$(84.3) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position from year to year.

## Allen Park Public Schools

### Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 1.5	\$ 1.3
Operating grants	10.3	8.7
General revenue:		
Taxes	7.1	7.0
State aid not restricted to specific purposes	28.3	27.5
Other	0.3	0.2
Total revenue	47.5	44.7
<b>Expenses</b>		
Instruction	28.3	27.5
Support services	13.0	13.1
Athletics	0.5	0.5
Food services	1.3	1.3
Community services	0.5	0.5
Debt service	2.0	1.3
Total expenses	45.6	44.2
<b>Change in Net Position</b>	1.9	0.5
<b>Net Position - Beginning of year</b>	(84.8)	(85.3)
<b>Net Position - End of year</b>	<b>\$ (82.9)</b>	<b>\$ (84.8)</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$45.6 million. Certain activities were partially funded from those who benefited from the programs (\$1.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10.3 million). We paid for the remaining "public benefit" portion of our governmental activities with \$7.1 million in taxes, \$28.3 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$1.9 million. A key reason for the change in net position was funding from the Wayne County Educational Enhancement Millage.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

#### The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$4.4 million, which is an increase of \$2.8 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased by \$2.7 million to \$4.1 million. The change is mainly due to a \$1.3 million transfer in of Enhancement Millage funds from the Capital Projects Fund and operating revenue of \$1.5 million in excess of operating expenditures.

# Allen Park Public Schools

## Management's Discussion and Analysis (Continued)

Fund balance of our Cafeteria Fund increased from approximately \$56,000 last year to approximately \$62,000 this year as a result of revenue being in excess of expenditures.

The fund balance of our Refunding - Debt Service Fund decreased by \$0.2 million to approximately \$56,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

The fund balance of our Capital Projects Fund, which had no fund balance at the beginning of the year, increased \$0.2 million. This increase is due to Enhancement Millage funds received in excess of capital improvement expenditures and a \$1.3 million transfer to the General Fund.

### **Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2019. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2018-2019 original budget. Budgeted revenue was increased by \$0.8 million due to an unexpected change in certain categorical revenue from the State and an unanticipated increase in foundation allowance payments due to actual student enrollment being greater than original estimates.

Budgeted expenditures were also increased by \$0.4 million to account for the increase in retirement costs and purchased professional services resulting from the School District's revised operating plan due to the fluctuations in revenue.

One line item, support services - instructional staff, exceeded budget, and the detail has been disclosed in the subsequent footnotes.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

As of June 30, 2019 and 2018, the School District had \$53.6 million and \$55.5 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net decrease (including additions, disposals, and depreciation) of approximately \$1.9 million from 2018 to 2019.

	<u>2019</u>	<u>2018</u>
Land	\$ 20,800	\$ 20,800
Buildings and improvements	52,202,992	53,643,942
Furniture and equipment	1,260,385	1,582,858
Buses and other vehicles	162,047	212,591
	<u>53,646,224</u>	<u>55,460,191</u>
Total capital assets - Net of accumulated depreciation	\$ 53,646,224	\$ 55,460,191

This year's additions of \$62,000 included the buzzer system and site improvements. No major capital projects are planned for the 2019-2020 fiscal year, and we anticipate capital additions will be comparable to this year. We present more detailed information about our capital assets in the notes to the financial statements.

***Debt***

At the end of this year, the School District had \$47.4 million in bonds outstanding versus \$59.4 million in the previous year. In addition, the School District had \$9.2 million in outstanding borrowings from the School Loan Revolving Fund at the end of this year compared to \$345,000 last year.

The School District's general obligation bond rating is A. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District has no outstanding unqualified general obligation debt.

Other obligations include accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2019-2020 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2019-2020 budget was adopted in June 2019 based on an estimate of students who will enroll in September 2019. Approximately 88 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2019 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2019-2020 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a revenue-estimating conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation, including a foundation allowance increase of \$214 per pupil.

During 2019, the School District settled a labor contract with the APEA union. The financial impact on operations is estimated by the School District to be status quo per the agreement.

**Contacting the School District's Management**

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

**June 30, 2019**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash (Note 4)	\$ 2,820,755
Receivables:	
Accounts receivable	9,978
Due from other governmental units	7,160,535
Inventory	14,400
Prepaid expenses and other assets	42,857
Restricted assets (Note 2)	55,869
Capital assets - Net (Note 6)	<u>53,646,224</u>
Total assets	63,750,618
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 8)	1,184,973
Deferred pension costs (Note 11)	24,346,521
Deferred OPEB costs (Note 11)	<u>3,273,020</u>
Total deferred outflows of resources	28,804,514
<b>Liabilities</b>	
Accounts payable	644,809
Accrued liabilities and other	4,687,128
State aid anticipation note (Note 10)	508,750
Unearned revenue (Note 5)	183,392
Noncurrent liabilities:	
Due within one year (Note 8)	13,110,438
Due in more than one year (Note 8)	50,538,979
Net pension liability (Note 11)	72,917,987
Net OPEB liability (Note 11)	<u>19,014,420</u>
Total liabilities	161,605,903
<b>Deferred Inflows of Resources (Note 11)</b>	
Revenue in support of pension contributions made subsequent to the measurement date	2,637,436
Deferred pension cost reductions	6,434,460
Deferred OPEB cost reductions	<u>4,824,481</u>
Total deferred inflows of resources	<u>13,896,377</u>
<b>Net Position</b>	
Net investment in capital assets	1,352,006
Unrestricted	<u>(84,299,154)</u>
Total net position	<u><u>\$ (82,947,148)</u></u>

# Allen Park Public Schools

## Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 28,266,873	\$ 38,460	\$ 6,353,920	\$ (21,874,493)
Support services	13,023,487	70,269	3,290,810	(9,662,408)
Athletics	462,016	61,701	-	(400,315)
Food services	1,324,427	566,042	704,524	(53,861)
Community services	482,709	719,036	-	236,327
Interest	1,998,394	-	-	(1,998,394)
Total primary government	<b>\$ 45,557,906</b>	<b>\$ 1,455,508</b>	<b>\$ 10,349,254</b>	(33,753,144)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				1,750,585
Property taxes, levied for debt service				5,337,510
State aid not restricted to specific purposes				28,349,460
Interest and investment earnings				49,950
Other				168,751
Total general revenue				<u>35,656,256</u>
<b>Change in Net Position</b>				1,903,112
<b>Net Position - Beginning of year</b>				<u>(84,850,260)</u>
<b>Net Position - End of year</b>				<b><u>\$ (82,947,148)</u></b>

# Allen Park Public Schools

## Governmental Funds Balance Sheet

June 30, 2019

	General Fund	Refunding - Debt Service Fund	Capital Projects Fund	Nonmajor Fund - Cafeteria Fund	Total Governmental Funds
<b>Assets</b>					
Cash (Note 4)	\$ 2,678,187	\$ -	\$ 81,641	\$ 60,927	\$ 2,820,755
Receivables:					
Accounts receivable	-	-	-	9,978	9,978
Due from other governmental units	7,065,676	-	94,859	-	7,160,535
Inventory	-	-	-	14,400	14,400
Prepaid expenses and other assets	42,857	-	-	-	42,857
Restricted assets (Note 2)	-	55,869	-	-	55,869
<b>Total assets</b>	<b>\$ 9,786,720</b>	<b>\$ 55,869</b>	<b>\$ 176,500</b>	<b>\$ 85,305</b>	<b>\$ 10,104,394</b>
<b>Liabilities</b>					
Accounts payable	\$ 643,460	\$ -	\$ -	\$ 1,349	\$ 644,809
Accrued liabilities and other State aid anticipation note (Note 10)	4,402,511	-	-	-	4,402,511
Unearned revenue (Note 5)	508,750	-	-	-	508,750
	161,370	-	-	22,022	183,392
<b>Total liabilities</b>	<b>5,716,091</b>	<b>-</b>	<b>-</b>	<b>23,371</b>	<b>5,739,462</b>
<b>Fund Balances</b>					
Nonspendable	42,857	-	-	14,400	57,257
Restricted:					
Debt service	-	55,869	-	-	55,869
Food service	-	-	-	47,534	47,534
Assigned - Capital projects	-	-	176,500	-	176,500
Unassigned	4,027,772	-	-	-	4,027,772
<b>Total fund balances</b>	<b>4,070,629</b>	<b>55,869</b>	<b>176,500</b>	<b>61,934</b>	<b>4,364,932</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,786,720</b>	<b>\$ 55,869</b>	<b>\$ 176,500</b>	<b>\$ 85,305</b>	<b>\$ 10,104,394</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

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**June 30, 2019**

<b>Fund Balances Reported in Governmental Funds</b>	\$ 4,364,932
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	87,983,454
Accumulated depreciation	<u>(34,337,230)</u>
Net capital assets used in governmental activities	53,646,224
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,184,973
Bonds payable are not due and payable in the current period and are not reported in the funds	(62,680,180)
Accrued interest is not due and payable in the current period and is not reported in the funds	(284,617)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(969,237)
Net pension liability and related deferred inflows and outflows	(55,005,926)
Net OPEB liability and related deferred inflows and outflows	(20,565,881)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(2,637,436)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ (82,947,148)</u></b>

# Allen Park Public Schools

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2019**

	General Fund	Refunding - Debt Service Fund	Capital Projects Fund	Nonmajor Fund - Cafeteria Fund	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 2,842,908	\$ 5,349,924	\$ -	\$ 569,472	\$ 8,762,304
State sources	34,141,017	-	-	51,839	34,192,856
Federal sources	1,413,528	-	-	655,777	2,069,305
Interdistrict sources	1,040,222	-	1,509,202	-	2,549,424
Total revenue	39,437,675	5,349,924	1,509,202	1,277,088	47,573,889
<b>Expenditures</b>					
Current:					
Instruction	25,290,011	-	-	-	25,290,011
Support services	11,726,855	-	-	-	11,726,855
Athletics	445,914	-	-	-	445,914
Food services	-	-	-	1,211,379	1,211,379
Community services	415,661	-	-	-	415,661
Debt service:					
Principal	-	12,000,000	-	-	12,000,000
Interest	-	2,326,500	-	-	2,326,500
Capital outlay	82,542	-	64,934	9,717	157,193
Total expenditures	37,960,983	14,326,500	64,934	1,221,096	53,573,513
<b>Excess of Revenue Over (Under) Expenditures</b>	1,476,692	(8,976,576)	1,444,268	55,992	(5,999,624)
<b>Other Financing Sources (Uses)</b>					
School Loan Revolving Fund proceeds (Note 8)	-	8,785,116	-	-	8,785,116
Transfers in (Note 7)	1,267,768	-	-	-	1,267,768
Transfers out (Note 7)	-	-	(1,267,768)	-	(1,267,768)
Total other financing sources (uses)	1,267,768	8,785,116	(1,267,768)	-	8,785,116
<b>Net Change in Fund Balances</b>	2,744,460	(191,460)	176,500	55,992	2,785,492
<b>Fund Balances - Beginning of year</b>	1,326,169	247,329	-	5,942	1,579,440
<b>Fund Balances - End of year</b>	<b>\$ 4,070,629</b>	<b>\$ 55,869</b>	<b>\$ 176,500</b>	<b>\$ 61,934</b>	<b>\$ 4,364,932</b>

## Allen Park Public Schools

### Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2019

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 2,785,492</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	(1,813,967)
Revenue in support of pension contributions made subsequent to the measurement date	(112,871)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(8,785,116)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	12,278,106
Interest expense is recognized in the government-wide statements as it accrues	50,000
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(2,498,532)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,903,112</u></b>

## Allen Park Public Schools

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### Fiduciary Fund Statement of Fiduciary Assets and Liabilities

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June 30, 2019

Student Activity  
Fund

**Assets** - Cash (Note 4)

**\$ 489,801**

**Liabilities**

Accounts payable

\$ 6,733

Due to student groups

483,068

Total liabilities

**\$ 489,801**

**Note 1 - Nature of Business**

Allen Park Public Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

**Note 2 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The School District follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

***Reporting Entity***

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Taxes and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from these statements.

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

***Fund Accounting***

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The School District reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Refunding - Debt Service Fund is a debt service fund that is used to record tax and interest revenue and the payment of interest, principal, and other expenditures on long-term debt.
- The nonbonded Capital Projects Fund is used to record revenue and the disbursement of monies specifically for acquiring new equipment and minor remodeling and repairs.

**Note 2 - Significant Accounting Policies (Continued)**

Additionally, the School District reports the following nonmajor governmental fund type:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's only special revenue fund is the Cafeteria Fund. The Cafeteria Fund's primary source of revenue is from federal grants and customer sales. Any operating deficit generated by this activity is the responsibility of the General Fund.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate the School District's programs. The School District maintains a Student Activity (agency) Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held for the students.

**Interfund Activity**

During the course of operations, the School 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, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

**Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, other than the Cafeteria Fund, are recorded as expenditures when consumed rather than when purchased. Inventories of the Cafeteria Fund, including United States Department of Agriculture commodities, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments

Capital Assets

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

Capital assets are depreciated using the straight-line method over the following useful lives:

Table with 2 columns: Asset Category and Depreciable Life - Years. Rows include Buildings and improvements (20 to 50), Furniture and equipment (5 to 20), and Buses and other vehicles (5 to 10).

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as "other financing sources," as well as bond premiums and discounts.

Deferred Outflows/Inflows of Resources

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 represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred pension and OPEB costs and deferred charges on bond refundings.

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 represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

**Note 2 - Significant Accounting Policies (Continued)**

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

**Net Position**

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted.

**Net Position Flow Assumption**

The School District will sometimes fund outlays for a particular purpose from both restricted 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 School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

The School District will sometimes 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 School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School 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 School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

**Note 2 - Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the finance director to assign fund balance. 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.

The Board of Education has adopted a fund balance policy. At its discretion, the Board of Education may maintain a minimum unassigned fund balance in the General Fund to protect against cash flow shortfalls related to timing of projected revenue receipts to maintain a budget stabilization commitment.

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year for approximately 50 percent of the taxes that are due on August 15 and on December 1 for the remainder of the property taxes that are due on February 14. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed and the total obligation is added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Pension and Other Postemployment Benefit (OPEB) Plans**

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

**Compensated Absences (Sick Leave)**

It is the School District's policy to permit employees to accumulate earned but unused sick pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination. This liability is reported in the government-wide financial statements. A liability is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

**Note 2 - Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2020. The School District has evaluated the impact this standard will have on the financial statements. As of July 1, 2019, the School District will report the activities and related balances currently reported as fiduciary in a newly created special revenue fund.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2021.

**Note 3 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue fund, except that capital outlay is budgeted in other expenditure categories. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District revised budgeted amounts during the year when final funding information became known.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. The School District had no encumbrances outstanding at year end.

June 30, 2019

**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

***Excess of Expenditures Over Appropriations in Budgeted Funds***

During the year, the School District incurred expenditures in the General Fund, which were in excess of the amounts budgeted, as follows:

	Budget	Actual
Support services - Instructional staff	\$ 1,525,077	\$ 1,718,032

**Note 4 - Deposits and Investments**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated two banks for the deposit of its funds.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had \$3,015,004 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District's investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business, using the criteria established in the investment policy. At June 30, 2019, the School District does not have investments with custodial credit risk.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a maximum 270-day maturity. The School District's investment policy minimizes interest rate risk by structuring of 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 School District's cash requirements. At June 30, 2019, the School District does not have investments with interest rate risk.

**June 30, 2019**

**Note 4 - Deposits and Investments (Continued)**

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

***Concentration of Credit Risk***

The School District's investment policy places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The School District does not have any investments subject to concentration of credit risk.

***Foreign Currency Risk***

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

**Note 5 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2019, the School District had no unavailable revenue and had \$183,392 of unearned revenue, primarily related to categorical aid payments received prior to meeting all eligibility requirements and payments for programs received in advance of providing related services.

**June 30, 2019**

**Note 6 - Capital Assets**

Capital asset activity of the School District's governmental activities was as follows:

**Governmental Activities**

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated - Land	\$ 20,800	\$ -	\$ -	\$ 20,800
Capital assets being depreciated:				
Buildings and improvements	77,617,664	61,641	-	77,679,305
Furniture and equipment	9,087,764	-	-	9,087,764
Buses and other vehicles	1,251,078	-	(55,493)	1,195,585
Subtotal	87,956,506	61,641	(55,493)	87,962,654
Accumulated depreciation:				
Buildings and improvements	23,973,722	1,502,591	-	25,476,313
Furniture and equipment	7,504,906	322,473	-	7,827,379
Buses and other vehicles	1,038,487	50,544	(55,493)	1,033,538
Subtotal	32,517,115	1,875,608	(55,493)	34,337,230
Net capital assets being depreciated	55,439,391	(1,813,967)	-	53,625,424
Net governmental activities capital assets	<u>\$ 55,460,191</u>	<u>\$ (1,813,967)</u>	<u>\$ -</u>	<u>\$ 53,646,224</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 1,181,633
Support services	600,195
Community services	37,512
Food services	56,268
Total governmental activities	<u>\$ 1,875,608</u>

**Note 7 - Interfund Receivables, Payables, and Transfers**

Transfers from the Capital Projects Fund to the General Fund totaling \$1,267,768 were approved by the Board of Education by way of budget adoptions. The transfer provided funding for operations.

**June 30, 2019**

**Note 8 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Direct borrowings and direct placements - School Loan Revolving Fund	\$ 345,106	\$ 8,855,883	\$ -	\$ 9,200,989	\$ -
Other debt - General obligation	59,410,000	-	(12,000,000)	47,410,000	12,580,000
Unamortized bond premiums	6,502,705	-	(433,514)	6,069,191	433,514
Total bonds payable	66,257,811	8,855,883	(12,433,514)	62,680,180	13,013,514
Compensated absences	1,077,891	-	(108,654)	969,237	96,924
Total governmental activities long-term debt	<u>\$ 67,335,702</u>	<u>\$ 8,855,883</u>	<u>\$ (12,542,168)</u>	<u>\$ 63,649,417</u>	<u>\$ 13,110,438</u>

The School District had deferred outflows of \$1,184,973 related to deferred charges on bond refundings at June 30, 2019.

**General Obligation Bonds**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2019 are as follows:

Purpose	Remaining Annual Installments	Remaining Interest Rates (Percent)	Maturing May 1	Outstanding
\$40,780,000 unlimited tax-qualified refunding bonds	\$100,000 - \$9,050,000	4.00 - 5.00	2033	\$ 34,830,000
\$25,030,000 unlimited tax-qualified refunding bonds	\$12,580,000	2.50	2020	<u>12,580,000</u>
Total governmental activities				<u>\$ 47,410,000</u>

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

**Note 8 - Long-term Debt (Continued)**

***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2020	\$ 12,580,000	\$ 2,026,000	\$ 14,606,000
2021	9,050,000	1,671,000	10,721,000
2022	3,475,000	1,230,500	4,705,500
2023	3,650,000	1,056,750	4,706,750
2024	3,830,000	874,250	4,704,250
2025-2029	14,425,000	1,516,625	15,941,625
Thereafter	400,000	34,000	434,000
<b>Total</b>	<b>\$ 47,410,000</b>	<b>\$ 8,409,125</b>	<b>\$ 55,819,125</b>

***School Loan Revolving Fund***

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 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 in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2019 ranged from 3.19 percent to 3.46 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2039. If the School District fails to levy the appropriate debt mills in accordance with the agreement or defaults in loan repayment, the School District shall increase its debt levy in the next succeeding year, and a default late charge of 3 percent will apply. 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 debt maturity schedule. If the School District is in default of the loan agreement, the State of Michigan may withhold state aid funding until repayment terms satisfactory with the State of Michigan have been made.

**Note 9 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for health, dental, and vision claims. The School District participates in the SET-SEG shared-risk pool program for claims relating to property loss, torts, errors and omissions, and employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 10 - State Aid Anticipation Note**

***State Aid Anticipation Note***

The School District has direct borrowings from the Michigan Finance Authority (the "Lender") to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund.

The notes are fully collateralized by the School District's state aid funding, which is intercepted and set aside in a separate depository account in accordance with the installment mandatory redemption schedule and then used to pay the outstanding balance of the notes at maturity. The Lender has the authority to intercept state aid payments at its discretion. If the Lender has reason to believe that the School District will be unable to fulfil the required repayments, the lender has the sole discretion to accelerate the principal and interest repayments.

During the year, the School District redeemed \$286,017 of these state aid anticipation notes (the "notes") and issued new notes of \$3,500,000, resulting in an outstanding balance of \$508,750 at June 30, 2019, which includes \$8,750 of accrued interest. The new notes bear interest at 1.75 percent and are set aside at 2.54 percent. The last installment mandatory redemption payment was intercepted from the School District's July 2019 state aid payment, and the notes were paid in full out of the depository account on August 20, 2019.

In August 2019, the School District borrowed an additional \$3,000,000 in state aid anticipation notes, which were issued in two series. Series 2019A-1 was issued in the amount of \$1,500,000, bears interest at 1.30 percent, and is set-aside at 1.61 percent. Series 2019A-2 was issued in the amount of \$1,500,000 and also bears interest at 1.3 percent. The Series 2019A-2 notes are fully collateralized by the School District's state aid funding but do not contain mandatory redemption set-aside intercepts. Both Series 2019A-1 and 2019A-2 mature on August 20, 2020.

**Note 11 - Michigan Public School Employees' Retirement System**

***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

***Benefits Provided***

Benefit provisions of the defined benefit (DB) pension plan and 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 for the defined benefit pension plan and the postemployment healthcare plan.

June 30, 2019

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**Contributions**

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

The School District's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2019 were \$6,487,664, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$2,637,436 in revenue received from the State of Michigan and remitted to the System to fund the MPSEERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2019.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2019 were \$1,619,057, which include the School District's contributions required for those members with a defined contribution benefit.

**Net Pension Liability**

At June 30, 2019, the School District reported a liability of \$72,917,987 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 as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The School 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 School District's proportion was 0.24 and 0.25 percent, respectively, representing a change of (1.50) percent.

**Net OPEB Liability**

At June 30, 2019, the School District reported a liability of \$19,014,420 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2019 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 as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The School 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 School District's proportion was 0.24 and 0.25 percent, respectively, representing a change of (2.70) percent.

**June 30, 2019**

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

For 2019, the School District recognized pension expense of \$10,002,121, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 338,353	\$ (529,882)
Changes in assumptions	16,887,746	-
Net difference between projected and actual earnings on pension plan investments	-	(4,985,737)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,684,293	(918,841)
The School District's contributions to the plan subsequent to the measurement date	5,436,129	-
Total	<u>\$ 24,346,521</u>	<u>\$ (6,434,460)</u>

The \$2,637,436 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2020	\$ 5,508,796
2021	3,793,626
2022	2,314,087
2023	859,423
Total	<u>\$ 12,475,932</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$817,769.

**June 30, 2019**

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (3,539,072)
Changes in assumptions	2,013,637	-
Net difference between projected and actual earnings on OPEB plan investments	-	(730,770)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	35,169	(554,639)
Employer contributions to the plan subsequent to the measurement date	1,224,214	-
<b>Total</b>	<b>\$ 3,273,020</b>	<b>\$ (4,824,481)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2020	\$ (667,595)
2021	(667,595)
2022	(667,595)
2023	(523,774)
2024	(249,116)
<b>Total</b>	<b>\$ (2,775,675)</b>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2018 is based on the results of an actuarial valuation as of September 30, 2017 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 7.05%	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.15%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75% for 2019 and 3.50% for 2018
Healthcare cost trend rate - OPEB	7.50%	Year 1 graded to 3.0% year 12
Mortality basis		RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 7.05 percent as of September 30, 2018 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.15 percent as of September 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.70 %
Private equity pools	18.00	9.20
International equity pools	16.00	7.20
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	3.90
Absolute return pools	15.50	5.20
Short-term investment pools	2.00	-
Total	100.00 %	

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (5.00 - 6.05%)	Current Discount Rate (6.00 - 7.05%)	1 Percent Increase (7.00 - 8.05%)
Net pension liability of the School District	\$ 95,735,685	\$ 72,917,987	\$ 53,960,189

June 30, 2019

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.15%)	Current Discount Rate (7.15%)	1 Percent Increase (8.15%)
Net OPEB liability of the School District	\$ 22,826,425	\$ 19,014,420	\$ 15,808,059

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

The following presents the net OPEB liability of the School District, calculated using the current healthcare cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 15,639,151	\$ 19,014,420	\$ 22,886,543

***Pension Plan and OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2019, the School District reported a payable of \$1,013,032 and \$233,270 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2019.

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## Required Supplemental Information

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**Allen Park Public Schools**

**Required Supplemental Information  
Budgetary Comparison Schedule - General Fund**

**Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 2,467,936	\$ 2,611,936	\$ 2,842,908	\$ 230,972
State sources	33,074,516	33,914,126	34,141,017	226,891
Federal sources	1,242,535	1,378,467	1,413,528	35,061
Interdistrict sources	710,000	1,014,840	1,040,222	25,382
Total revenue	37,494,987	38,919,369	39,437,675	518,306
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	20,918,113	20,903,469	20,732,479	(170,990)
Added needs	4,785,019	4,727,399	4,568,366	(159,033)
Support services:				
Pupil	2,806,839	2,691,323	2,654,835	(36,488)
Instructional staff	1,392,160	1,525,077	1,718,032	192,955
General administration	449,486	545,724	477,061	(68,663)
School administration	2,124,260	2,031,205	1,976,610	(54,595)
Business	423,773	453,207	424,676	(28,531)
Operations and maintenance	2,694,195	3,076,517	3,014,228	(62,289)
Pupil transportation services	544,158	579,949	572,591	(7,358)
Central	885,238	921,273	852,845	(68,428)
Other	61,236	61,800	63,551	1,751
Athletics	480,684	490,147	490,048	(99)
Community services	433,217	421,453	415,661	(5,792)
Total expenditures	37,998,378	38,428,543	37,960,983	(467,560)
<b>Excess of Revenue (Under) Over Expenditures</b>	(503,391)	490,826	1,476,692	985,866
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,000,000	1,000,000	1,267,768	267,768
Transfers out	(100,000)	-	-	-
Total other financing sources	900,000	1,000,000	1,267,768	267,768
<b>Net Change in Fund Balance</b>	396,609	1,490,826	2,744,460	1,253,634
<b>Fund Balance - Beginning of year</b>	1,326,169	1,326,169	1,326,169	-
<b>Fund Balance - End of year</b>	<u>\$ 1,722,778</u>	<u>\$ 2,816,995</u>	<u>\$ 4,070,629</u>	<u>\$ 1,253,634</u>

## Allen Park Public Schools

### Required Supplemental Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Five Plan Years Plan Years Ended September 30				
	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.24256 %	0.24626 %	0.24275 %	0.23292 %	0.22401 %
School District's proportionate share of the net pension liability	\$ 72,917,987	\$ 63,817,653	\$ 60,564,655	\$ 56,891,456	\$ 49,341,131
School District's covered payroll	\$ 20,334,860	\$ 20,526,187	\$ 20,802,738	\$ 19,286,209	\$ 19,023,131
School District's proportionate share of the net pension liability as a percentage of its covered payroll	358.59 %	310.91 %	291.14 %	294.99 %	259.37 %
Plan fiduciary net position as a percentage of total pension liability	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

## Allen Park Public Schools

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### Required Supplemental Information Schedule of Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

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	Last Two Plan Years	
	Plan Years Ended September 30	
	2018	2017
School District's proportion of the net OPEB liability	0.23921 %	0.24584 %
School District's proportionate share of the net OPEB liability	\$ 19,014,420	\$ 21,770,390
School District's covered payroll	\$ 20,334,860	\$ 20,526,187
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	93.51 %	106.06 %
Plan fiduciary net position as a percentage of total OPEB liability	43.10 %	36.53 %

## Allen Park Public Schools

### Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Five Fiscal Years Years Ended June 30				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 6,351,264	\$ 6,180,894	\$ 5,712,984	\$ 4,493,383	\$ 3,883,548
Contributions in relation to the statutorily required contribution	6,351,264	6,180,894	5,712,984	4,493,383	3,883,548
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 20,611,738</b>	<b>\$ 20,352,656</b>	<b>\$ 20,373,650</b>	<b>\$ 19,920,005</b>	<b>\$ 19,506,867</b>
<b>Contributions as a Percentage of Covered Payroll</b>	30.81 %	30.37 %	28.04 %	22.56 %	19.91 %

## Allen Park Public Schools

### Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	<b>Last Two Fiscal Years</b>	
	<b>Years Ended June 30</b>	
	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,619,057	\$ 1,469,029
Contributions in relation to the statutorily required contribution	<u>1,619,057</u>	<u>1,469,029</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>School District's Covered Payroll</b>	<b>\$ 20,611,738</b>	<b>\$ 20,352,656</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>7.86 %</b>	<b>7.22 %</b>

***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit Changes**

There were no changes of benefit terms for each of the reported years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percent.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percent.

***OPEB Information***

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented presents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percent.

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## Other Supplemental Information

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## Allen Park Public Schools

### Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2019

Years Ending June 30	<u>2016 Refunding</u> Principal	<u>2015 Refunding</u> Principal	Total
2020	\$ -	\$ 12,580,000	\$ 12,580,000
2021	9,050,000	-	9,050,000
2022	3,475,000	-	3,475,000
2023	3,650,000	-	3,650,000
2024	3,830,000	-	3,830,000
2025	4,020,000	-	4,020,000
2026	4,215,000	-	4,215,000
2027	4,425,000	-	4,425,000
2028	1,665,000	-	1,665,000
2029	100,000	-	100,000
2030	100,000	-	100,000
2031	100,000	-	100,000
2032	100,000	-	100,000
2033	100,000	-	100,000
Total remaining payments	<b>\$ 34,830,000</b>	<b>\$ 12,580,000</b>	<b>\$ 47,410,000</b>
Remaining interest rate	4.00% - 5.00%	2.50%	
Original issue	<b>\$ 40,780,000</b>	<b>\$ 25,030,000</b>	

Principal and interest payments for the bond issues are due on November 1 and May 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.