

Airport
Community
Schools



Year Ended
June 30, 2018

Financial
Statements

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AIRPORT COMMUNITY SCHOOLS

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INDEPENDENT AUDITORS' REPORT

August 20, 2018

Board of Education
Airport Community Schools
Carleton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of *Airport Community Schools* (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Airport Community Schools as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 75

As described in Note 17, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. Accordingly, beginning net position of governmental activities was restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension and other postemployment benefit plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated August 20, 2018 on our consideration of Airport Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lehmann Johnson LLC".

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AIRPORT COMMUNITY SCHOOLS

Management's Discussion and Analysis

This section of Airport Community Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit report which consists of the financial statements and other supplemental information that presents all the District's activities.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Airport Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the District as a whole and presents both a short-term and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the general fund, and all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Assets and Liabilities, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents. The following summary indicates how the various parts of this annual report are arranged:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Other Supplementary Information

Reporting the District as a Whole - Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole in a manner similar to a private-sector business. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting which takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the 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 District.

AIRPORT COMMUNITY SCHOOLS

Management's Discussion and Analysis

Reporting the District's Most Significant Funds - Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. However, the District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues. The District's two types of funds, governmental and fiduciary, use different accounting approaches as further described below.

Governmental funds - Most of the District's services are reported in governmental funds. Governmental fund reporting focuses on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. 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 format in the financial section.

The District adopts an annual appropriated budget for its general and special revenue funds. A budgetary statement has been provided herein for the general fund to demonstrate compliance with the budget.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and other postemployment benefit plans immediately following the notes to the financial statements. The combining fund financial statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

AIRPORT COMMUNITY SCHOOLS

Management's Discussion and Analysis

Government-wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. The following table provides a summary of the District's net position as of June 30, 2018:

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	\$ 10,210,371	\$ 8,663,004
Capital assets, net	19,386,719	19,634,292
Total assets	<u>29,597,090</u>	<u>28,297,296</u>
Deferred outflows of resources	<u>10,647,992</u>	<u>5,736,190</u>
Liabilities		
Long-term debt	14,553,613	14,336,479
Other liabilities	52,901,078	38,383,961
Total liabilities	<u>67,454,691</u>	<u>52,720,440</u>
Deferred inflows of resources	<u>2,445,375</u>	<u>168,139</u>
Net position		
Net investment in capital assets	7,166,074	6,799,932
Restricted	1,135,798	961,099
Unrestricted (deficit)	(37,956,856)	(26,616,124)
Total net position	<u>\$(29,654,984)</u>	<u>\$(18,855,093)</u>

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. In addition to expanded disclosure requirements, the District is required to report its proportionate share of the MPERS net pension liability and net other postemployment benefits liability on the statement of net position. This change has resulted in a negative total net position of governmental activities of \$29,654,984. Of this amount, \$(37,956,856) is unrestricted net position (deficit) and \$1,135,798 is restricted for various purposes. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

AIRPORT COMMUNITY SCHOOLS

Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the Statement of Activities (see table below), which shows the changes in net position for the fiscal year ended June 30, 2018:

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Charges for services	\$ 756,441	\$ 1,021,716
Operating grants and contributions	6,410,366	5,649,533
General revenues:		
Property taxes	4,045,886	4,034,402
Unrestricted state aid	18,790,921	17,738,749
Other general revenues	98,965	119,370
Total revenues	<u>30,102,579</u>	<u>28,563,770</u>
Expenses		
Instruction	15,589,667	15,330,097
Supporting services	9,468,567	9,036,690
Community service	654,426	595,754
Athletics	454,634	481,945
Food service	1,149,880	1,089,111
Interest on long-term debt	621,923	595,328
Unallocated depreciation	648,821	635,734
Total expenses	<u>28,587,918</u>	<u>27,764,659</u>
Change in net position	1,514,661	799,111
Net position, beginning of year	(18,855,093)	(19,654,204)
Restatement for implementation of GASB 75	(12,314,552)	-
Net position, end of year	<u><u>\$(29,654,984)</u></u>	<u><u>\$(18,855,093)</u></u>

As indicated above, the cost of all of our governmental activities this year was \$28.6 million. Of the \$28.6 million, \$7.2 million was subsidized by revenue generated from charges for services and operating grants and contributions, with the remaining costs financed with general revenues. The District experienced a \$1,514,661 increase in net position during the fiscal year. This was due to several factors: increase in student enrollment and associated state aid, decrease in operational maintenance costs in preparation of bond issue, decrease in curriculum spending linked to technology advancements, increase in DCTC reimbursements, and finally an excess of technology millage revenue over expenditures of approximately \$96,000.

Fund Financial Analysis

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

AIRPORT COMMUNITY SCHOOLS

Management's Discussion and Analysis

As the District completed this year, the governmental funds reported a combined fund balance of \$7,005,877 which is an increase of \$1,428,889 from last year. The increase is due primarily to the changes in the general fund mentioned above.

	General Fund	Nonmajor Funds	Totals
Net change in fund balances	\$ 1,573,187	\$ (144,298)	\$ 1,428,889
Fund balances, beginning of year	4,532,428	1,044,560	5,576,988
Fund balances, end of year	<u>\$ 6,105,615</u>	<u>\$ 900,262</u>	<u>\$ 7,005,877</u>

The fund balance of the general fund of \$6,105,615 as of June 30, 2018 consists of \$339,488 restricted for future technology expenditures, \$67,600 in nonspendable (prepaid and inventory) fund balance, \$57,041 assigned for subsequent year appropriations, and unassigned general fund balance of \$5,641,486 going into the next fiscal year.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Board of Education to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A statement illustrating the District's original and final budget amounts compared with amounts actually paid and received is provided in the basic financial statements. Revisions to the general fund original budget were as follows:

Revenues - The original budget for revenues was \$25.7 million and the final budget was \$27.7 million. The \$2.0 million increase was due primarily to the increase in state aid resulting from a higher student count than originally budgeted for, increase in State Aid Section 147c MPSERS UAAL rate stabilization revenue, and final allocations of federal grant funds for current year and unspent carryover funds from the previous grant year.

Expenditures - The original budget for expenditures was \$25.8 million compared to the final budget of \$26.9 million. The \$1.1 million increase was primarily due to increase in State Aid Section 147c MPSERS UAAL rate stabilization cost, federal and state grant budget increases for final current year allocations and carryover funds, and increases in budgeted technology expenditures due to increase allocation from MCISD.

Final Budget versus Actual Figures

- Revenues - Final budget for revenues was \$27.7 million compared to actual revenues of \$27.6 million. There were no significant variances between the final budget amounts and actual revenues.
- Expenditures - Final budget for expenditures was \$26.9 million compared to actual expenditures of \$26.1 million. A notable variance between budgeted expenditures and actual was \$826,408 less funds spent in operational maintenance costs in light of bond passage, less in vocational expenditures as a result of increased DCTC allocation, unspent state and federal grant allocations, and unspent technology budgets.

AIRPORT COMMUNITY SCHOOLS

Management's Discussion and Analysis

Capital Assets

At June 30, 2018, the District had \$19.4 million invested in capital assets net of accumulated depreciation. Depreciation for the fiscal year totaled \$648,821. More detailed information about capital assets is presented in the Notes to Financial Statements.

Debt

At June 30, 2018, the District had \$12.2 million in outstanding bonds payable. 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 District's boundaries.

Other debt outstanding at June 30, 2018 includes accrued compensated absences which had a balance of \$1.5 million at June 30, 2018. More detailed information about long-term debt is presented in the Notes to Financial Statements.

Development of the 2018-19 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the District's 2017-18 fiscal year budgets. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2018-19 fiscal year will be 90% of the Fall 2018 and 10% of Spring 2018 student count. Additionally, the State will continue with section 25e process for changes in enrollment between the count dates. The 2018-19 general fund budget was adopted in June 2018, based on an estimate of 2,644 students which is that same as the 2017-18 school year. Approximately 78% of total revenue is from State sources. Based on early enrollment data, we anticipate that the fall student count will be slightly greater than the estimates used in creating the 2018-19 general fund budget.

Since the District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue estimating conference to estimate revenues. Based on the results of the most recent revenue conference, the State estimates that funds should be sufficient to support the appropriations to school districts for the 2018-19 foundation allowance. Upon final validation of the fiscal year's per pupil foundation, categorical funding and student count, the District will amend the budget accordingly.

Contacting Airport Community Schools Business Office

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 11270 Grafton Rd., Carleton, MI 48117.

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BASIC FINANCIAL STATEMENTS

AIRPORT COMMUNITY SCHOOLS

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,370,966
Receivables	4,753,678
Prepays and inventory	85,727
Capital assets not being depreciated	1,315,300
Capital assets being depreciated, net	<u>18,071,419</u>
Total assets	<u>29,597,090</u>
Deferred outflows of resources	
Deferred charge on refunding	814,275
Deferred pension amounts	9,026,245
Deferred other postemployment benefit amounts	<u>807,472</u>
Total deferred outflows of resources	<u>10,647,992</u>
Liabilities	
Accounts payable and accrued liabilities	2,885,486
State aid anticipation note payable	314,618
Unearned revenue	85,524
Long-term debt:	
Due within one year	833,917
Due in more than one year	13,719,696
Net pension liability	36,976,923
Net other postemployment benefit liability	<u>12,638,527</u>
Total liabilities	<u>67,454,691</u>
Deferred inflows of resources	
Deferred pension amounts	2,018,101
Deferred other postemployment benefit amounts	<u>427,274</u>
Total deferred inflows of resources	<u>2,445,375</u>
Net position	
Net investment in capital assets	7,166,074
Restricted for:	
Food service	321,070
Debt service	387,412
Capital projects	49,224
Technology	378,092
Unrestricted (deficit)	<u>(37,956,856)</u>
Total net position	<u>\$ (29,654,984)</u>

The accompanying notes are an integral part of these financial statements.

AIRPORT COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 15,589,667	\$ 153,685	\$ 4,701,858	\$ (10,734,124)
Supporting services	9,468,567	7,388	878,788	(8,582,391)
Community service	654,426	79,680	-	(574,746)
Athletics	454,634	92,411	-	(362,223)
Food service	1,149,880	423,277	829,720	103,117
Interest on long-term debt	621,923	-	-	(621,923)
Unallocated depreciation	648,821	-	-	(648,821)
Total governmental activities	\$ 28,587,918	\$ 756,441	\$ 6,410,366	(21,421,111)
General revenues				
Property taxes				4,045,886
Unrestricted state aid				18,790,921
Grants and contributions not restricted to specific programs				88,638
Unrestricted investment earnings				10,327
Total general revenues				22,935,772
Change in net position				1,514,661
Net position, beginning of year, as restated				(31,169,645)
Net position, end of year				\$ (29,654,984)

The accompanying notes are an integral part of these financial statements.

AIRPORT COMMUNITY SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2018

	General	Nonmajor Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 4,603,914	\$ 767,052	\$ 5,370,966
Accounts receivable	51,996	17,523	69,519
Land contract receivable	-	18,743	18,743
Due from other governments	4,618,815	46,601	4,665,416
Due from other funds	-	99,023	99,023
Prepays	50,682	-	50,682
Inventory	16,918	18,127	35,045
Total assets	\$ 9,342,325	\$ 967,069	\$ 10,309,394
Liabilities			
Accounts payable	\$ 294,507	\$ 44,215	\$ 338,722
Salaries and benefits payable	2,464,520	1,110	2,465,630
Due to other funds	99,023	-	99,023
State aid anticipation note payable	314,618	-	314,618
Unearned revenue	64,042	21,482	85,524
Total liabilities	3,236,710	66,807	3,303,517
Fund balances			
Nonspendable -			
Prepays, inventory, and land contract receivable	67,600	36,870	104,470
Restricted:			
Technology	339,488	-	339,488
Food service	-	302,943	302,943
Debt service	-	468,546	468,546
Capital projects	-	49,224	49,224
Committed -			
Capital projects	-	42,679	42,679
Assigned -			
Subsequent year appropriations	57,041	-	57,041
Unassigned	5,641,486	-	5,641,486
Total fund balances	6,105,615	900,262	7,005,877
Total liabilities and fund balances	\$ 9,342,325	\$ 967,069	\$ 10,309,394

The accompanying notes are an integral part of these financial statements.

AIRPORT COMMUNITY SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2018

Fund balances - total governmental funds	\$ 7,005,877
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	
Capital assets	30,328,566
Accumulated depreciation	(10,941,847)
<p>Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>	
Bonds payable	(12,165,000)
Unamortized bond premium	(869,920)
Deferred charge on refunding	814,275
Accrued interest on long-term debt	(81,134)
Compensated absences	(1,518,693)
<p>Certain pension and other postemployment benefit-related amounts, such as the net pension liability, net other postemployment benefit liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.</p>	
Net pension liability	(36,976,923)
Net other postemployment benefit liability	(12,638,527)
Deferred outflows related to the net pension liability	9,026,245
Deferred inflows related to the net pension liability	(2,018,101)
Deferred outflows related to the net other postemployment benefit liability	807,472
Deferred inflows related to the net other postemployment benefit liability	(427,274)
Net position of governmental activities	<u>\$ (29,654,984)</u>

The accompanying notes are an integral part of these financial statements.

AIRPORT COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2018

	General	Nonmajor Governmental Funds	Total
Revenues			
Local sources	\$ 5,389,528	\$ 1,542,809	\$ 6,932,337
State sources	21,559,278	66,544	21,625,822
Federal sources	675,277	869,143	1,544,420
Total revenues	27,624,083	2,478,496	30,102,579
Expenditures			
Current:			
Instruction	15,653,638	-	15,653,638
Supporting services	9,297,810	-	9,297,810
Athletics	452,032	-	452,032
Food service	-	1,149,297	1,149,297
Community services	647,416	-	647,416
Capital outlay	-	222,961	222,961
Debt service:			
Principal repayment	-	590,000	590,000
Interest and fiscal charges	-	528,536	528,536
Bond issuance costs	-	99,549	99,549
Total expenditures	26,050,896	2,590,343	28,641,239
Revenues over (under) expenditures	1,573,187	(111,847)	1,461,340
Other financing sources (uses)			
Issuance of long-term debt	-	6,930,000	6,930,000
Bond premium	-	869,920	869,920
Payment to escrow agent	-	(7,832,371)	(7,832,371)
Total other financing sources (uses)	-	(32,451)	(32,451)
Net changes in fund balances	1,573,187	(144,298)	1,428,889
Fund balances, beginning of year	4,532,428	1,044,560	5,576,988
Fund balances, end of year	\$ 6,105,615	\$ 900,262	\$ 7,005,877

The accompanying notes are an integral part of these financial statements.

AIRPORT COMMUNITY SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ 1,428,889

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, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	401,248
Depreciation expense	(648,821)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	590,000
Issuance of long-term debt	(6,930,000)
Premium on bonds	(869,920)
Payment to escrow agent	7,832,371

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in the funds.

Change in net pension liability and related deferred amounts	(299,970)
Change in net other postemployment benefit liability and related deferred amounts	56,223
Change in accrued interest payable on bonds	14,898
Amortization of deferred charge on refunding	(8,736)
Change in the accrual for compensated absences	(51,521)

Change in net position of governmental activities	\$ 1,514,661
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The accompanying notes are an integral part of these financial statements.

AIRPORT COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Local sources:				
Property taxes	\$ 3,079,233	\$ 2,933,695	\$ 2,926,187	\$ (7,508)
Earnings on investments and deposits	5,531	10,031	10,327	296
Other local revenues	2,134,353	2,428,185	2,453,014	24,829
Total local sources	5,219,117	5,371,911	5,389,528	17,617
State sources:				
State school aid - unrestricted	17,800,627	18,770,670	18,767,508	(3,162)
Special education	1,048,067	1,283,286	1,283,286	-
At risk	674,117	860,676	860,152	(524)
Preschool	349,899	443,283	386,799	(56,484)
Career/Technical	42,000	61,790	127,109	65,319
Other	77,428	133,376	134,424	1,048
Total state sources	19,992,138	21,553,081	21,559,278	6,197
Federal sources:				
Title I	431,137	585,419	502,859	(82,560)
Title II-A	90,000	115,447	106,218	(9,229)
Title II-A	-	6,988	5,331	(1,657)
Title IV	-	10,000	4,373	(5,627)
Homeless	-	34,623	34,521	(102)
Medicaid	2,101	3,801	3,801	-
USF	-	9,026	9,026	-
Upward bound	-	5,192	9,148	3,956
Total federal sources	523,238	770,496	675,277	(95,219)
Total revenues	25,734,493	27,695,488	27,624,083	(71,405)
Expenditures				
Current:				
Instruction:				
Basic programs:				
Elementary	3,962,380	3,951,504	3,916,856	(34,648)
Middle/Junior High	3,406,495	3,507,101	3,485,195	(21,906)
High School	3,813,875	3,975,671	3,937,266	(38,405)
Preschool/GSRP	354,787	387,783	339,799	(47,984)
Added needs	3,715,316	4,134,218	3,974,522	(159,696)
Total instruction	15,252,853	15,956,277	15,653,638	(302,639)

continued...

AIRPORT COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (concluded)				
Supporting services:				
Instructional staff	\$ 862,409	\$ 958,106	\$ 906,119	\$ (51,987)
Pupil services	1,048,289	1,129,137	1,111,458	(17,679)
General administration	370,593	403,976	398,520	(5,456)
School administration	1,526,487	1,556,869	1,524,709	(32,160)
Business services	489,096	492,775	475,021	(17,754)
Central services	656,416	625,175	525,648	(99,527)
Operations and maintenance	2,373,871	2,559,593	2,397,761	(161,832)
Pupil transportation	1,939,606	2,006,725	1,958,574	(48,151)
Total supporting services	<u>9,266,767</u>	<u>9,732,356</u>	<u>9,297,810</u>	<u>(434,546)</u>
Athletics	<u>501,171</u>	<u>514,983</u>	<u>452,032</u>	<u>(62,951)</u>
Community services	<u>729,630</u>	<u>673,688</u>	<u>647,416</u>	<u>(26,272)</u>
Total expenditures	<u>25,750,421</u>	<u>26,877,304</u>	<u>26,050,896</u>	<u>(826,408)</u>
Net change in fund balance	(15,928)	818,184	1,573,187	755,003
Fund balance, beginning of year	<u>4,532,428</u>	<u>4,532,428</u>	<u>4,532,428</u>	-
Fund balance, end of year	<u>\$ 4,516,500</u>	<u>\$ 5,350,612</u>	<u>\$ 6,105,615</u>	<u>\$ 755,003</u>

concluded.

The accompanying notes are an integral part of these financial statements.

AIRPORT COMMUNITY SCHOOLS

Statement of Fiduciary Assets and Liabilities

June 30, 2018

	Agency Funds
Assets	
Cash and cash equivalents	\$ 465,022
Liabilities	
Accounts payable	\$ 16,521
Due to student groups and activities	448,501
Total liabilities	<u>\$ 465,022</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Airport Community Schools (the "District") has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be consolidated into the basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements, except for the agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

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

The District reports the following major governmental fund -

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the government, except those accounted for and reported in another fund.

Additionally, the District reports the following fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *agency funds* account for assets held for student activity groups and organizations and are custodial in nature.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

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

Investments are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non current portion of interfund loans).

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Capital Assets

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

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

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

	Years
Buildings and improvements	25-50
Licensed vehicles	5-10
Equipment	5-20

Deferred Outflows 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the charge on refunding. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

Compensated Absences

It is the District's policy to permit employees to accumulate various earned but unused vacation and sick pay benefits. These are accrued when incurred in the District wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District's deferred inflows of resources are related to pension and other postemployment benefit liabilities.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually require to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports *assigned fund balance* (when applicable) for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board has given the CFO the authority to assign fund balance. *Unassigned fund balance* is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Pensions and Other Postemployment Benefits

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

2. BUDGETARY INFORMATION

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted annually on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis.

3. SINKING FUND

The Sinking Fund Capital Project Fund records capital project activities funded with Sinking Fund millage. For these activities, the District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position and Statement of Fiduciary Assets and Liabilities follows:

Statement of Net Position	
Cash and cash equivalents	\$ 5,370,966
Statement of Fiduciary Assets and Liabilities	
Cash and cash equivalents	<u>465,022</u>
Total	<u>\$ 5,835,988</u>
Deposits	
Deposits (checking accounts and certificates of deposit)	<u>\$ 5,835,988</u>

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Statutory Authority

State statutes authorize the District to invest in:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of these types of investments.

Deposit and investment risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The Districts' investment policy does not have specific limits in excess of state law on investment credit risk. The District had no investments at year-end.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$5,997,617 of the District's bank balance of \$6,248,382 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. The District had no investments at year-end.

5. RECEIVABLES

Receivables as of year end for the District's major fund and nonmajor funds in the aggregate, are as follows:

	General	Nonmajor	Total
Receivables			
Accounts	\$ 51,996	\$ 17,523	\$ 69,519
Due from other governments	4,618,815	46,601	4,665,416
Land contract	-	18,743	18,743
	<u>\$ 4,670,811</u>	<u>\$ 82,867</u>	<u>\$ 4,753,678</u>

The long-term portion of the land contract receivable is \$12,857.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

6. CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 1,295,485	\$ -	\$ -	\$ -	\$ 1,295,485
Construction in progress	52,337	5,250	-	(37,772)	19,815
	<u>1,347,822</u>	<u>5,250</u>	<u>-</u>	<u>(37,772)</u>	<u>1,315,300</u>
Capital assets, being depreciated:					
Buildings and improvements	24,088,469	239,484	-	37,772	24,365,725
Land improvements	1,157,359	14,086	-	-	1,171,445
Equipment and furniture	2,311,422	112,464	-	-	2,423,886
Vehicles	114,487	29,964	-	-	144,451
Educational media	907,759	-	-	-	907,759
	<u>28,579,496</u>	<u>395,998</u>	<u>-</u>	<u>37,772</u>	<u>29,013,266</u>
Less accumulated depreciation for:					
Buildings and improvements	(7,368,476)	(464,699)	-	-	(7,833,175)
Land improvements	(604,902)	(45,089)	-	-	(649,991)
Equipment and furniture	(1,393,755)	(124,974)	-	-	(1,518,729)
Vehicles	(72,944)	(7,969)	-	-	(80,913)
Educational media	(852,949)	(6,090)	-	-	(859,039)
	<u>(10,293,026)</u>	<u>(648,821)</u>	<u>-</u>	<u>-</u>	<u>(10,941,847)</u>
Total capital assets being depreciated, net	<u>18,286,470</u>	<u>(252,823)</u>	<u>-</u>	<u>37,772</u>	<u>18,071,419</u>
Governmental activities capital assets, net	<u>\$ 19,634,292</u>	<u>\$ (247,573)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,386,719</u>

Depreciation expense of \$648,821 was reported as “unallocated depreciation,” and was not allocated to specific functions.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

7. PAYABLES

Accounts payable and accrued liabilities as of year end for the District’s individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Nonmajor	Total
Fund Financial Statements			
Accounts payable	\$ 294,507	\$ 44,215	\$ 338,722
Salaries and benefits payable	<u>2,464,520</u>	<u>1,110</u>	<u>2,465,630</u>
	<u>\$ 2,759,027</u>	<u>\$ 45,325</u>	2,804,352
Government-wide Financial Statements			
Accrued interest on long-term debt			<u>81,134</u>
			<u>\$ 2,885,486</u>

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2018, interfund receivables and payables consisted of the following:

	Due From	Due To
General fund	\$ -	\$ 99,023
Nonmajor governmental funds	<u>99,023</u>	<u>-</u>
	<u>\$ 99,023</u>	<u>\$ 99,023</u>

The District reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net position/balance sheet for the governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. For the year ended June 30, 2018, the District did not have any transfers.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

9. LONG-TERM DEBT

The following is a summary of bond, note, and compensated absences transactions of the District for the year ended June 30, 2018:

	Beginning Balance	Refunding	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities						
General obligation						
bonds	\$ 12,855,000	\$ (7,030,000)	\$ 6,930,000	\$ (590,000)	\$ 12,165,000	\$ 665,000
Bond						
premium	14,307	(14,307)	869,920	-	869,920	66,917
Compensated absences						
	1,467,172	-	153,027	(101,506)	1,518,693	102,000
	<u>\$ 14,336,479</u>	<u>\$ (7,044,307)</u>	<u>\$ 7,952,947</u>	<u>\$ (691,506)</u>	<u>\$ 14,553,613</u>	<u>\$ 833,917</u>

Bonds payable at June 30, 2018, are comprised of the following issues:

General Obligation Bonds

\$5,000,000 2011A School Building and Site Bonds, due in annual installments of \$25,000 to \$460,000 through May 1, 2031; interest at 3.00% to 5.25%	\$ 225,000
\$1,875,000 2011B School Building and Site Bonds, due in annual installments of \$55,000 to \$240,000 through May 1, 2027; interest at 4.70% to 5.20%	1,730,000
\$4,640,000 2011C School Building and Site Bonds, due in annual installments of \$40,000 to \$910,000 through May 1, 2031; interest at 4.60% to 5.00%	2,050,000
\$3,045,000 2014 Refunding Bonds, due in annual installments of \$400,000 to \$475,000 through May 1, 2021; interest at 0.40% to 2.50%	1,230,000
\$6,930,000 2017 Refunding Bonds, due in annual installments of \$50,000 to \$1,305,000 through May 1, 2031; interest at 4.00%	<u>6,930,000</u>
Total general obligation bonds payable	<u><u>\$ 12,165,000</u></u>

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Advance Refunding

During the year, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the trust fund assets and related liabilities have been removed from the statement of net position.

The District issued \$6,930,000 in refunding bonds during the year to advance refund \$4,560,000 of 2011A bonds and \$2,470,000 of 2011C bonds. The refunding resulted in a savings of \$835,185 over the next five years and an economic gain of \$694,510.

The balance of defeased bonds outstanding as of June 30, 2018 was \$7,030,000, which represents amounts placed in escrow as part of the 2017 debt refunding.

Bond debt service requirements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 665,000	\$ 486,803	\$ 1,151,803
2020	695,000	470,883	1,165,883
2021	725,000	451,234	1,176,234
2022	760,000	427,180	1,187,180
2023	805,000	394,825	1,199,825
2024-2028	4,825,000	1,406,543	6,231,543
2029-2031	3,690,000	301,200	3,991,200
	<u>\$ 12,165,000</u>	<u>\$ 3,938,668</u>	<u>\$ 16,103,668</u>

Compensated absences are generally liquidated by the general fund.

10. SHORT-TERM DEBT

During the year, the District financed certain operations through the issuance of a State Aid Anticipation Note. This note was issued for terms of less than one year, and accordingly is recorded as a liability in the General Fund. The note bears interest at 1.27% and matures on July 20, 2018.

Changes in short-term state aid notes for the year ended June 30, 2018, were as follows:

	Beginning Balance	Additions	Deduction	Ending Balance
State aid note	<u>\$ 428,571</u>	<u>\$ 2,200,000</u>	<u>\$ 2,313,953</u>	<u>\$ 314,618</u>

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

11. NET INVESTMENT IN CAPITAL ASSETS

As of June 30, 2018, net investment in capital assets was comprised of the following:

Capital assets not being depreciated	\$ 1,315,300
Capital assets being depreciated, net	<u>18,071,419</u>
	<u>19,386,719</u>
Related debt:	
Bonds payable	12,165,000
Deferred charge on refunding	(814,275)
Refunding bond premiums	<u>869,920</u>
	<u>12,220,645</u>
Net investment in capital assets	<u>\$ 7,166,074</u>

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for general liability, property and casualty and health claims and participates in the MASB/SET-SEG (risk pool) for claims relating to 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 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.

13. PROPERTY TAXES

Property taxes are assessed as of December 31, and attach as an enforceable lien on property as of December 1 of the following year. Taxes are levied on July 1 and December 1 and are due on September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

14. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

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

Pension Benefits Provided

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

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

Other Postemployment Benefits Provided

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

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20-year period for the 2017 fiscal year.

The table below summarizes pension contribution rates in effect for fiscal year 2018:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	17.89% - 19.03%
Member Investment Plan (MIP)	3.00% - 7.00%	17.89% - 19.03%
Pension Plus	3.00% - 6.40%	16.61% - 18.40%
Pension Plus 2	6.20%	19.74%
Defined Contribution	0.00%	13.54% - 15.27%

Required contributions to the pension plan from the District were \$3,919,140 for the year ended June 30, 2018.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2018:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	5.91% - 7.67%
Personal Healthcare Fund (PHF)	0.00%	5.69% - 7.42%

Required contributions to the OPEB plan from the District were \$898,388 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$36,976,923 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2016. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2017, the District's proportion was .14269%, which was an increase of .0016% from its proportion measured as of September 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$4,218,427. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 321,355	\$ 181,438	\$ 139,917
Changes in assumptions	4,051,116	-	4,051,116
Net difference between projected and actual earnings on pension plan investments	-	1,767,740	(1,767,740)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,037,472	68,923	968,549
	<u>5,409,943</u>	<u>2,018,101</u>	<u>3,391,842</u>
District contributions subsequent to the measurement date	3,616,302	-	3,616,302
	<u>3,616,302</u>	<u>-</u>	<u>3,616,302</u>
Total	<u>\$ 9,026,245</u>	<u>\$ 2,018,101</u>	<u>\$ 7,008,144</u>

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

\$3,616,302 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ 1,059,338
2020	1,632,362
2021	734,669
2022	<u>(34,527)</u>
Total	<u>\$ 3,391,842</u>

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

At June 30, 2018, the District reported a liability of \$12,638,527 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The District’s proportion of the net OPEB liability was determined by dividing each employer’s statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the District’s proportion was .14272%.

For the year ended June 30, 2018, the District recognized OPEB expense of \$846,244. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 134,563	\$ (134,563)
Net difference between projected and actual earnings on OPEB plan investments	-	292,711	(292,711)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>3,956</u>	<u>-</u>	<u>3,956</u>
	3,956	427,274	(423,318)
District contributions subsequent to the measurement date	<u>803,516</u>	<u>-</u>	<u>803,516</u>
Total	<u>\$ 807,472</u>	<u>\$ 427,274</u>	<u>\$ 380,198</u>

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

\$803,516 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ (102,368)
2020	(102,368)
2021	(102,368)
2022	(102,368)
2023	<u>(13,846)</u>
Total	<u>\$ (423,318)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2016 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	3.5%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	7.5%
Pension Plus plan (hybrid)	7.0%
OPEB plans	7.5%
Projected salary increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.5% Year 12
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Other OPEB assumptions:

Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5188 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.4744 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.60%	1.56%
Alternative investment pools	18.00%	8.70%	1.57%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	-0.10%	-0.01%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.00%	0.78%
Short-term investment pools	2.00%	-0.90%	-0.02%
	<u>100.00%</u>		<u>5.45%</u>
Inflation			<u>2.05%</u>
Investment rate of return			<u><u>7.50%</u></u>

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

Discount Rate

A discount rate of 7.5% was used to measure the total pension and OPEB liabilities (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension and OPEB plan investments of 7.5% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for the Hybrid Plan), as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net pension liability	\$ 48,168,632	\$ 36,976,923	\$ 27,554,217

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

The following presents the District’s proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net OPEB liability	\$ 14,803,367	\$ 12,638,527	\$ 10,801,254

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

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

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

	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net OPEB liability	\$ 10,703,133	\$ 12,638,527	\$ 14,836,031

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2018, the District reported a payable of \$517,178 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2018.

Payable to the OPEB Plan

At June 30, 2018, the District reported a payable of \$102,240 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2018.

15. SUBSEQUENT EVENTS

On August 1, 2018, the District issued 2018 School Building and Site Bonds with a face value of \$13,915,000. The bonds are due in annual installments of \$100,000 to \$1,500,000 through May 1, 2039.

On August 20, 2018, the District received proceeds of \$1,500,000 for a State of Michigan School Aid anticipation note due August 20, 2019. The notes bear interest at a rate of 1.75%.

16. CONTINGENCIES

The District withheld and remitted FICA payments to the IRS for tax years 2013 to 2016 for employees' contributions to the MPSERS OPEB plan. It was later determined that this treatment was not correct and the District has received approval from the IRS to receive refunds for those years. The amount expected to be returned to the District is \$115,857.

AIRPORT COMMUNITY SCHOOLS

Notes to Financial Statements

17. RESTATEMENT

The District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. As a result of this change, beginning net position of governmental activities was decreased by \$12,314,552.



REQUIRED SUPPLEMENTARY INFORMATION

AIRPORT COMMUNITY SCHOOLS

Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

Pension Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	\$ 30,184,873	\$ 33,661,556	\$ 35,201,913	\$ 36,976,923
District's proportionate share of the net pension liability	0.13704%	0.13782%	0.14109%	0.14269%
District's covered payroll	\$ 11,662,150	\$ 11,530,631	\$ 12,049,845	\$ 11,944,783
District's proportionate share of the net pension liability as a percentage of its covered payroll	258.83%	291.93%	292.14%	309.57%
Plan fiduciary net position as a percentage of the total pension liability	66.20%	63.17%	63.27%	64.21%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Schedule of the District's Pension Contributions

	Year Ended June 30,			
	2015	2016	2017	2018
Statutorily required contribution	\$ 2,598,666	\$ 3,125,313	\$ 3,337,316	\$ 3,919,140
Contributions in relation to the contractually required contribution	(2,598,666)	(3,125,313)	(3,337,316)	(3,919,140)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 11,895,630	\$ 11,601,050	\$ 11,888,992	\$ 12,204,615
Contributions as a percentage of covered payroll	21.85%	26.94%	28.07%	32.11%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

AIRPORT COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

OPEB Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30, 2018
District's proportion of the net OPEB liability	\$ 12,638,527
District's proportionate share of the net OPEB liability	0.14272%
District's covered payroll	\$ 11,944,783
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.81%
Plan fiduciary net position as a percentage of the total OPEB liability	36.39%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30, 2018
Statutorily required contribution	\$ 898,388
Contributions in relation to the contractually required contribution	<u>(898,388)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered payroll	\$ 12,204,615
Contributions as a percentage of covered payroll	7.36%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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**COMBINING FUND
FINANCIAL STATEMENTS**

AIRPORT COMMUNITY SCHOOLS

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2018

	Special Revenue			Total
	Food Service	Debt Service	Capital Projects	
Assets				
Cash and cash equivalents	\$ 212,901	\$ 462,248	\$ 91,903	\$ 767,052
Accounts receivable	17,523	-	-	17,523
Land contract receivable	-	-	18,743	18,743
Due from other governments	40,303	6,298	-	46,601
Due from other funds	99,023	-	-	99,023
Inventory	18,127	-	-	18,127
Total assets	\$ 387,877	\$ 468,546	\$ 110,646	\$ 967,069
Liabilities				
Accounts payable	\$ 44,215	\$ -	\$ -	\$ 44,215
Salaries and benefits payable	1,110	-	-	1,110
Unearned revenue	21,482	-	-	21,482
Total liabilities	66,807	-	-	66,807
Fund balances				
Nonspendable	18,127	-	18,743	36,870
Restricted	302,943	468,546	49,224	820,713
Committed	-	-	42,679	42,679
Total fund balances	321,070	468,546	110,646	900,262
Total liabilities and fund balances	\$ 387,877	\$ 468,546	\$ 110,646	\$ 967,069

AIRPORT COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2018

	Special Revenue			
	Food Service	Debt Service	Capital Projects	Total
Revenues				
Local sources:				
Property taxes	\$ -	\$ 1,119,419	\$ -	\$ 1,119,419
Earnings on investments and deposits	-	-	1,239	1,239
Other local revenues	421,871	280	-	422,151
State sources	43,131	23,413	-	66,544
Federal sources	787,995	81,148	-	869,143
Total revenues	1,252,997	1,224,260	1,239	2,478,496
Expenditures				
Current -				
Food service	1,149,297	-	-	1,149,297
Capital outlay	13,859	-	209,102	222,961
Debt service:				
Principal repayment	-	590,000	-	590,000
Interest and fiscal charges	-	528,536	-	528,536
Bond issuance costs	-	99,549	-	99,549
Total expenditures	1,163,156	1,218,085	209,102	2,590,343
Revenues over (under) expenditures	89,841	6,175	(207,863)	(111,847)
Other financing sources (uses)				
Issuance of long-term debt	-	6,930,000	-	6,930,000
Bond premium	-	869,920	-	869,920
Payment to escrow agent	-	(7,832,371)	-	(7,832,371)
Total other financing sources (uses)	-	(32,451)	-	(32,451)
Net changes in fund balances	89,841	(26,276)	(207,863)	(144,298)
Fund balances, beginning of year	231,229	494,822	318,509	1,044,560
Fund balances, end of year	\$ 321,070	\$ 468,546	\$ 110,646	\$ 900,262

AIRPORT COMMUNITY SCHOOLS

Combining Balance Sheet Nonmajor Capital Project Funds June 30, 2018

	Capital Projects	Sinking Fund	Total
Assets			
Cash and cash equivalents	\$ 42,679	\$ 49,224	\$ 91,903
Land contract receivable	18,743	-	18,743
Total assets	\$ 61,422	\$ 49,224	\$ 110,646
Fund balances			
Nonspendable	18,743	-	18,743
Restricted	-	49,224	49,224
Committed	42,679	-	42,679
Total fund balances	\$ 61,422	\$ 49,224	\$ 110,646

AIRPORT COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Project Funds For the Year Ended June 30, 2018

	Capital Projects	Sinking Fund	Total
Revenues			
Local sources -			
Earnings on investments and deposits	\$ 1,226	\$ 13	\$ 1,239
Expenditures			
Capital outlay	209,102	-	209,102
Net changes in fund balances	(207,876)	13	(207,863)
Fund balances, beginning of year	269,298	49,211	318,509
Fund balances, end of year	<u>\$ 61,422</u>	<u>\$ 49,224</u>	<u>\$ 110,646</u>

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