ALMONT COMMUNITY SCHOOLS

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

YEAR ENDED JUNE 30, 2021

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Lewis & Knopf
CPAs, PC

October 18, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Almont Community Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Almont Community Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Almont Community Schools, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

5206 Gateway Centre | Suite 100 | Flint, MI 48507 | 810-238-4617 | 877-244-1787 | 810-238-5083 fax
10299 E Grand River Road | Suite M | Brighton, MI 48116 | 810-225-1808
1100 Torrey Road | Suite 400 | Fenton, MI 48430 | 810-629-1500
www.lewis-knopf.com

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 13 to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Almont Community Schools' basic financial statements. The combining and individual non-major fund and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund, other schedules and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund, other schedules and the schedule of expenditures of federal awards 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 our report dated October 18, 2021, on our consideration of the Almont Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Almont Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Almont Community Schools' internal control over financial reporting and compliance.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf CPAs, PC

As administration of Almont Community Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

Financial Highlights

* The liabilities of the District exceeded its assets at the close of the most recent fiscal year by $16,425,252 (net position).

* The District's total net position increased by $1,768,517. The increase was primarily due to the district refinancing two bonds at a much lower rate decreasing our long term liabilities. This refinancing shortening the life of the bonds so they can be paid down faster and ultimately bringing a savings to our community.

* The general fund had an increase in fund balance of $259,398. At the end of the year, unassigned fund balance for the general fund was $1,949,093, or 13%, of total general fund expenditures. Total fund balance for the general fund was $2,104,028, or 14%, of total general fund expenditures.

* The District required a single audit for the 2020-21 year. This was due to receiving additional federal funding for the ESSER Formula and other covid relief funds.

Covid Note

COVID continued to have an effect on education as we moved into the 2020-2021 school year. We faced many challenges as there were both employee and supply shortages. Our staff worked to get both an in person and online option of learning ready for our students. There were many extra cost that came with COVID such as additional PPE, additional staff hours for time to work with both online and in person learners and additional technology. We received an influxes of federal and state funding to help offset those cost.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-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 financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. 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 provide information about the School District's most significant fund - the General Fund and 2021 Series A Debt Refunding. All other funds are presented in one column as non-major funds.

MAJOR FEATURES OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

		Fund Financial Statements	
	District-Wide Statements	**Governmental Funds**	**Fiduciary Funds (if any)**
Scope	Entire District (except Fiduciary Funds)	The activities of the District that are not proprietary or fiduciary such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as certain student activities monies
Required Financial Statements	* Statement of Net Position * Statement of Activities (Pages 1 and 2)	* Balance Sheet * Statement of Revenues, Expenditures and Changes in Fund Balances (Pages 3 and 4)	* Statement of Fiduciary Net Position * Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting economic resources focus
Type of Asset/ Liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, The District's funds do not currently contain capital assets, although they can
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received	All additions and deductions during year, regardless of when cash is received or paid

Fund Financial Statements

The fund financial statements are reported on a modified accrual basis and consist of governmental funds. Governmental funds include most of the District's basic services which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending on future District programs.

Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources. Some of these funds are established by State law and by bond covenants while others can be established for the District to control and manage money for a particular purpose such as school lunch and athletics.

SUMMARY OF NET POSITION:

NET POSITION SUMMARY

	2021	2020
ASSETS		
Other Assets	$5,138,142	$4,035,692
Capital Assets	25,342,285	26,131,193
TOTAL ASSETS	$30,480,427	$30,166,885
DEFERRED OUTFLOWS OF RESOURCES	6,920,590	8,692,012
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$37,401,017	$38,858,897
LIABILITIES		
Other Liabilities	29,863,703	31,106,713
Long-Term Liabilities	18,872,041	21,713,415
Total Liabilities	$48,735,744	$52,820,128
DEFERRED INFLOWS OF RESOURCES	5,090,525	4,416,104
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$53,826,269	$57,236,232
NET POSITION		
Net Investment in Capital Assets	6,730,716	9,723,774
Restricted	741,575	559,507
Unrestricted	(23,897,543)	(28,660,616)
TOTAL NET POSITION	($16,425,252)	($18,377,335)

The above analysis focuses on the net position. The change in net position of the School District's governmental activities is discussed below. The net position differs from fund balances and a reconciliation appears on page 4.

The District's net position reflects its investment in capital assets, and capital projects (i.e. land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, $741,575, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these amounts are restricted for debt service, food service and capital projects. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see table above), which shows the changes in net position for fiscal year 2021.

RESULTS OF OPERATIONS:
For the fiscal years ended June 30, 2021 and 2020, the District wide results of operations were:

	2021	2020
REVENUES		
Program Revenues		
Charges for Services	$378,347	$323,842
Operating Grants	3,703,160	2,566,875
Total Program Revenues	$4,081,507	$2,890,717
General Revenues:		
Property Taxes	4,584,678	4,452,930
State Sources - Unrestricted	10,498,727	10,289,776
Interdistrict Sources	17,900	60,660
Other General Revenues	363,671	245,101
Total General Revenues	$15,464,976	$15,048,467
Total Revenues	$19,546,483	$17,939,184
EXPENSES		
Instruction & Instructional Support	9,525,692	9,282,392
Support Services	5,626,548	4,894,871
Community Services	56,162	60,667
Outgoing Transfers and Other Transactions	208,160	179,831
Food Service	403,876	402,005
Student Activities	217,512	0
Interest on Long-Term Debt	597,000	792,798
Bond Issuance Costs	174,738	0
Depreciation	968,278	936,840
Total Expenses	$17,777,966	$16,549,404
CHANGE IN NET POSITION	$1,768,517	$1,389,780

The District's net position increased by $1,768,517 during the current fiscal year. The increase in net position differs from the change in fund balances and a reconciliation appears on page 6.

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 the School District's 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.

Student Enrollment
Student enrollment decreased from 1,457 in 2019-20 to 1,437 in 2020-21.

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted fund is the General Fund.

Revenues

The general fund actual revenue and other financing sources was $15,325,498. That amount is more than the final budget estimate of $15,305,726. The variance was $19,772, or less than 1%.

Expenditures

The actual expenditures and other financing uses of the general fund were $15,066,100, which is less the final budget estimate of $15,358,898. The variance was $292,798, or 2%. The variance was due to conservative budgeting and also there were certain activities/projects that did not take place because of COVID-19.

The general fund had total revenues of $15,325,498 and total expenditures of $15,066,100 with a net increase in fund balance of $259,398 and an ending fund balance of $2,104,028.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to $25,342,285 (net of accumulated depreciation). This investment in capital assets included land, land improvements, construction, machinery and equipment, and licensed vehicles. Capital assets at fiscal year-end included the following:

	Capital Assets (Net of Depreciation)	
	2021	2020
Construction in Progress	$42,618	$0
Land	579,580	579,580
Buildings and Improvements	24,561,758	25,446,244
Equipment and Furniture	151,908	96,921
Vehicles and Buses	6,421	8,448
Total capital assets, net	$25,342,285	$26,131,193

Additional information on the District's capital assets can be found in Note 4.

Capital Asset and Debt Administration (Continued)

B. Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of $18,872,041. Long-term debt at fiscal year-end included the following:

	Long-Term Debt	
	2021	2020
General Obligation Bonds	$18,772,098	$16,595,260
Notes from Direct Borrowings and Direct Placements	0	5,019,017
Compensated Absences	99,943	99,138
Total Long-Term Debt	$18,872,041	$21,713,415

The District's total bonded debt decreased by $7,845,000 during the current fiscal year due to the District making scheduled debt payments. The District issued $9,365,000 in refunding bonds during the year. Additional information on the District's long-term debt can be found in Note 6.

Economic Factors and Next Year's Budget

The following factors will affect the District in the future and were considered in preparing the District's budget for the 2021-22 fiscal year:

* Foundation Allowance
  The Board of Education and Administration agreed to an estimate of a foundation allowance of $8,275 per pupil for the 2021-2022 fiscal year, a $164 per pupil increase from 2020-21, based on information received from various educational organizations such as Michigan School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions with local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan will all affect this estimate before the final foundation allowance is known.

* Retirement Rate
  The continuing cost of health insurance to current and potential retirees continues to drive the rate increase the Michigan School Employees Retirement System recommends to the legislature for approval. In 2021-2022, the rate is anticipated to increase to 28.23% from 28.21% effective October 1, 2021 for MIP employees (lowest rate). The rate of retirement is anticipated to remain the same for the Defined Contribution plan at 29.96% (highest rate). Additionally, the District will be required to pay 15.05%, for all wages earned October 1, 2021 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

* The Almont Community Schools' 2021/2022 adopted budget is as follows:

REVENUE	$15,261,176
EXPENDITURES	15,389,333
NET (UNDER) BUDGET	($128,157)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office of Almont Community Schools.

BASIC FINANCIAL STATEMENTS

ALMONT COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$2,657,522
Receivables:	
Accounts Receivable	51,330
Due from Other Governmental Units	2,382,479
Inventory	20,033
Prepaid Expenditures	26,778
Capital Assets, Not Being Depreciated - Construction in Progress	42,618
Capital Assets, Not Being Depreciated - Land	579,580
Capital Assets - Net of Accumulated Depreciation	24,720,087
Total Assets	$30,480,427
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Bond Refunding	160,529
Related to Pensions	5,045,504
Related to Postemployment Benefits	1,714,557
Total Deferred Outflows of Resources	$6,920,590
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$37,401,017
LIABILITIES	
Accounts Payable	218,828
State Aid Note Payable	285,875
Due to Other Governmental Units	161,445
Accrued Expenditures	565,422
Salaries Payable	811,274
Unearned Revenue	69,874
Non-Current Liabilities - Due Within One Year	3,192,216
Non-Current Liabilities - Due in More Than One Year	15,679,825
Net Pension Liability	24,081,916
Net Other Postemployment Benefits Liability	3,669,069
Total Liabilities	$48,735,744
DEFERRED INFLOWS OF RESOURCES	
Related to State Aid Funding for Pension and Other Postemployment Benefits	887,550
Related to Pensions	1,051,333
Related to Other Postemployment Benefits	3,151,642
Total Deferred Inflows of Resources	$5,090,525
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$53,826,269
NET POSITION	
Net Investment in Capital Assets	6,730,716
Restricted	741,575
Unrestricted	(23,897,543)
TOTAL NET POSITION	($16,425,252)

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges For Services	Program Revenues: Program Specific Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Change in Net Position
Governmental Activities:				
Instruction	$9,525,692	$30,472	$1,568,034	($7,927,186)
Support Services	5,626,548	45,563	1,703,762	(3,877,223)
Community Services	56,162	67,997	0	11,835
Outgoing Transfers and Other Transactions	208,160	0	0	(208,160)
Food Service	403,876	20,548	431,364	48,036
Student Activities	217,512	213,767	0	(3,745)
Interest - Long-Term Obligations	597,000	0	0	(597,000)
Bond Issuance Costs	174,738	0	0	(174,738)
Depreciation - Unallocated	968,278	0	0	(968,278)
Total Governmental Activities	$17,777,966	$378,347	$3,703,160	($13,696,459)
General Revenues:				
Taxes:				
Property Taxes - Levied for General Purposes				1,030,453
Property Taxes - Levied for Debt Retirement				3,194,737
Property Taxes - Levied for Capital Projects				359,488
State Sources - Unrestricted				10,498,727
Interdistrict Sources				17,900
Investment Earnings				11,083
Other				352,588
Total General Revenues and Transfers				$15,464,976
Change in Net Position				$1,768,517
Net Position - Beginning of Year - As Restated				(18,193,769)
Net Position - End of Year				($16,425,252)

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	2021 Series A Debt Refunding	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$1,642,676	$144,127	$870,719	$2,657,522
Receivables:				
Accounts Receivable	49,441	0	1,889	51,330
Due from Other Funds	12	0	0	12
Due from Other Governmental Units	2,379,807	0	2,672	2,382,479
Inventory	0	0	20,033	20,033
Prepaid Expenditures	26,778	0	0	26,778
TOTAL ASSETS	$4,098,714	$144,127	$895,313	$5,138,154
LIABILITIES				
Accounts Payable	$201,102	$0	$17,726	$218,828
State Aid Note Payable	285,875	0	0	285,875
Due to Other Funds	0	0	12	12
Due to Other Governmental Units	161,445	0	0	161,445
Accrued Expenditures	479,179	0	0	479,179
Salaries Payable	811,274	0	0	811,274
Unearned Revenue	55,811	0	14,063	69,874
Total Liabilities	$1,994,686	$0	$31,801	$2,026,487
FUND BALANCES				
Non-Spendable				
Inventory	0	0	20,033	20,033
Prepaid Expenditures	26,778	0	0	26,778
Restricted				
Food Service	0	0	168,385	168,385
Debt Service	0	144,127	246,931	391,058
Capital Projects	0	0	248,342	248,342
Committed - Student Activities	0	0	179,821	179,821
Assigned - Subsequent Year Expenditures	128,157	0	0	128,157
Unassigned	1,949,093	0	0	1,949,093
Total Fund Balances	$2,104,028	$144,127	$863,512	$3,111,667
TOTAL LIABILITIES AND FUND BALANCES	$4,098,714	$144,127	$895,313	$5,138,154

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total Governmental Fund Balances:		$3,111,667
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Outflows of Resources - Related to Bond Refunding		160,529
Deferred Outflows of Resources - Related to Pensions		5,045,504
Deferred Outflows of Resources - Related to Postemployment Benefits		1,714,557
Deferred Inflows Related to State Aid Funding for Pension and Other Postemployment Benefits		(887,550)
Deferred Inflows of Resources - Related to Pensions		(1,051,333)
Deferred Inflows of Resources - Related to Other Postemployment Benefits		(3,151,642)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund:		
Construction in Progress	$42,618	
Cost of Assets	44,955,163	
Accumulated Depreciation	(19,655,496)	
Capital Assets - Net of Accumulated Depreciation		25,342,285
Accrued Interest on Long-Term Debt		(86,243)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General Obligation Bonds	$18,772,098	
Compensated Absences	99,943	
Total Long-Term Liabilities		(18,872,041)
Net Pension Liability		(24,081,916)
Net Other Postemployment Benefits Liability		(3,669,069)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		($16,425,252)

See notes to financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	2021 Series A Debt Refunding	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	$1,527,075	$328,424	$3,471,197	$5,326,696
State Sources	12,898,840	0	18,075	12,916,915
Federal Sources	871,683	0	413,289	1,284,972
Interdistrict Sources	17,900	0	0	17,900
Total Revenues	$15,315,498	$328,424	$3,902,561	$19,546,483
EXPENDITURES				
Instruction	9,006,521	0	0	9,006,521
Student Services	442,616	0	0	442,616
Instructional Support	324,903	0	0	324,903
General Administration	360,456	0	0	360,456
School Administration	993,074	0	0	993,074
Business Administration	338,720	0	0	338,720
Operation & Maintenance of Plant	1,512,214	0	0	1,512,214
Transportation	989,178	0	0	989,178
Other Support Services	433,020	0	0	433,020
Athletics	301,354	0	0	301,354
Community Services	55,884	0	0	55,884
Outgoing Transfers and Other Transactions	308,160	0	0	308,160
Food Service Activities	0	0	403,876	403,876
Student Activities	0	0	217,512	217,512
Debt Service				
Redemption of Bonds	0	4,565,178	2,565,000	7,130,178
Interest	0	730,119	512,804	1,242,923
Dues and Fees	0	0	1,381	1,381
Capital Outlay	0	0	142,257	142,257
Total Expenditures	$15,066,100	$5,295,297	$3,842,830	$24,204,227
Excess (Deficiency) of Revenue Over (Under) Expenditures	$249,398	($4,966,873)	$59,731	($4,657,744)
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	0	0	10,000
Transfers Out	0	0	(10,000)	(10,000)
Bond Proceeds	0	5,200,000	4,165,000	9,365,000
Bond Premium	0	0	980,344	980,344
Payment to Escrow Agent	0	0	(5,088,606)	(5,088,606)
Bond Issuance Costs	0	(89,000)	(85,738)	(174,738)
Total Other Financing Sources (Uses)	$10,000	$5,111,000	($39,000)	$5,082,000
Net Change in Fund Balance	$259,398	$144,127	$20,731	$424,256
FUND BALANCE - BEGINNING OF YEAR AS RESTATED	1,844,630	0	842,781	2,687,411
FUND BALANCE - END OF YEAR	$2,104,028	$144,127	$863,512	$3,111,667

See notes to financial statements

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental fund	$424,256
Amounts reported for governmental activities in the statement o activities are different because	
Governmental funds report capital outlays as expenditures. Howeve in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expens	
Construction in Progress	42,618
Capital Outlay	136,752
Depreciation Expense	(968,278)
Total	($788,908)
Bond Issuance	(9,365,000)
Issuance Bond Premium	(980,344)
Issuance Deferred Loss on Refunding	88,606
Repayment of bond principal is an expenditure in the governmenta funds, but the repayment reduces long-term liabilities in the statemer of net position This is the amount of repayments reported a expenditures in the governmental funds	7,845,000
Net Change in Michigan School Bond Loan Fun	5,019,017
Amortization of :	
Bond Premium	323,506
Deferred Loss on Refunding	(115,918)
Change in accrued compensated absence	(805)
Change in accrued interest on long-term liabilitie	13,465
Some expenses reported in the statement of activities do not require the use c current financial resources and, therefore, are not reported as expenditures i the governmental Funds	
State Aid Funding for Pension and Other Postemployment Benefi	(96,312)
Pension Related Items	(1,225,658)
OPEB Related Items	627,612
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$1,768,517

See notes to financial statements

ALMONT COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND - AGENCY FUND
JUNE 30, 2021

	Private Purpose Trusts
ASSETS	
Cash and Cash Equivalents	$0
Investments	12,058
TOTAL ASSETS	$12,058
NET POSITION - RESTRICTED FOR TRUST ACTIVITIES	$12,058

See notes to the financial statements.

ALMONT COMMUNITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2021

	Private Purpose Trusts
REVENUE	
Interest/Unrealized Gains	$2,229
Donations	4,625
Total Revenue	$6,854
EXPENDITURES	
Scholarship Awards	6,500
CHANGE IN NET ASSETS	$354
NET POSITION - BEGINNING OF YEAR	11,704
NET POSITION - END OF YEAR	$12,058

See notes to the financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

B) REPORTING ENTITY

The District is governed by an elected seven-member Board of Education. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are part of the District's reporting entity and which organizations are legally separate component units of the District. Based on application of the criteria, the District does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

C) BASIS OF PRESENTATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D) BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

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

Debt Retirement Funds - The Debt Retirement Fund are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The 2021 Series A Refunding Debt is a major fund.

Other Non-Major Funds:

Special Revenue Funds - The special revenue funds accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in the special revenue funds.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS (Continued)

Debt Retirement Funds - The Debt Retirement Fund are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Sinking Funds - The Capital Projects Sinking Funds records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provision of §1212 of the Revised School Code.

Expendable Trust Funds – Expendable trust funds are used to account for funds entrusted to the District, and the principal, or corpus, of the trust and the income produced are expendable.

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

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

E) MEASUREMENT FOCUS, BASIS OF ACCOUNTING

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

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

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fiduciary Fund Financial Statements (if any) are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) MEASUREMENT FOCUS, BASIS OF ACCOUNTING (Continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)
Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

G) INVENTORIES AND PREPAID COSTS
Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, including commodities received from the United States Department of Agriculture, 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 costs in both government-wide and fund financial statements.

H) CAPITAL ASSETS
General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a $5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

Land and construction in progress, if any, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 15 years
Vehicles and Buses	8 – 10 years

I) INTERFUND BALANCES
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net position.

J) UNEARNED REVENUE
The District reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K) COMPENSATED ABSENCES

Teachers earn sick days at the rate of 10 days per year. Other employees earn sick days depending on the number of months employed and their union contract. At the end of the school year, teachers are paid for any accumulated sick days over 60 days, and support staff for any over 80 days. Employees, either upon retirement and acceptance into the Michigan School Employees' Retirement System or upon resignation for certain employees, shall be compensated at a daily rate based on their contracts. The total estimated liability for unpaid sick days, including salary-related payments, was $99,943 at June 30, 2021.

L) LONG-TERM OBLIGATIONS

In the government-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 reported as debt service expenditures.

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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

M) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred Outflows

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

Deferred Inflows

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) DEFINED BENEFIT PLAN

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

O) NET POSITION FLOW ASSUMPTION

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

P) FUND BALANCE FLOW ASSUMPTION

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

Q) FUND BALANCE POLICIES

Fund balances for each of the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

* Nonspendable fund balance - amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

* Restricted fund balance - amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The District's Capital Projects Fund, Debt Service Fund and Food Service balances are considered restricted.

* Committed fund balance – amounts that have been formally set aside by specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.

* Assigned fund balance - amounts the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The intent is expressed by the Board of Education.

* Unassigned fund balance - amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R) REVENUE

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

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

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

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

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

S) 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.

T) MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL

The accompanying financial statements have been prepared on a basis substantially consistent with the Michigan Public School Accounting Manual (Bulletin 1022), which outlines the accounting procedures and policies for school districts required by the Michigan State Board of Education.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U) BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

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

2. Public hearings are conducted to obtain taxpayer comments.

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

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

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2021. The District does not consider these amendments to be significant.

2) DEPOSITS AND INVESTMENTS

As of June 30, 2021 the District had deposits and investments subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, $2,175,877 of the District's bank balance of $3,365,504 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $2,657,522.

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

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

2) DEPOSITS AND INVESTMENTS (Continued)

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

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

At year end, the maturities of investment and the credit quality ratings of debt securities, (other than the U.S. government) are as follows:

Investment Type	**Fair Value**	**Weighted Average Maturity**	**Rating**	**%**
Open-End Mututal Funds	$ 12,058	N/A	N/A	100.00%

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

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

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

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

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

The asset or liability's fair measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District's fair value measurements as of June 30, 2021 consisted of open-end mutual funds of $12,058, valued using quoted market prices (Level 1 inputs).

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

Cash – District Wide	$ 2,657,522
Investments – Private Purpose Trusts	12,058
TOTAL	$ 2,669,580

3) RECEIVABLES – DUE FROM OTHER GOVERNMENTAL UNITS

Receivables at June 30, 2021, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

GOVERNMENTAL ACTIVITIES	AMOUNT
State Aid	$ 2,326,476
Federal Grants	36,003
Other Grant Programs & Fees	20,000
TOTAL GOVERNMENTAL ACTIVITIES	$ 2,382,479

4) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
GOVERNMENTAL ACTIVITIES				
Non-Depreciable				
Land	$579,580	$0	$0	$579,580
Construction in Progress	0	42,618	0	42,618
Total Non-Depreciable	$579,580	$42,618	$0	$622,198
Capital Assets - Depreciable				
Buildings and Improvements	42,231,709	36,328	0	42,268,037
Equipment and Furniture	1,968,548	100,424	0	2,068,972
Vehicles and Buses	38,574	0	0	38,574
Total Capital Assets - Depreciable	$44,238,831	$136,752	$0	$44,375,583
Less: Accumulated Depreciation				
Buildings and Improvements	(16,785,465)	(920,814)	0	(17,706,279)
Equipment and Furniture	(1,871,627)	(45,437)	0	(1,917,064)
Vehicles and Buses	(30,126)	(2,027)	0	(32,153)
Total Accumulated Depreciation	($18,687,218)	($968,278)	$0	($19,655,496)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	$26,131,193	($788,908)	$0	$25,342,285

Depreciation expense was unallocated on the Statement of Activities as the District considers all fixed assets to have mixed use.

Net investment in capital assets consists of the following:

Construction in Progress	$ 42,618
Capital Assets	44,955,163
Less: Accumulated Depreciation	(19,655,496)
Add: Deferred Charge on Refunding	160,529
Less: Related Long-Term Liabilities	(18,772,098)
NET INVESTMENT IN CAPITAL ASSETS	$ 6,730,716

5) SHORT-TERM DEBT

In August, 2020, the District borrowed $2,000,000 (set aside) at 0.70% on a State Aid Anticipation Note. The note proceeds was used to meet cash flow needs for the 2020-2021 fiscal year. The note is secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2021 is as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
State Aid Note	$228,571	$2,000,000	$1,942,696	$285,875

6) GENERAL LONG-TERM DEBT

The following is a summary of long-term obligations for the District for the year ended June 30, 2021:

Governmental Activities:	Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
General Obligation Bonds	$16,595,260	$10,345,344	$8,168,506	$18,772,098	$3,192,216
Notes from Direct Borrowings and Direct Placements	5,019,017	0	5,019,017	0	0
Compensated Absences	99,138	805	0	99,943	0
Total Governmental Activities	$21,713,415	$10,346,149	$13,187,523	$18,872,041	$3,192,216

GENERAL OBLIGATIONS BONDS

2012 Refunding Bonds - dated April 27, 2012, in the amount of $8,535,000, bearing interest at rates varying from 3.5% to 4.0% per annum, matures in 2032. These bonds were advanced refunded with the 2021 Refunding Series B Bonds.	$ 0
2012 Energy Conservation bonds - dated July 10, 2012, in the amount of $1,200,000 with interest rates at 4.49% per annum, matures in 2025, paid out of the general fund.	400,000
2013 SLRF Refunding bonds - dated April 9, 2013, in the amount of $8,110,000 with an interest rates varying from 0.55% to 2.55% per annum, paid in full during the year.	0
2013 Refunding Bonds – dated October 30, 2013, in the amount of $6,805,000 with interest rates at 4% per annum, matures in 2026.	2,185,000
2016 Refunding Bonds – dated February 18, 2016, in the amount of $6,845,000 with interest rates at 4% per annum, matures in 2027.	5,505,000
2021 Refunding Series A Bonds – dated February 11, 2021, in the amount of $5,200,000 with interest rates ranging from 0.225 to 0.555% per annum, matures in 2024. These bonds were issued to advance refund the Michigan School Bond Loan Fund.	5,020,000

6) GENERAL LONG-TERM DEBT (Continued)

GENERAL OBLIGATIONS BONDS (Continued)

2021 Refunding Series B Bonds – dated February 11, 2021, in the amount of $4,165,000 with interest rates ranging from 3 to 4% per annum, matures in 2032. These bonds were issued to advance refund the 2012 Refunding Bonds. As a result of the advance refunding, the District reduced its total debt service requirements by $1,084,492, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of $969,909.	$ 4,110,000
Bond Premium	1,552,098
TOTAL GENERAL OBLIGATION BONDS	$18,772,098
NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	
Michigan School Bond Loan Fund - The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of $91,983 has been assessed for the year ended June 30, 2021. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default. The Michigan School Bond Loan was advanced refunded with the 2021 Refunding Series A Bond.	0
COMPENSATED ABSENCES	99,943
TOTAL GENERAL LONG-TERM OBLIGATIONS	$ 18,872,041

The annual requirements to amortize long-term obligations outstanding exclusive of employment benefit obligation payments as of June 30, 2021 are as follows:

	General Obligation Bonds		
	Principal	Interest	Total
June 30, 2022	$3,192,216	$517,457	$3,709,673
June 30, 2023	3,397,216	444,337	3,841,553
June 30, 2024	3,532,216	379,142	3,911,358
June 30, 2025	1,657,280	309,290	1,966,570
June 30, 2026	1,514,748	250,800	1,765,548
June 30, 2027-2031	5,156,922	602,800	5,759,722
June 30, 2032	321,501	9,400	330,901
TOTAL	$18,772,098	$2,513,226	$21,285,324

Interest expense (all funds) for the year ended June 30, 2021 was $1,265,373.

7) OPERATING LEASES

Office Equipment and Chromebooks
On August 1, 2019, the District entered into a three year lease with Dell Financial Services, LLC. for the purpose of leasing 1,160 Chromebooks. The lease calls for annual payments of $108,920 including interest starting October 1, 2019 and expiring in October, 2021.

Bus Lease
On July 1, 2018, the District entered into a two year lease with Tax-Exempt Leasing Corp. for the purpose of leasing sixteen 2019 Blue Bird Model 3310 buses, one 2019 Blue Bird SN bus and one 2019 Blue Bird Micro Bird bus. The lease calls for quarterly payments of $59,872 starting July 1, 2018 and one final payment of $59,872 in April 2020. The lease expired in April, 2020. Due to a fire in February 2019, the lease was adjusted to $55,822 and an additional bus was added requiring quarterly payments of $4,300 and expiring in February 2021.

Lease expenditures for 2020-2021 amounted to $108,920.

Future maturities are as follows:

June 30, 2022	$104,984

8) INTERFUND BALANCES
Interfund balances at June 30, 2021 consisted of the following:

	Receivable	Payable
General Fund	$12	$0
Food Service	0	12
TOTAL	$12	$12

The District reports interfund balances between certain funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for 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.

9) INTERFUND TRANSFERS
Interfund transfers for the year ended June 30, 2021, consisted of the following:

TRANSFERS TO	**TRANFERS FROM** General Fund
Food Service	$10,000

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers were made from the General Fund to the Food Service Fund for 31a costs.

10) TAX ABATEMENTS

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

Municipality	Taxes Abated
Almont Township	$7,925

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

There are no significant abatements made by the District.

11) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	$391,058
Less: Accrued Interest - General Obligation Bonds	(86,243)
Food Service	188,418
Sinking Capital Projects	248,342
TOTAL	$741,575

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS

General Information about the Michigan Public School Employees' Retirement System (MPSERS) pension and OPEB plans.

Plan Description

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

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

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

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

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided - Overall

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

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

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 Jan. 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending Sept. 3, 2012 or were on an approved professional services or military leave of absence on Sept. 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 Feb. 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.

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 Pension & OPEB 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 Sept. 30, 2019 valuation will be amortized over a 20-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

The schedule below summarizes **pension** contribution rates in effect for fiscal year ended September 30, 2020.

Benefit Structure	Member	Employer
Basic	0.0 – 4.0%	19.41%
Member Investment Plan	3.0 – 7.0%	19.41%
Pension Plus	3.0 – 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The schedule below summarizes **OPEB** contribution rates in effect for fiscal year ended September 30, 2020.

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Pension contributions were approximately $2,006,000, with $1,981,000 specifically for the Pension Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. OPEB benefits were approximately $542,000, with $519,000 specifically for the OPEB Defined Benefit Plan.

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

At June 30, 2021, *the District* reported a liability of $24,081,916 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. 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, 2020, the District's proportion was 0.07011 percent, which was a decrease of 0.0033 percent from its proportion measured as of September 30, 2019.

MPSERS (Plan) Non-University Employers	September 30, 2020	September 30, 2019
Total Pension Liability	$85,290,583,799	$83,442,507,212
Plan Fiduciary Net Position	50,939,496,006	50,325,869,388
Net Pension Liability	$34,351,087,793	$33,116,637,824
Proportionate Share	0.07011%	0.07339%
Net Pension Liability for the District	$24,081,916	$24,304,277

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ending June 30, 2021, the District recognized pension expense of $3,123,597. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Actual and Expected Experience	$367,952	($51,399)
Changes of Assumptions	2,668,508	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	101,181	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	45,218	(999,934)
Employer Contributions Subsequent to the Measurement Date	1,862,645	0
TOTAL	$5,045,504	($1,051,333)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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 Ending Sept. 30,	Amount
2021	$1,119,847
2022	682,213
2023	266,583
2024	62,883

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

At June 30, 2021, the District reported a liability of $3,669,069 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. 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, 2020 the District's proportion was 0.06849 percent, which was a decrease of 0.0036 percent from its proportion measured as of October 1, 2019.

MPSERS (Plan) Non-University Employers	September 30, 2020	September 30, 2019
Total Other Postemployment Benefits Liability	$13,206,903,534	$13,925,860,688
Plan Fiduciary Net Position	7,849,636,555	6,748,112,668
Net Other Postemployment Benefits Liability	$5,357,266,979	$7,177,748,020
Proportionate Share	0.06849%	0.07204%
Net Other Postemployment Benefits Liability for the District	$3,669,069	$5,170,881

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ending June 30, 2021, the District recognized OPEB expense of $(198,485). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences Between Actual and Expected Experience	$0	($2,733,800)
Changes of Assumptions	1,209,765	0
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	30,622	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,246	(417,842)
Employer Contributions Subsequent to the Measurement Date	467,924	0
TOTAL	$1,714,557	($3,151,642)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending Sept. 30,	Amount
2021	($502,585)
2022	(458,441)
2023	(389,246)
2024	(315,138)
2025	(239,599)

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.

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.80%
- Pension Plus Plan:	6.80%
- Pension Plus 2 Plan:	6.00%
- OPEB	6.95%
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Healthcare Cost Trend Rate:	7.0% Year 1 graded to 3.5% Year 15; 3.00% Year 120
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active Members:	RP-2014 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Disabled Retirees	RP-2014 Male and Female Disabled Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions OPEB	
- Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have 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.

***Notes**:*

* *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.*

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

* *Recognition period for pension liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers]*

* *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.*

* *Recognition period for OPEB liabilities is the average of the expected remaining service lives of all employees in years: [5.9870 for non-university employers].*

* *Recognition period for assets in years: 5.0000*

* *Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Investment Category	Target Allocation*	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	-0.1%
Total	**100.0%**	

* Long term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37% for pension and 5.24% for OPEB. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate – Pension

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate – OPEB

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the 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 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	Pension		
	1% Decrease 5.8%/5.8%/5.0%	**Current Single Discount Rate Assumption 6.8%/6.8%/6.0%**	**1% Increase 7.8% /7.8%/7.0%**
District's proportionate share of the net pension liability	$31,169,955	$24,081,916	$18,207,511

* Discount rates listed in the following order: Basis and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans.

Sensitivity of the 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 6.95%, 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 point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease 5.95%	**Discount Rate 6.95%**	**1% Increase 7.95%**
District's proportionate share of the net other postemployment benefit liability	$4,713,337	$3,669,069	$2,789,884

12) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	Other Postemployment Benefit		
	1% Decrease	**Current Healthcare Cost Trend Rate**	**1% Increase**
District proportionate share of the net other postemployment benefit liability	$2,756,222	$3,669,069	$4,707,321

Pension and OPEB Plan Fiduciary Net Position
Detailed information about the pension or OPEB plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

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

13) RESTATEMENT
For the year ended June 30, 2021, the District implemented the following new pronouncement: GASB Statement No. 84, Fiduciary Activities.

Summary:

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

13) RESTATEMENT (Continued)

The restatement of the beginning of the year fund balances and net position is as follows:

	FUND BALANCES	
	Student/School Activity Fund	Governmental Activities
Fund Balances as of July 1, 2020, as Previously Stated	$183,566	$2,503,845
Adoption of GASB statement No. 84	(183,566)	183,566
FUND BALANCE AS OF JULY 1, 2020, AS RESTATED	$0	$2,687,411

	NET POSITION	
	Governmental Activities	Custodial Fund
Net Position as of July 1, 2020, as Previously Stated	($18,377,335)	$183,566
Adoption of GASB statement No. 84	183,566	(183,566)
NET POSITION AS OF JULY 1, 2020, AS RESTATED	($18,193,769)	$0

14) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2021 or any of the prior 3 years.

15) COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the District is involved in various pending or threatened legal actions. The District believe that any ultimate liability arising from these actions will not have a material adverse effect on its financial position.

The District participates in a number of federal and state programs that require compliance with specific terms and conditions and are subject to audits by the contracting agencies. Management believes that the effect of any disallowed expenditures would be immaterial to the financial statements.

16) SUBSEQUENT EVENTS

In August, 2021, the District borrowed $500,000 (set aside) at .58% on a State Aid Anticipation Note. The note proceeds will be used to meet cash flow needs for the 2021-2022 fiscal year.

17) UPCOMING ACCOUNTING PRONOUNCEMENTS

Statement No. 87, Leases, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, Conduit Debt Obligations provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, Replacement of Interbank Offered Rates establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

18) UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This statement is effective for the year ending June 30, 2023.

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

REQUIRED SUPPLEMENTARY

INFORMATION

ALMONT COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
REVENUES				
Local Sources	$1,420,908	$1,460,682	$1,527,075	$66,393
State Sources	11,767,844	12,867,990	12,898,840	30,850
Federal Sources	277,798	962,053	871,683	(90,370)
Total Revenues	$13,466,550	$15,290,725	$15,297,598	$6,873
EXPENDITURES				
Instruction	8,904,295	9,102,483	9,006,521	95,962
Student Services	411,446	442,850	442,616	234
Instructional Support	231,310	347,391	324,903	22,488
General Administration	354,732	372,746	360,456	12,290
School Administration	965,592	1,022,065	993,074	28,991
Business Administration	390,461	363,427	338,720	24,707
Operation & Maintenance of Plant	1,175,892	1,568,610	1,512,214	56,396
Transportation	998,905	999,847	989,178	10,669
Other Support Services	307,495	451,353	433,020	18,333
Athletics	270,364	312,917	301,354	11,563
Community Services	57,432	54,891	55,884	(993)
Total Expenditures	$14,067,924	$15,038,580	$14,757,940	$280,640
Excess of Revenues Over Expenditures	($601,374)	$252,145	$539,658	$287,513
OTHER FINANCING SOURCES (USES)	(282,000)	(305,319)	(280,260)	25,059
Net Change in Fund Balance	($883,374)	($53,174)	$259,398	$312,572
FUND BALANCE - BEGINNING			1,844,630	
FUND BALANCE - ENDING			$2,104,028	

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 9/30 OF EACH FISCAL YEAR)

	2020	2019	2018	2017	2016	2015	2014
Reporting unit's proportion of net pension liability (%)	0.07011%	0.07339%	0.07507%	0.07479%	0.07398%	0.07770%	0.07726%
Reporting unit's proportionate share of net pension liability	$24,081,916	$24,304,277	$22,567,776	$19,380,942	$18,458,106	$18,978,556	$17,018,427
Reporting unit's covered-employee payroll	$6,047,165	$6,278,511	$6,324,430	$6,337,238	$6,092,008	$6,466,506	$6,569,679
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	398.23%	387.10%	356.83%	305.83%	302.99%	293.49%	259.05%
Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - PENSION
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 6/30 OF EACH FISCAL YEAR)

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$1,926,584	$1,949,632	$2,044,206	$1,754,193	$1,716,618	$1,498,958	$1,892,433
Contributions in relation to statutorily required contributions	1,926,584	1,949,632	2,044,206	1,754,193	1,716,618	1,498,958	1,892,433
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
Reporting unit's covered-employee payroll	$5,848,294	$6,042,804	$6,310,863	$6,277,942	$6,283,608	$6,517,411	$6,007,877
Contributions as a percentage of covered-employee payroll	32.94%	32.26%	32.39%	27.94%	27.32%	23.00%	31.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 9/30 OF EACH FISCAL YEAR)

	2020	2019	2018	2017
Reporting unit's proportion of net OPEB liability (%)	0.06849%	0.07204%	0.07444%	0.07446%
Reporting unit's proportionate share of net OPEB liability	$3,669,069	$5,170,881	$5,916,933	$6,593,440
Reporting unit's covered-employee payroll	$6,047,165	$6,278,511	$6,324,430	$6,337,238
Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	60.67%	82.36%	93.56%	104.04%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

ALMONT COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - OPEB
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 6/30 OF EACH FISCAL YEAR)

	2021	2020	2019	2018
Statutorily required contributions	$483,883	$494,635	$483,166	$579,672
Contributions in relation to statutorily required contributions	483,883	494,635	483,166	579,672
Contribution deficiency (excess)	$0	$0	$0	$0
Reporting unit's covered-employee payroll	$5,848,294	$6,042,804	$6,310,863	$6,277,942
Contributions as a percentage of covered-employee payroll	8.27%	8.19%	7.66%	9.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Fund (Food Service). 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 increased/decreased budgeted amounts during the year in response to changes in funding and related expenditures.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

During the year, Almont Community Schools did not have significant expenditure budget variances.

PENSION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions – there were no changes of assumptions in 2020

OPEB

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

ADDITIONAL SUPPLEMENTARY INFORMATION

ALMONT COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue		Debt	Sinking	Total Other
	Food Service	Student Activities	Retirement Funds	Capital Projects	Governmental Funds
ASSETS					
Cash and Cash Equivalents	$195,625	$179,821	$246,931	$248,342	$870,719
Receivables:					
Accounts Receivable	1,889	0	0	0	1,889
Due from Other Governmental Units	2,672	0	0	0	2,672
Inventory	20,033	0	0	0	20,033
TOTAL ASSETS	$220,219	$179,821	$246,931	$248,342	$895,313
LIABILITIES					
Accounts Payable	$17,726	$0	$0	$0	$17,726
Due to Other Funds	12	0	0	0	12
Unearned Revenue	14,063	0	0	0	14,063
Total Liabilities	$31,801	$0	$0	$0	$31,801
FUND BALANCES					
Non-Spendable					
Inventory	20,033	0	0	0	20,033
Restricted					
Food Service	168,385	0	0	0	168,385
Debt Service	0	0	246,931	0	246,931
Capital Projects	0	0	0	248,342	248,342
Committed	0	179,821	0	0	179,821
Total Fund Balances	$188,418	$179,821	$246,931	$248,342	$863,512
TOTAL LIABILITIES AND FUND BALANCES	$220,219	$179,821	$246,931	$248,342	$895,313

ALMONT COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue		Debt	Sinking	Total Other
	Food Service	Student Activities	Retirement Funds	Capital Projects	Governmental Funds
REVENUES					
Local Sources	$26,135	$213,767	$2,871,049	$360,246	$3,471,197
State Sources	18,075	0	0	0	18,075
Federal Sources	413,289	0	0	0	413,289
Total Revenues	$457,499	$213,767	$2,871,049	$360,246	$3,902,561
OTHER FINANCING SOURCES					
Bond Proceeds	0	0	4,165,000	0	4,165,000
Bond Premium	0	0	980,344	0	980,344
Total Other Financing Sources	$0	$0	$5,145,344	$0	$5,145,344
Total Revenues & Other Financing Sources	$457,499	$213,767	$8,016,393	$360,246	$9,047,905
EXPENDITURES					
Food Service					
Purchased Services	173,385	0	0	0	173,385
Supplies and Materials	200,312	0	0	0	200,312
Capital Outlay	20,066	0	0	0	20,066
Other	10,113	0	0	0	10,113
Student Activities	0	217,512	0	0	217,512
Debt Service	0	0	3,079,185	0	3,079,185
Capital Outlay	0	0	0	142,257	142,257
Total Expenditures	$403,876	$217,512	$3,079,185	$142,257	$3,842,830
OTHER FINANCING USES					
Transfers to Other Funds	10,000	0	0	0	10,000
Payment to Escrow Agent	0	0	5,088,606	0	5,088,606
Bond Issuance Costs	0	0	85,738	0	85,738
Total Other Financing Uses	$10,000	$0	$5,174,344	$0	$5,184,344
Total Expenditures and Other Financing Uses	$413,876	$217,512	$8,253,529	$142,257	$9,027,174
Net Change in Fund Balance	$43,623	($3,745)	($237,136)	$217,989	$20,731
FUND BALANCE - BEGINNING OF YEAR - AS RESTATED	144,795	183,566	484,067	30,353	842,781
FUND BALANCE - END OF YEAR	$188,418	$179,821	$246,931	$248,342	$863,512

ALMONT COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
DEBT RETIREMENT FUND
JUNE 30, 2021

	2012 Debt Refunding	2013 SBL Fund Refinance	2013 Debt Refunding	2016 Debt Refunding
ASSETS				
Cash and Cash Equivalents	$0	$0	$54,380	$128,691
TOTAL ASSETS	$0	$0	$54,380	$128,691
FUND EQUITY				
Restricted				
Debt Service	$0	$0	$54,380	$128,691
TOTAL FUND BALANCE	$0	$0	$54,380	$128,691

2021 Series B Debt Refunding	Total
$63,860	$246,931
$63,860	$246,931
$63,860	$246,931
$63,860	$246,931

ALMONT COMMUNITY SCHOOLS
DEBT RETIREMENT FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021

	2012 Debt Refunding	2013 SBL Fund Refinance	2013 Debt Refunding	2016 Debt Refunding
REVENUE				
Local Sources				
Property Tax Levy	($4,234)	$1,313,042	$514,574	$888,678
Earnings on Investments	278	912	853	1,353
Total Local Sources	($3,956)	$1,313,954	$515,427	$890,031
OTHER FINANCING SOURCES				
Bond Proceeds	0	0	0	0
Bond Premium	0	0	0	0
Transfer from Other Debt Fund	0	0	0	0
Total Other Financing Sources	$0	$0	$0	$0
Total Revenue and Other Financing Sources	($3,956)	$1,313,954	$515,427	$890,031
EXPENDITURES				
Redemption of Bonds	0	1,400,000	450,000	660,000
Interest	79,036	35,686	105,399	255,950
Dues and Fees	4	35	816	526
Total Expenditures	$79,040	$1,435,721	$556,215	$916,476
OTHER FINANCING USES				
Transfer to Other Debt Fund	29,000	0	0	0
Payment to Escrow Agent	0	0	0	0
Bond Issuance Costs	0	0	0	0
Total Other Financing Uses	$29,000	$0	$0	$0
Total Expenditures and Other Financing Uses	$108,040	$1,435,721	$556,215	$916,476
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	($111,996)	($121,767)	($40,788)	($26,445)
FUND BALANCE - BEGINNING OF YEAR	111,996	121,767	95,168	155,136
FUND BALANCE - END OF YEAR	$0	$0	$54,380	$128,691

2021 Series B Debt Refunding	Total After Interfund Elimination
$155,442	$2,867,502
151	3,547
$155,593	$2,871,049
4,165,000	4,165,000
980,344	980,344
29,000	0
$5,174,344	$5,145,344
$5,329,937	$8,016,393
55,000	2,565,000
36,733	512,804
0	1,381
$91,733	$3,079,185
0	0
5,088,606	5,088,606
85,738	85,738
$5,174,344	$5,174,344
$5,266,077	$8,253,529
$63,860	($237,136)
0	484,067
$63,860	$246,931

INDIVIDUAL FUND SCHEDULES OF

REVENUES, EXPENDITURES AND

OTHER FINANCING USES

SCHEDULE 1

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED JUNE 30, 2021

REVENUES FROM	
Local Sources	
Property Tax Levy	$1,030,453
Earnings on Investments and Deposits	4,781
Tuition	30,472
Athletics	45,563
Latchkey and Community Enrichment	67,997
Other Local Revenues	347,809
Total Revenues from Local Sources	$1,527,075
State Sources	
State Aid - Foundation - Sec. 20	10,498,727
At Risk - Sec. 31A	246,760
Other State Grants	1,703,762
Special Education	449,591
Total Revenues from State Sources	$12,898,840
Federal Sources	
Title I	98,671
Title II	19,499
Special Education	132,527
Other Federal Grants	27,299
Cares Funding	591,020
Grants from ISD	2,667
Total Revenues from Federal Sources	$871,683
Interdistrict Services	17,900
Total Revenues	$15,315,498
OTHER FINANCING USES	
Transfers from Other Funds	10,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	$15,325,498

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURE AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2021

INSTRUCTION	
BASIC PROGRAMS	
Elementary	
Salaries - Professional	$1,460,282
Salaries - Non-Professional	47,724
Insurances	427,351
Fica, Retirement, Etc.	806,373
Other Benefits	26,454
Purchased Services	214,632
Supplies and Materials	45,192
Capital Outlay	26,628
Other	1,927
Total Elementary	$3,056,563
Middle School	
Salaries - Professional	1,088,595
Salaries - Non-Professional	44,547
Insurances	302,706
Fica, Retirement, Etc.	561,300
Other Benefits	28,533
Purchased Services	99,681
Supplies and Materials	47,327
Capital Outlay	600
Other	37,009
Total Middle School	$2,210,298
High School	
Salaries - Professional	1,048,229
Salaries - Non-Professional	34,326
Insurances	285,701
Fica, Retirement, Etc.	536,744
Other Benefits	14,951
Purchased Services	321,356
Supplies and Materials	45,494
Other	5,597
Total High School	$2,292,398
Preschool	
Salaries - Professional	63,980
Salaries - Non-Professional	30,810
Fica, Retirement, Etc.	46,463
Purchased Services	525
Supplies and Materials	3,384
Other	45
Total Preschool	$145,207

SCHEDULE 2
(Continued)

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2021

INSTRUCTION (Continued)	
BASIC PROGRAMS	
Summer School	
Salaries - Non-Professional	$862
Fica, Retirement, Etc.	408
Supplies and Materials	642
Total Summer School	$1,912
Total Basic Programs	$7,706,378
ADDED NEEDS	
Special Education	
Salaries - Professional	493,085
Salaries - Non-Professional	192,651
Insurances	154,164
Fica, Retirement, Etc.	349,528
Other Benefits	27,363
Purchased Services	14,420
Supplies and Materials	1,862
Total Special Education	$1,233,073
Compensatory Education	
Purchased Services	66,364
Supplies and Materials	706
Total Compensatory Education	$67,070
Total Added Needs	$1,300,143
TOTAL INSTRUCTION	$9,006,521
SUPPORT SERVICES	
Student Services	
Salaries - Professional	184,047
Salaries - Non-Professional	75,851
Insurances	18,172
Fica, Retirement, Etc.	129,488
Other Benefits	5,100
Purchased Services	26,808
Supplies and Materials	3,150
Total Student Services	$442,616

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2021

SUPPORT SERVICES (Continued)	
Instructional Support	
Salaries - Professional	$32,660
Salaries - Non-Professional	138,540
Insurances	16,149
Fica, Retirement, Etc.	50,471
Purchased Services	77,111
Supplies and Materials	8,964
Capital Outlay	768
Other	240
Total Instructional Support	$324,903
General Administration	
Salaries - Professional	124,218
Salaries - Non-Professional	55,859
Insurances	18,374
Fica, Retirement, Etc.	90,877
Other Benefits	5,600
Purchased Services	49,559
Supplies and Materials	2,098
Other	13,871
Total General Administration	$360,456
School Administration	
Salaries - Professional	369,553
Salaries - Non-Professional	196,245
Insurances	118,278
Fica, Retirement, Etc.	271,970
Purchased Services	32,090
Supplies and Materials	3,478
Other	1,460
Total School Administration	$993,074
Business Office	
Salaries - Professional	112,000
Salaries - Non-Professional	14,049
Insurances	51,976
Fica, Retirement, Etc.	63,589
Purchased Services	9,733
Supplies and Materials	2,396
Other	84,977
Total Business Office	$338,720

SCHEDULE 2
(Continued)

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2021

SUPPORT SERVICES (Continued)	
Operation and Maintenance	
Salaries - Professional	$45,321
Salaries - Non-Professional	500
Insurances	1,742
Fica, Retirement, Etc.	22,867
Other Benefits	5,100
Purchased Services	893,832
Supplies and Materials	395,200
Capital Outlay	146,509
Other	1,143
Total Operation and Maintenance of Plant	$1,512,214
Transportation	
Purchased Services	988,872
Supplies and Materials	306
Total Transportation	$989,178
Other Support Services	
Salaries - Professional	67,498
Salaries - Non-Professional	28,242
Insurances	16,661
Fica, Retirement, Etc.	47,505
Other Benefits	5,100
Purchased Services	96,699
Supplies and Materials	31,049
Capital Outlay	131,110
Other	9,156
Total Other Support Services	$433,020
Athletics	
Salaries - Professional	22,500
Salaries - Non-Professional	49,558
Insurances	12,090
Fica, Retirement, Etc.	36,089
Purchased Services	135,473
Supplies and Materials	34,619
Capital Outlay	6,318
Other	4,707
Total Athletics	$301,354
TOTAL SUPPORT SERVICES	$5,695,535

ALMONT COMMUNITY SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2021

COMMUNITY SERVICES	
Salaries - Non-Professional	$2,500
Fica, Retirement, Etc.	833
Purchased Services	49,189
Supplies and Materials	1,419
Other	1,943
Total Community Services	$55,884
TOTAL EXPENDITURES	$14,757,940
OUTGOING TRANSFERS AND OTHER USES	
Principal and Interest Payments	122,450
Transfers to Other Governmental Units	154,117
Other Transfers	29,612
Capital Outlay	1,981
Total Outgoing Transfers and Other Uses	$308,160
TOTAL EXPENDITURES AND OTHER FINANCING USES	$15,066,100

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2021

2012 ENERGY CONSERVATION IMPROVEMENT BONDS

Date Authorized : July 10, 2012 Amount Authorized: $1,200,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	FEDERAL INTEREST SUBSIDY	TOTAL
2021-2022	4.490%	$100,000	$8,980	$8,980	($17,480)	$100,480
2022-2023	4.490%	100,000	6,735	6,735	(13,110)	100,360
2023-2024	4.490%	100,000	4,490	4,490	(8,740)	100,240
2024-2025	4.490%	100,000	2,245	2,245	(4,370)	100,120
TOTAL		$400,000	$22,450	$22,450	($43,700)	$401,200

GENERAL OBLIGATION - 2013 REFUNDING BONDS

Date Authorized : October 30, 2013 Amount Authorized: $6,805,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2021-2022	4.000%	$445,000	$43,700	$43,700	$532,400
2022-2023	4.000%	435,000	34,800	34,800	504,600
2023-2024	4.000%	435,000	26,100	26,100	487,200
2024-2025	4.000%	435,000	17,400	17,400	469,800
2025-2026	4.000%	435,000	8,700	8,700	452,400
TOTAL		$2,185,000	$130,700	$130,700	$2,446,400

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2021

GENERAL OBLIGATION - 2016 REFUNDING BONDS

Date Authorized : February 18, 2016 Amount Authorized: $6,845,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2021-2022	4.000%	$935,000	$114,775	$114,775	$1,164,550
2022-2023	4.000%	930,000	91,400	91,400	1,112,800
2023-2024	4.000%	925,000	72,800	72,800	1,070,600
2024-2025	4.000%	915,000	54,300	54,300	1,023,600
2025-2026	4.000%	905,000	36,000	36,000	977,000
2026-2027	4.000%	895,000	17,900	17,900	930,800
TOTAL		$5,505,000	$387,175	$387,175	$6,279,350

GENERAL OBLIGATION - 2021 SERIES A REFUNDING BONDS

Date Authorized : February 11, 2021 Amount Authorized: $5,200,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2021-2022	0.225%	$1,480,000	$9,449	$9,448	$1,498,897
2022-2023	0.315%	1,700,000	7,784	7,783	1,715,567
2023-2024	0.555%	1,840,000	5,106	5,106	1,850,212
TOTAL		$5,020,000	$22,339	$22,337	$5,064,676

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2021

GENERAL OBLIGATION - 2021 SERIES B REFUNDING BONDS

Date Authorized : February 11, 2021 Amount Authorized: $4,165,000

PAYMENT DATE - MAY 1ST	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2021-2022	3%	$25,000	$81,825	$81,825	$188,650
2022-2023	3%	25,000	81,450	81,450	187,900
2023-2024	3%	25,000	81,075	81,075	187,150
2024-2025	3%	0	80,700	80,700	161,400
2025-2026	3%	0	80,700	80,700	161,400
2026-2027	3%	0	80,700	80,700	161,400
2027-2028	4%	1,000,000	80,700	80,700	1,161,400
2028-2029	4%	1,000,000	60,700	60,700	1,121,400
2029-2030	4%	1,000,000	40,700	40,700	1,081,400
2030-2031	4%	800,000	20,700	20,700	841,400
2031-2032	4%	235,000	4,700	4,700	244,400
TOTAL		$4,110,000	$693,950	$693,950	$5,497,900

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	Federal AL Number	Pass - Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2020	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payments In Kind Received	Accrued (Unearned) Revenue June 30, 2021
U.S. DEPARTMENT OF EDUCATION									
Passed Through Michigan Department of Education:									
Title I Grants to Local Educational Agencies:	84.010								
Title I Regular (19-20)		201530-1920	$103,274	$6,068	$88,145	$0	$0	$6,068	$0
Title I Regular (20-21)		211530-2021	130,416	0	0	98,671	0	78,167	20,504
Total Title I			$233,690	$6,068	$88,145	$98,671	$0	$84,235	$20,504
Title II - Teacher/Principal Training and Recruiting	84.367								
Improving Teacher Quality (19-20)		200520-1920	46,917	17,250	38,335	218	0	17,468	0
Improving Teacher Quality (20-21)		210520-2021	40,444	0	0	19,281	0	17,757	1,524
Total Title II Teacher/Principal Training & Recruiting			$87,361	$17,250	$38,335	$19,499	$0	$35,225	$1,524
Title IV Part A	84.424								
Student Support & Academic Enrichment (20-21)		210750-2021	18,111	0	0	7,320	0	6,936	384
Education Stabilization Fund	84.425D								
ESSER Formula Funds		203710-1920	73,151	0	0	63,265	0	50,802	12,463
Total Passed Through Michigan Department of Education			$412,313	$23,318	$126,480	$188,755	$0	$177,198	$34,875
Passed Through Lapeer Intermediate School District:									
Special Education - Grants to States:	84.027								
IDEA Flowthrough (19-20)		200450-1920	126,242	379	123,364	0	0	379	0
IDEA Flowthrough (20-21)		210450-2021	132,527	0	0	132,527	0	132,527	0
Total Special Education Grants to States			$258,769	$379	$123,364	$132,527	$0	$132,906	$0
Passed Through Macomb Intermediate School District:									
Title III - Part A- Language	84.365								
Instruction for English Learners (19-20)		200580-1920	259,814	7,399	7,694	0	0	7,399	0
Instruction for English Learners (19-20)		210580-2021	5,660	0	0	1,128	0	0	1,128
Total Title III - Part A- Language			$265,474	$7,399	$7,694	$1,128	$0	$7,399	$1,128
TOTAL U.S. DEPARTMENT OF EDUCATION			$936,556	$31,096	$257,538	$322,410	$0	$317,503	$36,003

ALMONT COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	Federal AL Number	Pass - Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2020	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payments In Kind Received	Accrued (Unearned) Revenue June 30, 2021
U.S. DEPARTMENT OF AGRICULTURE									
Passed Through Michigan Department of Education:									
Non-Cash Assistance									
Entitlement Commodities	10.555	N/A	$27,429	$0	$0	$27,429	$0	$27,429	$0
Cash Assistance									
COVID 19 - Cares Act Summer Food Service Program	10.555	200902	28,160	28,160	0	0	0	28,160	0
SFSP Operating	10.559	200900	35,635	0	0	35,635	0	35,635	0
SFSP Operating	10.559	210904	350,225	0	0	350,225	0	350,225	0
Total Cash Assistance			$414,020	$28,160	$0	$385,860	$0	$414,020	$0
TOTAL U.S. DEPARTMENT OF AGRICULTURE (NUTRITION CLUSTER)			$441,449	$28,160	$0	$413,289	$0	$441,449	$0
U.S. DEPARTMENT OF TREASURY									
Passed Through Michigan Department of Education									
Coronavirus Relief Funds	21.019								
Covid 19 Coronavirus Relief Funds		2021	509,807	0	0	509,807	0	509,807	0
District Covid 19 Costs		2021	17,948	0	0	17,948	0	17,948	0
Total Passed Through Michigan Department of Education			$527,755	$0	$0	$527,755	$0	$527,755	$0
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds -	21.019								
MiConnect Connectivity Funding		2021	19,979	0	0	19,979	0	19,979	0
TOTAL U.S. DEPARTMENT OF TREASURY			$547,734	$0	$0	$547,734	$0	$547,734	$0
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES									
Passed Through Lapeer Intermediate School District:									
Medicaid - Administrative Outreach (20-21)	93.778	N/A	1,539	0	0	1,539	0	1,539	0
TOTAL FEDERAL AWARDS			$1,927,278	$59,256	$257,538	$1,284,972	$0	$1,308,225	$36,003

ALMONT COMMUNITY SCHOOLS
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	$1,284,972
FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS	
General Fund	$871,683
School Service Fund	413,289
TOTAL	$1,284,972

1) Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Almont Community Schools for the year ended June 30, 2021.

   The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the schedule presents only a selected portion of the operations of Almont Community Schools, it is not intended to and does not present the financial position or changes in net position of Almont Community Schools.

   Management has utilized the NexSys and Cash Management System (CMS) in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Grant Auditor's Report have been reconciled in the attached reconciliation on page 56 of this report.

   The District did not qualify for low-risk auditee status.

2) Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Expenditures are recognized following the cost principles in the Uniform Guidance as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

   The District has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

3) Noncash Assistance - The value of noncash assistance received was determined in accordance with the provisions of the Uniform Guidance. The grantee received no noncash assistance during the year ended June 30, 2021 that is not included on the schedule of expenditures of federal awards.

4) The District did not pass-through any federal awards to sub recipients.

ALMONT COMMUNITY SCHOOLS
RECONCILIATION OF "GRANT SECTION AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Current Payments Per the Grant Section Auditor's Report			
	Nexsys/Cash Management System		$591,218
Add:	Grants Passed Through the Lapeer Intermediate School District		
	Special Education - Grants to States (CFDA 84.027)	$132,906	
	Medicaid - Administrative Outreach (CFDA 93.778)	1,539	
	Total Grants Passed Through Lapeer Intermediate School District		134,445
	Grants Passed Through the Macomb Intermediate School District		
	Title III - Part A- Language (CFDA 84.365)		7,399
	Grants Passed Through Michigan Department of Education		
	Covid 19 Coronavirus Relief Funds (CFDA 21.019)	$509,807	
	District Covid 19 Costs (CFDA 21.019)	17,948	
	Total Passed Through Michigan Department of Education		527,755
	Passed through MAISA/Copper County ISD		
	COVID-19 Coronavirus Relief Funds - MiConnect Connectivity Funding (CFDA 21.019)		19,979
	Entitlement and Bonus Commodities		27,429
TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$1,308,225

Lewis & Knopf CPAs, PC

October 18, 2021

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

To the Board of Education of
Almont Community Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Almont Community Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Almont Community Schools' basic financial statements, and have issued our report thereon dated October 18, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

5206 Gateway Centre | Suite 100 | Flint, MI 48507 | 810-238-4617 | 877-244-1787 | 810-238-5083 fax
10299 E Grand River Road | Suite M | Brighton, MI 48116 | 810-225-1808
1100 Torrey Road | Suite 400 | Fenton, MI 48430 | 810-629-1500
www.lewis-knopf.com

Purpose of this Report

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

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf CPAs, PC

Lewis & Knopf
CPAs, PC

October 18, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of
Almont Community Schools

Report on Compliance for Each Major Federal Program

We have audited Almont Community Schools compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Almont Community Schools' major federal programs for the year ended June 30, 2021. Almont Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Almont Community Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Almont Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Almont Community Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Almont Community Schools, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Almont Community Schools' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Almont Community Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response and corrective action plan.

Report on Internal Control over Compliance

Management of the Almont Community Schools, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Almont Community Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Almont Community Schools' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf
CPAs, PC

ALMONT COMMUNITY SCHOOLS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency (ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency (ies) identified? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? ☒ Yes ☐ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Covid 19 Coronavirus Relief Funds, District Covid 19 Costs, MiConnect Connectivity Funding

Dollar threshold use to distinguish between type A and type B programs: $ 750,000.00

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings for the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-001 -

Program Name – (Nutrition Cluster) National School Breakfast and National School Lunch, U.S. Department of Agriculture, passed though Michigan Department of Education. CFDA #10.553/ 10.555/10.559.

Pass-through Entity – Michigan Department of Education

Finding Type - Noncompliance

Criteria – Federal register section 7 CFR Part 210.14b requires school districts to limit its School Breakfast and Lunch Fund net resources to an amount that does not exceed three months average expenditures.

Condition – The District's net cash resources exceeded three months average expenditures at June 30, 2021.

Questioned Costs – None

Context – The District did not meet the three months average expenditure test at June 30, 2021.

Cause/Effect – Management did not monitor net cash resources to ensure they did not exceed three months average expenditures.

Recommendation: We recommend that the District review the Food Service Fund net cash resources periodically to ensure that the fund will not have an excess of three months average expenditures at the fiscal year end. The District should take this requirement into consideration when preparing the annual budget, and any subsequent adjustments to the budget.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2020-001

Finding Type – Material Weakness in Internal Control over Financial Reporting

Condition – Auditor identified material misstatements.

Criteria - During the course of the audit, we identified several misstatements, some of which were material to the district's financial statements, and provided audit entries to correct these misstatements. Material misstatements were related to the recording of accounts receivable, state aid receivables, property taxes and accrued expenses.

Cause – The management did not reconcile the balance sheet accounts and errors were not detected on a timely basis. Management did not prepare the bank reconciliations accurately.

Effect – Budget variances and violations could occur due to inaccurate records. Material misstatements of the district's financial statements could go undetected.

Recommendation – District personnel should review the audit entries, understand why they were necessary, and implement the necessary controls to ensure that the accounts and transactions effected are reviewed closely during the year and especially at year end close. All the balance sheet accounts should be reconciled monthly to ensure proper recording of transactions. All the bank reconciliation's should be completed monthly.

Status – The District corrected this in the current fiscal year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The District did not qualify for a single audit in the prior year.

Almont Community Schools
Office of the Superintendent
4701 Howland Rd.
Almont, MI 48003
PH: 810-798-8561 Fax: 810-798-2367

Dr. William Kalmar
Superintendent

September 28, 2021

Finding: Noncompliance (Federal register section 7 CFR Part 210.14b)

Response: This was a problem that the district was aware of before the time of the audit. Many of the items that we ordered to spend down our fund balance were out of stock or delivery was delayed due to COVID related issues. This problem has been discussed with the Food Service Director and we are working to ensure that we can get vendors lined up so this problem does not occur again.

Corrective Action Plan:

1.) Food Service fund balance will be reviewed on a monthly bias. At the end of every month when everything has been reconciled. This will ensure that we know where we are at with any "extra" funds that we may have.

2.) Work with vendors that have items available upon a certain date. If the vendor cannot get the supplies at the time we need them, we will look at other vendors or see other ways the funds can be spent in the meantime.

3.) A list will be created of materials, supplies and equipment that the food service department needs so that we know those needs are met when we have the funds to do so.

These new procedures have started as of July 1, 2021. The impact of these changes will be shown at the end of the current year June 30, 2022. Beth Granger in charge of the implementation and overseeing of these processes. Her contact is bgranger@almontschools.org or by phone (810) 673-9103.

Sincerely,

William Kalmar

Vision
Every student will own their future through academic and personal success

Lewis & Knopf CPAs, PC

October 18, 2021

To the Board of Education of
Almont Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Almont Community Schools for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 23, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Almont Community Schools are described in Note 1 to the financial statements. The application of existing policies was not changed during the 2020-2021 year. During the fiscal year, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Estimates have been used to calculate the net pension and net OPEB liabilities.

Estimates have been used in calculating the liability for employee compensated absences.

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

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

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

<u>Other Matters</u>

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

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

Restriction on Use

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

Very truly yours,

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf
CPAs, PC