BIG JACKSON PUBLIC SCHOOLS
NEWAYGO COUNTY, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Big Jackson Public Schools
Newaygo County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Big Jackson Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Big Jackson Public School'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 Big Jackson Public School'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 Big Jackson Public School'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 and each major fund and the aggregate remaining fund information of Big Jackson Public Schools as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter - Changes in Accounting Principle

As discussed in Note M in the financial statements, Big Jackson Public Schools adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Beneftis Other Than Pension* , during the year. As a result, the financial statements now recognize Big Jackson Public Schools's unfunded defined postemployment benefit obligation as a liability for the first time and more comprehensively and comparably measures the annual costs of postemployment benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinions are 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, budgetary comparison information, schedule of pension funding progress, and schedule of OPEB contributions on pages 4-9 and 35-39 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 Big Jackson Public School's basic financial statements. The comparative balance sheet and statements of revenues, expenditures, and changes in fund balance, and the capital position schedule by function and activity are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative balance sheet and statements of revenues, expenditures, and changes in fund balance and the capital position schedule by function and activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedure 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements and capital position schedule 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 31, 2018 on our consideration of Big Jackson Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Big Jackson Public School's internal control and compliance.

H & S Companies, P.C.

H & S Companies, P.C.
Certified Public Accountants
October 31, 2018

Our discussion and analysis of Big Jackson Public Schools' financial performance, a GASB 34 requirement, provides an overview of the School District's financial activities for the fiscal year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities decreased $58,306 due to implemenation of GASB 75.
- General revenues accounted for $265,975 in revenue, or 82% of all fiscal year 2018 revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $57,594 or 18% percent of total fiscal year 2018 revenues. State sources of revenues decreased $5,879 mostly due to the decline in At Risk funding.
- The District had $257,706 in expenses related to governmental activities; of which $58,414 of these expenses were offset by program specific charges for services or grants and contributions. General revenues of $265,975 provided for most of the remaining costs of the programs resulting in a decrease of $39,732 in total expenses.
- The General Fund was the only major fund for the District. The General Fund had $323,388 in revenue which primarily consisted of state aid, property taxes, interdistrict revenues, and grants. General Fund expenditures were $272,860. The General Fund's fund balance increased by $50,528.
- The District's total debt decreased by $8,311 during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The Schools' basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The District-wide Statement of Net Position and Statement of Activities are reported using the full accrual basis of accounting. With this method all of the District's assets and liabilities, and all of the current year revenues and expenditures, are reported regardless of when cash is received or paid. These statements provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. For example, the Statement of Activities details how the District's services were financed in the short-term and the amount that remains for future spending. The Statement of Net Position aggregates the District's restricted and unrestricted assets as well as short and long-term obligations recorded in all funds.

The fund-level statements are reported using a modified accrual basis of accounting. That is, only those assets that are "measurable" and "currently available" are reported, and liabilities are recognized to the extent they would normally be paid with current financial resources. Fund financial statements report the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds – the General Fund & Building & Site Fund.

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

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position, is one way to measure the School District's financial health, or *financial position*. Over time, increases or decreases in the District's net position, as reported in the Statement of Activities, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District's *operating results*. However, the School District's goal is to provide services to its students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools, must also be considered when assessing the *overall health* of the School District. The prior year column was before the implemenation of GASB 75.

Net Position - The District's combined net position was more on June 30, 2018 than the year before. The following summarizes the net position at fiscal years ended June 30, 2018 and 2017:

Net Position Summary

Assets	**2018**	**2017**
Current assets	$ 375,393	$ 309,309
Capital assets, net	121,719	136,978
Total assets	497,112	446,287
Deferred Outflows or Resources	70,711	50,856
Liabilities		
Current liabilities	29,175	12,189
Noncurrent Liabilities	2,190	10,852
Net OPEB Liability	117,720	-
Net Pension Liability	340,596	340,531
Total Liabilities	489,681	363,572
Deferred Inflows or Resources	96,749	93,872
Net Position		
Net Investment in Capital Assets	110,880	117,828
Restricted for Capital Projects	24,596	24,415
Unrestricted	(154,083)	(102,544)
Total net position	$ (18,607)	$ 39,699

Results of Operations:

For the fiscal years ended June 30, 2018 and 2017, the District wide results of operations were:

	Year Ended 2018 Amount	%	Year Ended 2017 Amount	%
Revenues:				
Program Revenues:				
Operating Grants/Contr.	$ 57,594	17.80	$ 54,795	17.53
General Revenues:				
Property Taxes	231,563	71.57	224,720	71.89
State Aid	21,599	6.68	19,614	6.27
Interest and Other	12,813	3.96	13,478	4.31
Total Revenue	323,569	100.00	312,607	100.00
Expenses:				
Instruction	117,441	45.57	114,711	38.57
Support Services				
Improvement of Instruction	1,794	0.70	4,522	1.52
General Administration	9,931	3.85	14,039	4.72
School Administration	26,285	10.20	41,521	13.96
Business Services	6,155	2.39	23,844	8.02
Operations/Maintenance	42,989	16.68	43,616	14.66
Central Services	9,052	3.51	10,223	3.44
Pupil Transportation	43,165	16.75	43,710	14.70
Total Support Services	139,371	54.08	181,475	61.01
Interest Expense	644	0.25	976	0.33
Community Services	250	0.10	276	0.09
Capital Outlay	-	-	-	-
Total Expenses:	257,706	100.00	297,438	100.00
Change in Net Position	65,863		15,169	
Beginning Net Position (Restated)	(84,470)		24,530	
Ending Net Position	$ (18,607)		$ 39,699	

Debt Administration

At year-end, the District had $10,839 in long-term obligations, of which $8,649 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2018:

	Governmental Activities
School Bus Loan	$ 10,839

Additional information on the District's long-term debt can be found in Note J in the financial statements.

Depreciation Expense
GASB 34 requires school Districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net position.

For fiscal year ended June 30, 2018, accumulated depreciation increased $15,259. This is the result of the addition of depreciation expense.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset less an estimated salvage value.

One way to think of depreciation expense is that in order to maintain net position at the same level, acquisitions of capital outlay and capitalized major maintenance projects would have to equal the annual depreciation expense. In other words, to stay even in net position the District would have had to purchase and capitalize $15,259 in assets during the year.

Capital Outlay Acquisitions
There were no capital outlay acquisitions during the fiscal year. Netted with accumulated depreciation, net investment in capital assets (i.e., net book value) decreased by $15,259 during the year.

Since accumulated depreciation is based on original cost, it does not take into consideration inflation. As a result, the actual investment in capital outlay would have to be more than depreciation expense in order to maintain assets at the same level of maintenance and upkeep.

Property Taxes levied for General Operations (General Fund Property Taxes)
The District levies 18 mills of property tax for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5%, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50% of the market value.

The following summarizes the District's non-homestead levy the past five years:

Fiscal Year	Non-Homestead Levy	% Change from Prior Year
2017-2018	229,820	2.56%
2016-2017	224,087	2.87%
2015-2016	217,829	15.77%
2014-2015	188,150	-1.79%
2013-2014	191,583	-8.86%
2012-2013	210,213	7.68%

Property Taxes levied for Building and Site Sinking Fund:
The District's Building and Site sinking fund levy, which is used for capital improvements, is based on the taxable valuation of all properties: homestead and non-homestead. For 2017-2018, there was no levy for the District's Building and Site sinking fund, therefore, no tax revenues were collected.

State of Michigan Aid, Unrestricted

State of Michigan aid, unrestricted is determined by the following variables:

a. State of Michigan State Aid Act per student foundation allowance
b. Student Enrollment – Blended using 90% of the fall count day plus 10% of the prior year winter count day.
c. The District's non-homestead levy

Per Student, Foundation Allowance:

Annually, the State of Michigan sets the per student foundation allowance. The Big Jackson Public Schools foundation allowance was $7,631 per student for the 2017-2018 school year. This is an increase from the 2016-2017 foundation allowance per student of $120. The District's student enrollment for the fall count of 2017-2018 was 13 students. However, due to the very low student count, the District's property taxes are sufficient to cover the amount of the foundation allowance, resulting in no State Aid other than categorical funding.

Student Membership (using three-year blending):

	Student FTE	FTE Change from Prior Year
2017-2018	18.23	(6)
2016-2017	24.54	(9)
2015-2016	33.40	(4)
2014-2015	37.38	(9)
2013-2014	45.93	10
2012-2013	35.75	(2)

General Fund Budgetary Highlights:

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

General Fund Revenues:

Total Revenues Original Budget	$ 272,900	
Total Revenues Final Budget	341,216	
Increase in Budgeted Revenues	$ 68,316	25.03%

The District's increase in the Budgeted Revenues were a result of receiving notification of increased funding for the Rural Education Achievement Program (REAP) and Title grants, including the Title IV grant which is funding the Arts programing in coordination of the Newaygo County Council for the Arts.

The District's final general fund actual revenues were lower than the final budgeted revenues by $17,828, a variance of 5.22%.

General Fund Expenditures:

Total Expenditures Original Budget	$	271,426	
Total Expenditures Final Budget		336,509	
Increase in Budgeted Expenditures	$	65,083	23.98%

The District's final general fund actual expenditures were under the final budget by $63,649, a positive variance of 18.91%.

The Final expenditure budget reflects the following material changes from the original budget:

- Increase in Compensatory Education Expenditures of $27,060
- Increase in School Administration Expenditures of $6,005
- Increase in Operation & Maintenance Expenditures of $9,393
- Increase in Improvement of Instruction Expenditures of $5,456
- Increase in Central Services Expenditures of $2,881
- Increase in Transportation Services Expenditures of $7,028
- Decrease in Debt Service Expenditures of $1,900

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 budget. The primary factor was the District's student population. Due to a very low student count (see Per Student, Foundation Allowance section), the District is only getting a few Categorical State Aid revenues such as Section 147 (a & c) MPSERS Cost Offset and UAAL Rate Stabilization funding. Also considered in the development of the budget is the local economy. Budgeted expenditures in the General Fund are $313,174, which is a 20% increase from 2017-2018 actual expenditures. The most significant increase is due to budgeting for the Maintenance and Transportation departments. The budget for 2018-19 reflect potential costs for repairs and maintenance which the District did not experience costs for in fiscal year 2017-18. The Capital Project Fund has budgeted for $5,000 of expenditures. There were no Capital Project Funds expended in the 2017-18 year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Big Jackson Public Schools, 4020 13 Mile Road, Paris, MI 49338.

BIG JACKSON PUBLIC SCHOOLS
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Current Assets:	
Cash/Investments	$ 344,799
Accounts Receivable	564
Due From Other Governmental Units	30,030
Total Current Assets	375,393
Noncurrent Assets:	
Land & Improvements	18,744
Buildings & Improvements	103,062
Buses & Other Vehicles	54,396
Furniture & Equipment	92,259
Less: Accumulated Depreciation	(146,742)
Total Noncurrent Assets	121,719
Total Assets	497,112
Deferred Outflows of Resources	
Related to Pensions	62,765
Related to OPEB	7,946
Total Deferred Outflows of Resources	70,711
Liabilities	
Current Liabilities:	
Accounts Payable	2,414
Accrued Payroll Liabilities	16,447
Accrued Compensated Absences	1,665
Due Within One Year	8,649
Total Current Liabilities	29,175
Non-Current Liabilities	
Due in More Than One Year	2,190
Net Pension Liability	340,596
Net OPEB Liability	117,720
Total Non-Current Liabilities	460,506
Total Liabilities	489,681
Deferred Inflows of Resources	
Related to Pensions	89,138
Related to OPEB	7,611
Total Deferred Inflows of Resources	96,749
Net Position	
Net Investment in Capital Assets	110,880
Restricted for Capital Projects	24,596
Unrestricted	(154,083)
Total Net Position	$ (18,607)

BIG JACKSON PUBLIC SCHOOLS

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions	Net (Expenses) Revenue: Government Activities
Governmental Activities				
Instruction:				
Regular Instruction	$ 117,441	$ -	$ 52,477	$ (64,964)
Support Services:				
Improvement of Instruction	1,794	-	3,684	1,890
General Administration	9,931	-	-	(9,931)
School Administration	26,285	-	-	(26,285)
Business Services	6,155	-	-	(6,155)
Operations & Maintenance	42,989	-	-	(42,989)
Central Services	9,052	-	1,433	(7,619)
Pupil Transportation	43,165	-	-	(43,165)
Total Support Services	139,371	-	5,117	(134,254)
Interest on Long-Term Debt	644	-	-	(644)
Community Services	250	-	-	(250)
Total School District	$ 257,706	$ -	$ 57,594	(200,112)
General Revenues				
Property Taxes				
General Purposes				231,563
State and Federal Aids Not Restricted To General				21,599
Interest and Investment Earnings				2,552
Miscellaneous				10,261
Total General Revenues				265,975
Change in Net Position				65,863
Net Position - Beginning of Year (Restated)				(84,470)
Net Position - Ending of Year				$ (18,607)

BIG JACKSON PUBLIC SCHOOLS

Balance Sheet - Governmental Funds

June 30, 2018

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Assets			
Cash/Investments	$ 320,203	$ 24,596	$ 344,799
Accounts Receivable	564	-	564
Due From Other Governmental Units	30,030	-	30,030
Total Assets	$ 350,797	$ 24,596	$ 375,393
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	$ 2,414	$ -	$ 2,414
Accrued Payroll Liabilities	16,447	-	16,447
Total Liabilities	18,861	-	18,861
Fund Equity			
Restricted for Capital Projects	-	24,596	24,596
Unassigned	331,936	-	331,936
Total Fund Equity	331,936	24,596	356,532
Total Liabilities and Fund Equity	$ 350,797	$ 24,596	$ 375,393

BIG JACKSON PUBLIC SCHOOLS

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2018

Total Governmental Fund Balances		$ 356,532
Total Net Position reported for governmental activities in the statement of Net Position are different from the amount reported as total governmental funds fund balance because:		
Deferred Outflows of Resources - Related to Pensions		62,765
Deferred Outflows of Resources - Related to OPEB		7,946
Deferred Inflows of Resources - Related to Pensions		(89,138)
Deferred Inflows of Resources - Related to OPEB		(7,611)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of Net Position:		
Governmental Capital Asset	$ 268,461	
Governmental Accumulated Depreciation	(146,742)	121,719
Long-term liabilities, including notes payable, are not due in the current period and, therefore, are not reported in the fund statements.		
Note Payable		(10,839)
Compensated Absences		(1,665)
Net OPEB Liability		(117,720)
Net Pension Liability		(340,596)
Total Net Position - Governmental Activities:		$ (18,607)

BIG JACKSON PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Change
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
Revenues			
Local Sources	$ 234,876	$ 181	$ 235,057
State Sources	25,146	-	25,146
Federal Sources	59,626	-	59,626
Interdistrict Sources	3,740	-	3,740
Total Revenues	323,388	181	323,569
Expenditures			
Instruction			
Elementary	85,853	-	85,853
Compensatory Education	33,282	-	33,282
Special Education	2,691	-	2,691
Total Instruction	121,826	-	121,826
Support Services:			
General Administration	11,575	-	11,575
School Administration	26,285	-	26,285
Business Services	6,155	-	6,155
Operations & Maintenance	44,956	-	44,956
Improvement of Instruction	3,804	-	3,804
Central Services	9,052	-	9,052
Pupil Transportation	40,002	-	40,002
Total Supportive Services	141,829	-	141,829
Community Services	250	-	250
Debt Service	8,955	-	8,955
Total Expenditures	272,860	-	272,860
Excess of Revenues Over Expenditures / Change in Fund Balances	50,528	181	50,709
Fund Balance - July 1, 2017	281,408	24,415	305,823
Fund Balance - June 30, 2018	$ 331,936	$ 24,596	$ 356,532

BIG JACKSON PUBLIC SCHOOLS

Reconciliation of Statement of Revenues, Expenditures and Change in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 50,709
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of Net Position and allocated over their estimated useful lives as annual depreciation expense		
Depreciation expense reported in the statement of activities	(15,259)	(15,259)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The effect of these differences is the treatment of long-term debt and related items and are as follows:		
Payments on principal of long-term debt		8,311
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:		
Change in Accrued Compensated Absences		(1,260)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Pension related items	16,278	
OPEB related items	7,084	23,362
Change in Net Position - Governmental Activities		$ 65,863

BIG JACKSON PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Big Jackson Public School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. Reporting Entity

Big Jackson Public Schools is located in Newaygo County, Michigan. The School District provides educational services to approximately 45 students. The School District is governed by a School Board consisting of five board members all of whom are elected by School District residents.

Big Jackson School's mission statement reads as follows: Big Jackson School is committed to provide, with the help of parents, students and the community, a nurturing, safe, high quality, effective environment for learning. The school is dedicated to ensuring the uniqueness, dignity, and worth of each individual and committed to developing a positive self-image - expecting that all students will become responsible contributing members of society.

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, pupil transportation and construction and maintenance of District facilities.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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

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

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The government-wide financial statements are reported using the *economic resources measurement focus* and the a*ccrual basis of accounting*, as is the fiduciary fund financial statements. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated form the government-wide financial statements.

Fund Financial Statements - 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual

Debt service resources are provided during the current year for payment of general long-term debt principal and interest due early in the following year and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

Property taxes, State and County aid and investment income 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. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the fiscal year, have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

The District reports the following major governmental fund:

General Fund - The General Fund accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. Expenditures are classified in accordance with the Michigan School Accounting Manual, issued by the Michigan Department of Education as follows:

Instruction - Instruction includes the activities dealing directly with the teaching of pupils or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom; in another location, such as in a home or hospital and in other situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone, and correspondence. Included here are the activities of aides, assistants of any type, and supplies and machines, which assist directly in the instructional process.

Supporting Services - Supporting Services are those services which provide administrative, technical, and logistical support to facilitate and enhance instruction and, to a lesser degree, community services. Supporting services exist as adjuncts for the fulfillment of the objectives of instruction, rather than as entities within themselves.

In addition to the major fund, the District reports the following fund type:
Capital Projects Fund - The Sinking Fund is used to account for financial resources to be used for the acquisition, construction, renovation or repair of major capital facilities. The Sinking Fund Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, the School district has complied with the applicable provisions of Sec. 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of bonded Construction Funds and of Sinking Funds in Michigan.

4. Deposits & Investments

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

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Investment income is composed of interest and net changes in the fair value of applicable investments and is included in other local revenue in the fund financial statements.

5. Receivables and Payables

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

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles, if any.

Property tax levies are obtained by applying tax rates against the taxable valuation. Taxable valuation is based upon the property’s state equalized value (which approximates ½ actual value). However, the taxable valuation is limited to a 5% increase from the previous year, while there is no limit to the increase in property values for state equalized valuation.

The State of Michigan utilizes a foundation allowance funding approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state’s School Aid Fund and is recognized as revenue in accordance with state law.

The School 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 categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Federal revenues are recorded as they are earned by the District under terms of specific grants.

6. Inventories

Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements. Prepaid items are recorded as expenditures when purchased in the fund financial statements and are offset by a reserve of fund balance.

8. Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the District had no deferred revenue.

9. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, vehicles, furniture, equipment and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Land Improvements	20 - 25 Years
Buildings and Improvements	20 - 50 Years
Vehicles, Furniture and Equipment	5 - 15 Years

10. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of Net Position. Bond premiums and discounts, as well as issuance costs, 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 expenses at the time of issuance.

11. Pension

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

12. Postemployment Benefits Other than Pensions

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

13. Net Position

Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Big Jackson Public School reports three categories of net position, as follows: (1) Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets, and increases by balances of deferred outflows of resources related to those assets; (2) Restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyer of Big Jackson Public School's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) Unrestricted net position consists of all other net positions that does not meet the definition of the above components and is available for general use by Big Jackson Public Schools.

14. Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Non-spendable - Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Includes amounts restricted by external sources (creditors, laws of other governments, etc..) or by constitutional provision or enabling legislation.

Committed - Includes amounts that can only be used for specific purposes determined by a formal action by Board resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (Board resolution) that was employed when the funds were initially committed.

Assigned - Includes amounts that can only be used for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority

Unassigned - Includes amounts that are available for any purpose. Positive amounts are only reported in the General Fund.

Restricted sources are used first when an expense is incurred for which both restricted and unrestricted resources are available.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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 had Pension/OPEB items that qualified for this category.

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 then. The District had Pension/OPEB items that qualified for this category.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United Sates of America requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

18. Compensated Absences

Individual contracts with the teachers provide for payment of unused sick days at the end of each school year. Business and personal days offered expire at the end of the year and no vacation pay is offered. Beginning with fiscal year ending June 30, 2005, unpaid sick leave may accumulate from year to year, being paid to employees at a rate of 50% of their current rate of pay upon retirement or departure.

19. Unemployment Compensation

The School District has elected to finance its unemployment liability as a "reimbursing employer". Under this method, the School District reimburses the Michigan Employment Security commission for all benefits charged to the School District's account during the previous calendar year.

NOTE B DEPOSITS AND INVESTMENTS

As of June 30, 2018, the District had the following investments:

Investment Type	Fair Value	Maturities	Standard & Poor's Rating
Michigan Liquid Asset Fund *	$ 191,576	N/A	AAAm
Total Fair Value	$ 191,576		

* Securities are valued at amortized cost rather than fair value.

The District voluntarily invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2018, the fair value of the District's investments is the same as the value of the pool shares. MILAF, as defined by the GASB, is recorded at amortized cost which approximates fair value. These funds are not subject to fair value disclosures.

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 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.

NOTE B DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Custodial Credit Risk -The risk that, in the event of the failure of a financial institution, Big Jackson Public Schools will not be able to recover its deposits. Big Jackson Public School's investment policy does not specifically address custodial credit risk for deposits.

As of June 30, 2018, $191,576 of the school district's bank balance of $344,799 was exposed to custodial credit risk as follows:

Insured or Collateralized	$	153,223
Uninsured and collateral held by pledging bank's trust department not in District's name.		191,576
Total Bank Balance	$	344,799

Credit Risk -Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District's Michigan Investment Liquid Asset Fund has a rating of AAAm from Standard & Poor's.

The School District is authorized by Michigan Law to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

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

NOTE C STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State of Michigan Public Act 621 requires that the General Fund and Special Revenue Funds of the School District be under budgetary control and that both budgeted and actual financial results do not incur a deficit. The District’s Major Fund, Debt Service, is not required to adopt a budget. The District's Budget Appropriations Act must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from the District's Appropriations Act may occur without a corresponding amendment to the Appropriations Act. The District has the ability to amend the Appropriations Act provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. The District may also permit the chief administrative or fiscal officer to execute transfers between line items, without prior approval of the Board of Education. The level of control is the function level. All appropriations lapse at the end of the fiscal year.

The School District follows these procedures in establishing the budget data reflected in the financial

A. For the fiscal year beginning July 1, a proposed expenditure budget is presented by Administrative Personnel to the Governing Board.

NOTE C STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. In June a preliminary operating budget is submitted to the Board of Education by the Principal. This budget includes proposed expenditures and the means of financing them.

C. Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budget.

D. After the budget is finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.

E. The budgets were amended at periodic times during the year to comply with PA 621.

F. Budgets for the General and Capital Projects Funds are adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

G. The budgets shown in these financial statements are as last amended through June 30, 2017.

The School District did not have instances where expenditures exceeded the revised budget by a material amount for the year ended June 30, 2018.

NOTE D PROPERTY TAXES

Properties are assessed as of December 31, and the related taxes become a lien on December 1 of the following year. These taxes are due on September 10 and February 14 with the final collection date of February 28 before they are added to the County tax rolls. The taxes are collected and remitted to the District by the various Townships within the District. The County of Newaygo, through their Delinquent Tax Revolving Funds, advance all delinquent real property taxes to the District each year.

Property in the School District for the 2017 levy had a taxable value of $23,729,486. For the 2017 levy, the School District’s operating tax rate was 18 mills.

NOTE E MPSERS PENSION PLAN

Plan Description

The Michigan Public School Employees' Retirement System (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 Employee's Retirement Act (1980 PA 300 as amended).

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

The System’s financial statements are available at www.michigan.gov/mpsers-cafr.

NOTE E MPSERS PENSION PLAN (CONTINUED)

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits 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 member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account, if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions & Funding Status

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

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

The schedule below summaries pension contribution rates in effect for the fiscal year 2017.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.00 - 4.00%	19.03%
Member Investment Plan	3.00 - 7.00%	19.03%
Pension Plus	3.00 - 6.40%	18.40%
Defined Contribution	0.00%	15.27%

Required contributions to the pension plan from District were $30,828 for the year ended September 30, 2017.

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

At June 30, 2018, the District reported a liability of $340,596 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2016. The District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all reporting units' statutorily required contributions for the measurement period. At September 30, 2017, the District's proportionate share percent decreased 0.00005058 percent from its proportion measured as of September 30, 2016.

NOTE E MPSERS PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the District recognized total pension expense of $4,106. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Asset Class	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 2,960	$ 1,671
Changes of assumptions	37,315	-
Net difference between projected and actual earnings on pension plan investments	-	16,283
Changes in proportion and differences between District contributions and proportionate share of contributions	4,806	61,513
District section 147c revenue related to pension contributions subsequent to the measurement date	-	9,671
District contributions subsequent to the measurement date	17,684	-
Total	$ 62,765	$ 89,138

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)

Year Ending June 30	Amount
2018	$ (24,986)
2019	(10,719)
2020	3,446
2021	(2,127)

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.

NOTE E MPSERS PENSION PLAN (CONTINUED)

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2016
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	3.5%
Investment Rate of Return	
- MIP and Basic Plans (Non-Hybrid)	7.5%
- Pension Plus Plan (Hybrid)	7.0%
Projected Salary Increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projections scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- *Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5188.*
- *Recognition period for assets in years is 5.0000*
- *Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Report.*

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, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.60%
% Alternative Investment Pools	18.00%	8.70%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	-0.10%
Real Estate and Infrastructure Pools	10.00%	4.20%
Absolute Return Pools	15.50%	5.00%
Short Term Investment Pools	2.00%	-0.90%
Total	100.00%	

NOTE E MPSERS PENSION PLAN (CONTINUED)

* Long-term rate of return does not include 2.3% inflation

Rate of Return

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24%. The money-weighted rate of return expresses investment performance, net on investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.5% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension 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.

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

As required by GASB Statement No. 68, the following presents the District's proportionate share of the net pension liability, calculated using a discount rate of 7.5% (7.0% for the Pension Plus Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease (Non-Hybrid/Hybrid)* 6.5%/6.0%	Current Single Discount Rate Assumption (non-Hybrid/Hybrid)* 7.5%/7.0%	1% Decrease (non-Hybrid/Hybrid)* 8.5%/8.0%
$ 443,684	$ 340,596	$ 253,803

** = The Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.*

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available at www.michigan.gov/mpsers-cafr.

Payables to the Pension Plan

The amount of payables to a defined benefit pension plan outstanding at the end of the reporting period were $2,187. The payables were based upon the wages being paid over the period from July 1 through August 31, 2018 which were for services provided prior to June 30, 2018 and therefore legally required contributions to the pension plan.

NOTE F MPSERS OPEB PLAN

Plan Description

The Michigan Public School Employees' Retirement System (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 health plan provides all eligible 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.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premiums 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, 2018, (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 and after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

NOTE F MPSERS OPEB PLAN (CONTINUED)

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% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

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

The schedule below summaries pension contribution rates for the fiscal year 2017.

	OPEB Contribution Rates	
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	5.91%
Personal Healthcare Fund (PHF)	0.00%	5.69%

Required contributions to the OPEB plan from Newaygo County Regional Educational Service Agency were $10,350 for the year ended September 30, 2017.

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

At June 30, 2018, Big Jackson Public School District (the District) reported a liability of $117,720 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The District’s proportion of the net OPEB liability was determined by dividing each employer’s statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the District’s proportion was 0.0000132935 percent, which was no change from its proportion measured as of September 30, 2016.

NOTE F MPSERS OPEB PLAN (CONTINUED)

For the year ended June 30, 2018, the District recognized OPEB expense of $7,866. At June 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Asset Class	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,253
Changes in Assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	2,726
Changes in proportion and differences between Agency contributions and proportionate share of contributions	-	34
District section 147c revenue related to OPEB contributions subsequent to the measurement date	-	3,598
District contributions subsequent to the measurement date	7,946	-
Total	$ 7,946	$ 7,611

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future OPEB Expenses)

Year Ending June 30	Amount
2018	$ (970)
2019	(970)
2020	(970)
2021	(970)
2022	(133)

NOTE F MPSERS OPEB PLAN (CONTINUED)

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.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumption	
Actuarial Assumptions:	
Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.50%
Investment Rate of Return:	7.50%
Projected Salary Increases:	3.5% - 12.3% including wage inflation at 3.5%
Health Care Cost Trend Rate:	3% Annual non Compounded for MIP Members
Mortality	RP-2000 Male and Female Combine Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation for the System For retirees, 80% of the table rates were used for males and 70% of the table rates were used for females.
Other Assumptions	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total OPEB liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.4744
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

NOTE F MPSERS OPEB PLAN (CONTINUED)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.00%	5.60%
% Alternative Investment Pools	18.00%	8.70%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	-0.10%
Real Estate and Infrastructure Pools	10.00%	4.20%
Absolute Return Pools	15.50%	5.00%
Short Term Investment Pools	2.00%	-0.90%
Total	100.00%	

*Long term rate of return does not include 2.3% inflation

Rate of Return

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 13.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long term expected rate of return on OPEB plan investments of 7.5%. 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.

NOTE F MPSERS OPEB PLAN (CONTINUED)

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

1% Decrease 6.5%	Current Healthcare Cost Trend Rate 7.50%	1% Increase 8.50%
$ 99,693	$ 117,720	$ 138,189

* = The Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contributions (DC) component.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2017 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

The amount of payables to a defined benefit OPEB plan outstanding at the end of the reporting period were $813. The payables were based upon the wages being paid over the period from July 1 through August 31, 2018 which were for services provided prior to June 30, 2018 and therefore legally required contributions to the OPEB plan.

The section intentionally left blank.

NOTE G FIXED ASSETS

Capital asset balances and for the year ended June 30, 2018 were as follows:

Governmental-Type Activities	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Capital Assets not being depreciated				
Land	$ 1,042	$ -	$ -	$ 1,042
Capital Assets Being Depreciated				
Buildings & Improvements	103,062	-	-	103,062
Land Improvements	17,702	-	-	17,702
Equipment & Furniture	92,259	-	-	92,259
Buses & Other Vehicles	54,396	-	-	54,396
Subtotal	267,419	-	-	267,419
Less Accumulated Depreciation for				
Buildings & Improvements	31,378	3,506	-	34,884
Land Improvements	5,635	881	-	6,516
Equipment & Furniture	75,484	4,908	-	80,392
Buses & Other Vehicles	18,985	5,964	-	24,949
Subtotal	131,482	15,259	-	146,741
Net Capital Assets being depreciated	135,937	(15,259)	-	120,678
Total Governmental Activities Capital				
Capital Assets - Net of Depreciation	$ 136,979	$ (15,259)	$ -	$ 121,720

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 7,408
School Administrative Services	1,888
Student Transportation	5,963
Total Depreciation Expense	$ 15,259

NOTE H RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE I INTERFUND RECEIVABLES & PAYABLES

As of June 30, 2018 the District did not have any interfund receivables and payables.

NOTE J GENERAL LONG-TERM OBLIGATIONS

Summary - The long-term debt includes a loan for a school bus. Since none of the debt will be retired with current operating resources, they are appropriately included in the government-wide financial statement. All items will be recorded as an expenditure of the year in which they are paid, for fund statement reporting.

Long-term debt is comprised of the following at June 30, 2018:	Outstanding Principal 6/30/2018	Due Within One Year
School bus loan due in quarterly installments of $2,238.78 through August, 2019; interest payable quarterly at 3.99%.	$ 10,839	$ 8,649

The annual requirements to amortize long-term debt outstanding as of June 30, 2018, including interest detailed as follows:

Year Ended June 30,	Principal	Interest
2019	8,649	305
2020	2,203	22
	$ 10,852	$ 327

Changes to long-term debt - The following is a summary of debt transactions of the District for the year ended June 30, 2018:

Governmental-Type Activities	School Bus Loan
Debt Outstanding July 1, 2017	$ 19,150
Debt Added During the Year	-
Debt Retired During the Year	(8,311)
Debt Outstanding June 30, 2018	$ 10,839

NOTE K SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2018, the most recent balance sheet presented herein, through October 31, 2018, the date these financial statements were available to be issued. No significant such events or transactions were identified.

NOTE L ADOPTION OF NEW ACCOUNTING STANDARDS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was implemented during the year. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* . The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensibly and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI).

NOTE M RESTATEMENT OF BEGINNING NET POSITION

The beginning net position has been restated for governmental activities due to a change in accounting principles related to implementation of GASB 75. The beginning net position was decreased by $124,169 for the governmental activities.

BIG JACKSON PUBLIC SCHOOLS

Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2018

	Budget Amounts			Variances Positive (Negative)	
	Original	Final	Actual	Original Budget to Final	Final Budget to Actual
Revenues					
Local Sources	$ 225,400	$ 239,700	$ 234,876	$ 14,300	$ (4,824)
State Sources	18,710	22,632	25,146	3,922	2,514
Federal Sources	28,790	76,433	59,626	47,643	(16,807)
Interdistrict Sources	-	2,451	3,740	2,451	1,289
Total Revenues	272,900	341,216	323,388	68,316	(17,828)
Expenditures					
Instruction					
Elementary	88,865	98,607	85,853	9,742	12,754
Compensatory Education	20,590	47,650	33,282	27,060	14,368
Special Education	3,248	2,691	2,691	(557)	-
Total Instruction	112,703	148,948	121,826	36,245	27,122
Support Services:					
General Administration	15,875	15,350	11,575	(525)	3,775
School Administration	27,090	33,095	26,285	6,005	6,810
Business Services	6,175	6,575	6,155	400	420
Operation & Maintenance	44,057	53,450	44,956	9,393	8,494
Improvement of Instruction	3,000	8,456	3,804	5,456	4,652
Central Services	6,100	8,981	9,052	2,881	(71)
Transportation Services	44,826	51,854	40,002	7,028	11,852
Total Support Services	147,123	177,761	141,829	30,638	35,932
Debt Service	11,400	9,500	8,955	(1,900)	545
Community Services	200	300	250	100	50
Total Expenditures	271,426	336,509	272,860	65,083	63,649
Excess (deficiency) of Revenue Over Expenditures	1,474	4,707	50,528	3,233	45,821
Fund Balance - July 1, 2017	281,408	281,408	281,408	-	-
Fund Balance - June 30, 2018	$ 282,882	$ 286,115	$ 331,936	$ 3,233	$ 45,821

BIG JACKSON PUBLIC SCHOOLS

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. District's proportion of net pension liability (%)	-	-	-	-	-	-	0.00131%	0.00136%	0.00133%	.00194%
B. District's proportionate share of net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ 340,596	$ 340,531	$ 325,710	$ 426,424
C. District's covered-employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ 107,895	$ 119,306	$ 114,127	$ 168,950
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	-	-	-	-	-	-	315.67357%	285.42655%	285.39259%	252.39657%
E. Plan fiduciary net position as a percentage of total pension liability	-	-	-	-	-	-	64.21%	63.27%	63.17%	66.20%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available beginning with FYE June 30, 2015.

Notes to the Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms in FY 2017.

Changes of assumptions: There were no changes of benefit terms in FY 2017.

BIG JACKSON PUBLIC SCHOOLS

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. District's proportion of net pension liability (%)	-	-	-	-	-	-	-	-	-	0.00131294%
B. District's proportionate share of net pension liability	-	-	-	-	-	-	-	-	-	$ 117,720
C. District's covered-employee payroll	-	-	-	-	-	-	-	-	-	$ 107,895
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	-	-	-	-	-	-	-	-	-	109.10608%
E. Plan fiduciary net position as a percentage of total pension liability	-	-	-	-	-	-	-	-	-	64.21%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

Notes to the Required Supplementary Information

Changes of benefit terms: There were no changes of benefit terms.

Changes of assumptions: There were no changes of benefit terms.

BIG JACKSON PUBLIC SCHOOLS

Required Supplementary Information
Schedule of Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,828	$ 20,746	$ 21,312	$ 25,485
B. Contributions in relation to statutorily required contributions *	-	-	-	-	-	-	30,828	20,746	21,312	25,485
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. District's covered-employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ 87,609	$ 122,072	$ 113,348	$ 140,274
E. Contributions as a percentage of covered-employee payroll							35.19%	16.99%	18.80%	18.17%

* Contributions in relation to statutorily required contributions are the contributions a the District actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

BIG JACKSON PUBLIC SCHOOLS

Required Supplementary Information
Schedule of the District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts determined as of 6/30 of each fiscal year)

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
A. Statutorily required OPEB contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,316
B. OPEB contributions in relation to statutorily required contributions *	-	-	-	-	-	-	-	-	-	6,316
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. District's covered-employee payroll (OPEB)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 87,609
E. OPEB contributions as a percentage of covered-employee payroll										7.21%

* Contributions in relation to statutorily required contributions are the contributions the District actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

BIG JACKSON PUBLIC SCHOOLS

Comparative Balance Sheet - General Fund
June 30, 2018 and 2017

	2018	2017
Assets		
Cash/Investments	$ 320,203	$ 267,161
Accounts Receivable	564	4,992
Due From Other Governmental Units	30,030	12,741
Total Assets	$ 350,797	$ 284,894
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	$ 2,414	$ 753
Accrued Payroll Liabilities	16,447	2,733
Due to Other Funds	-	-
Unearned Revenue	-	-
Total Liabilities	18,861	3,486
Fund Equity		
Unassigned	331,936	281,408
Total Fund Equity	331,936	281,408
Total Liabilities and Fund Equity	$ 350,797	$ 284,894

BIG JACKSON PUBLIC SCHOOLS

Comparative Statement of Revenues - General Fund
For the Years Ended June 30, 2018 and 2017

	2018	2017
Revenues		
Local Sources		
Property Taxes	$ 231,563	$ 224,720
Interest Earned on Investments	2,371	1,246
Grants/Donations	443	5,706
Miscellaneous	499	6,577
Total Local Sources	234,876	238,250
State Sources		
State School Aid	836	2,686
Headlee Obligation for Data Collection	1,433	621
MPSERS Cost Offset/UAAL Stabilization	18,312	16,613
At Risk	3,544	10,700
Special Education	1,021	405
Total State Sources	25,146	31,025
Federal Sources		
Title I	21,379	22,338
Title II, Part A	3,684	3,058
R.E.A.P. Grant	17,545	11,967
Payments in Lieu of Taxes	8,473	2,970
Total Federal Sources	59,626	40,333
Interdistrict Sources		
Transportation	1,289	2,581
Special Education - Act 18	2,451	315
Total Interdistrict Sources	3,740	2,896
Other Financing Sources		
Insurance Proceeds	-	-
Total Other Financing Sources	-	-
Total Revenues	$ 323,388	$ 312,504

BIG JACKSON PUBLIC SCHOOLS

Comparative Statement of Expenditures - General Fund
For the Years Ended June 30, 2018 and 2017

	2018	2017
Expenditures		
Instruction		
Elementary		
Basic Education	$ 85,573	$ 69,774
REAP	280	280
Total Elementary	85,853	70,054
Compensatory Education		
At Risk	3,546	10,701
Title I	21,130	22,063
REAP	8,606	6,433
Total Compensatory Education	33,282	39,197
Special Education	2,691	3,134
Total Instruction	121,826	112,385
Supportive Services		
Improvement of Instruction	3,804	4,706
General Administration	11,575	16,843
School Administration	26,285	39,552
Business Services	6,155	29,331
Operation & Maintenance of School	44,956	45,286
Central Services	9,052	10,223
Transportation Services	40,002	39,421
Total Supportive Services	141,829	185,362
Community Services	250	276
Debt Service		
Principal	8,308	7,979
Interest	647	976
Total Debt Service	8,955	8,955
Total Expenditures	$ 272,860	$ 306,978

BIG JACKSON PUBLIC SCHOOLS

Comparative Statement of Revenues, Expenditures, and Change in Fund Balances -
Capital Projects Fund
For the Years Ended June 30, 2018 and 2017

	2018	2017
Revenues		
Local Sources		
Interest Earned on Investments	$ 181	$ 105
Total Revenues	181	105
Expenditures		
Capital Outlay	-	-
Total Expenditures	-	-
Excess Revenues Over Expenditures/ Change in Fund Balances	181	105
Fund Balance - July 1, 2017	24,415	24,310
Fund Balance - June 30, 2018	$ 24,596	$ 24,415

BIG JACKSON PUBLIC SCHOOLS

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
June 30, 2018

Function and Activity	6/30/2017	Additions	Deductions	6/30/2018
General Fund				
Instruction	$ 192,661	$ -	$ -	$ 192,661
General Administration Services	18,731	-	-	18,731
Student Transportation Services	50,001	-	-	50,001
Building Fund				
Student Transportation Services	7,068	-	-	7,068
Total	$ 268,461	$ -	$ -	$ 268,461

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*

Board of Education
Big Jackson Public Schools
Newaygo County, Michigan

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 Big Jackson Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Big Jackson Public School's basic financial statements and have issued our report thereon dated October 31, 2018.

Internal Control Over Financial Reporting

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

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

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

H & S Companies, P.C.

H & S Companies, P.C.
October 31, 2018

BIG JACKSON PUBLIC SCHOOLS

Schedule of Findings and Responses
June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal Control over financial reporting.	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
3. Noncompliance material to the financial statements noted?	No

Section II - Findings and Responses - Financial Statement Audit

No Findings

October 31, 2018

To the Board of Directors
Big Jackson Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Big Jackson Public Schools (the District) for the year ended June 30, 2018, and have issued our report thereon dated October 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 20, 2018. 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 Big Jackson Public Schools are described in Note A to the financial statements. During the 2017-2018 fiscal year, the District implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* We noted no transactions entered into by the governmental unit 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 School's financial statements were:

> Management's estimate of the defined benefit pension plan is based on a member's years of credited service and final average compensation.
>
> Management's estimate of depreciation on fixed assets is based on the straight-line method of depreciation over the useful life of the related asset.
>
> Management's estimate of the compensated absences is based on the balance of each employee's accumulated sick leave being paid at 50% of their current rate of pay upon retirement or departure.
>
> We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. 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, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2018.

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

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

Comments and Recommendations

Books & Records

We are pleased to report the improvement of the books and records for the current year. NCRESA did a great job reconciling the accounts and preparing necessary journal entries for the audit to be completed efficiently.

Restrictions on Use

This information is intended solely for the use of the Board of Directors and management of Big Jackson Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

H & S Companies, P.C.

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Fremont, Michigan