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# Lapeer Community Schools

Board Presentation

For year ended June 30, 2019



# Summary of Audit Results

## June 30, 2019

- **Basic Financial Statements:**
  - Unmodified opinion
  - No findings noted
- **Single Audit:**
  - Unmodified opinion
  - Low risk auditee
  - Major program tested: Child Nutrition Cluster
  - No findings noted
- **Required Communications Under AU 260**
  - Significant accounting policies disclosed in Note 2
  - Significant accounting estimates: MPSERS Pension and OPEB liabilities
  - No difficulties encountered in performing the audit
  - No audit adjustments



# Governmental Funds - Balance Sheet

## June 30, 2019

	<u>Combined General Fund</u>	<u>2016 Refunding Bond</u>	<u>Non-major Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,242,932	\$ -	\$ 490,877
Investment	19,086	-	-
Receivables	8,166,089	4,765	100,698
Due from other funds	152,023	-	-
Prepaid expenses	259,400	-	-
Restricted assets	-	2,361,409	-
<b>Total assets</b>	<b>\$ 13,839,530</b>	<b>\$ 2,366,174</b>	<b>\$ 591,575</b>
<b>Liabilities:</b>			
Accounts payable	\$ 293,975	\$ 27	\$ 76,694
Due to other governmental units	782,823	-	-
Due to other funds	-	-	139,817
Accrued liabilities and other	4,691,826	-	-
State aid anticipation note	2,928,571	-	-
Unearned revenue	541,771	-	-
<b>Total liabilities</b>	<b>\$ 9,238,966</b>	<b>\$ 27</b>	<b>\$ 216,511</b>
<b>Fund balance</b>	<b>\$ 4,600,564</b>	<b>\$ 2,366,147</b>	<b>\$ 375,064</b>
<b>Total liabilities and fund balance</b>	<b>\$ 13,839,530</b>	<b>\$ 2,366,174</b>	<b>\$ 591,575</b>



# Governmental Funds – Statement of Revenue and Expenditures

## June 30, 2019

	<u>General Fund</u>	<u>2016 Refunding Bond</u>	<u>Nonmajor Governmental Funds</u>
<b>Revenue:</b>			
Local	\$ 7,696,629	\$ 3,894,842	\$ 656,082
State	40,998,338	-	108,481
Federal	1,547,355	-	1,647,583
Total revenue	<u>50,242,322</u>	<u>3,894,842</u>	<u>2,412,146</u>
<b>Expenditures:</b>			
Instruction	28,715,578	-	-
Support services	18,592,655	-	-
Athletics	795,774	-	-
Food services	-	-	2,378,771
Community services	632,809	-	-
Debt service	-	3,396,063	199,910
Capital outlay	470,221	-	97,205
Total expenditures	<u>49,207,037</u>	<u>3,396,063</u>	<u>2,675,886</u>
<b>Excess of revenue over (under) expenditures</b>	<u>1,035,285</u>	<u>498,779</u>	<u>(263,740)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	95,579	-	203,684
Transfers out	(203,684)	-	(95,579)
Total other financing sources	<u>(108,105)</u>	<u>-</u>	<u>108,105</u>
<b>Net Change in Fund Balance</b>	927,180	498,779	(155,635)
<b>Fund balance - Beginning of year</b>	3,673,384	1,867,368	530,699
<b>Fund balance - End of year</b>	<u>\$ 4,600,564</u>	<u>\$ 2,366,147</u>	<u>\$ 375,064</u>



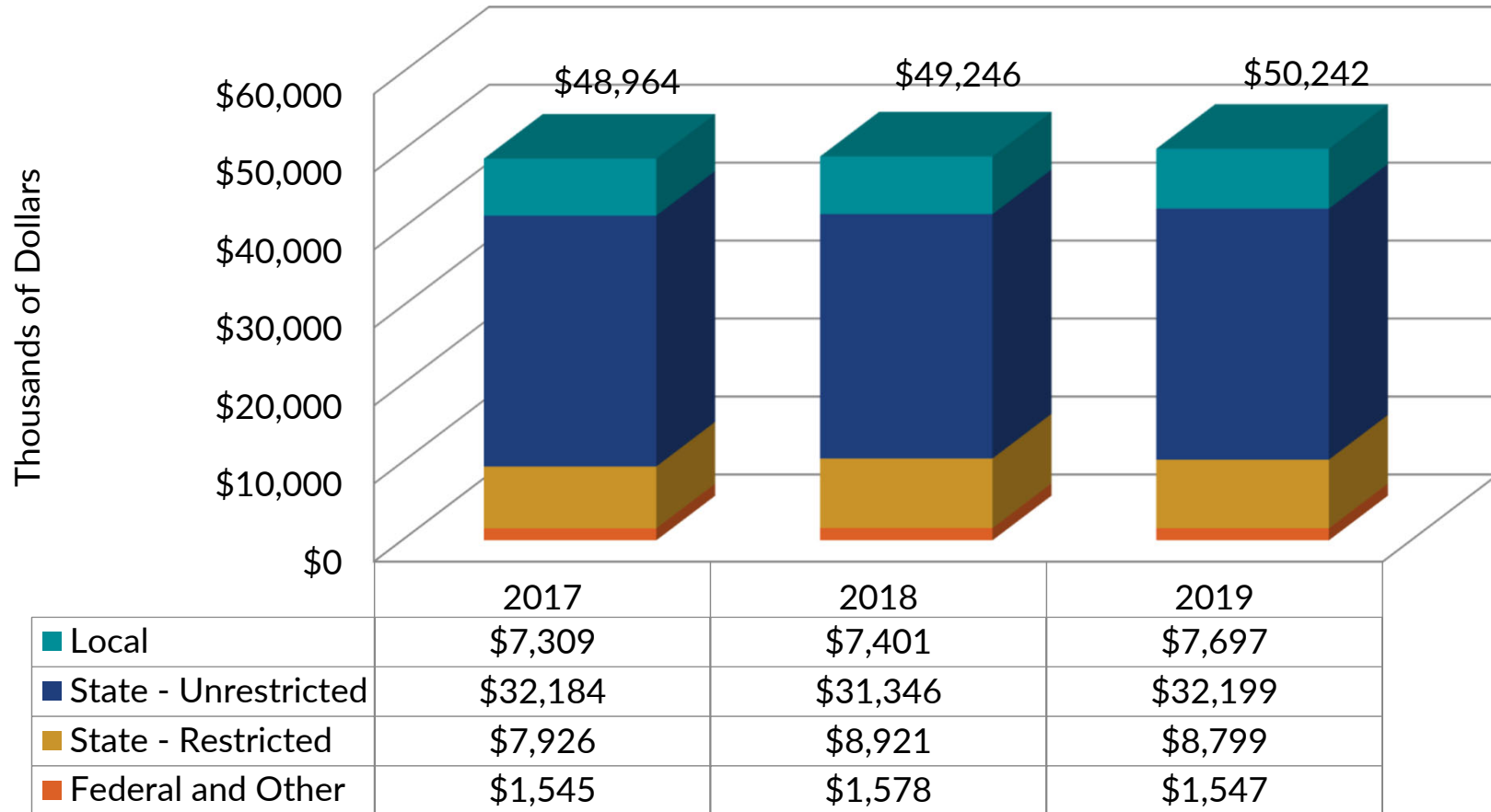
# Statement of Net Position

	<b>Governmental Activities</b>	
	2019	2018
<b>Assets:</b>		
Cash and cash equivalents	\$ 5,733,809	\$ 8,834,550
Investments	19,086	-
Receivables	8,283,758	7,543,492
Inventory and Prepaid costs	259,400	204,261
Restricted assets	2,361,409	1,867,341
Capital assets - Net	59,843,062	62,286,701
Total assets	\$ 76,500,524	\$ 80,736,345
<b>Deferred Outflows of Resources</b>	\$ 33,491,072	\$ 19,072,077
<b>Liabilities:</b>		
Accounts payable	370,696	258,557
Due to other governmental units	782,823	761,886
Accrued liabilities and other	4,957,776	4,725,374
State aid anticipation note	2,928,571	6,500,000
Unearned revenue	541,771	407,263
Long-term liabilities	47,932,273	49,770,488
Net Pension liability	88,944,606	77,567,596
Net OPEB liability	23,271,243	26,471,730
Total liabilities	\$ 169,729,759	\$ 166,462,894
<b>Deferred Inflows of Resources</b>	\$ 17,693,807	\$ 10,073,419
<b>Net Position (Deficit):</b>		
Net investment in capital assets	15,107,735	15,732,467
Restricted	2,100,197	1,592,481
Unrestricted	(94,639,902)	(94,052,839)
<b>Total Net Position (Deficit)</b>	<b>\$ (77,431,970)</b>	<b>\$ (76,727,891)</b>



# General Fund Revenue Three-Year Comparison

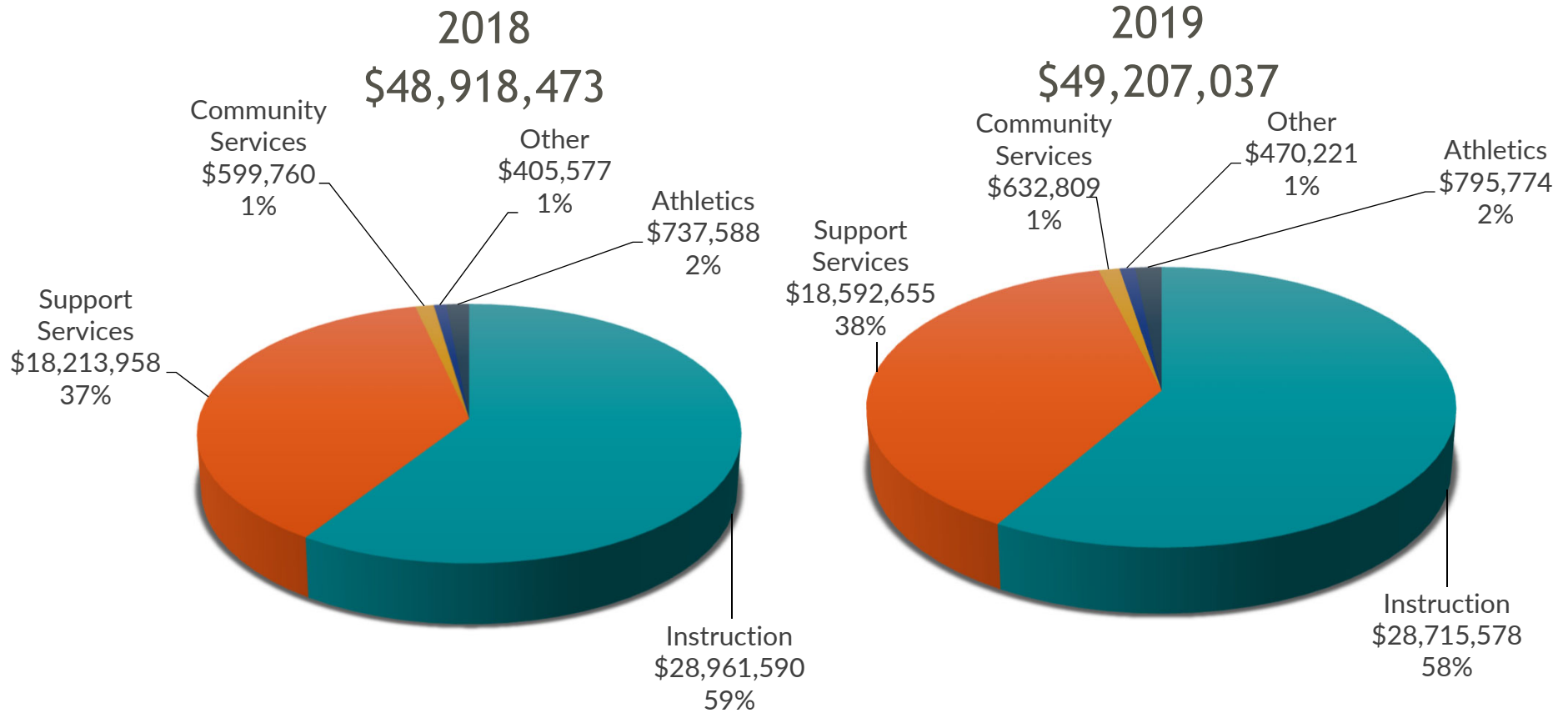
## June 30, 2019





# General Fund Expenditures

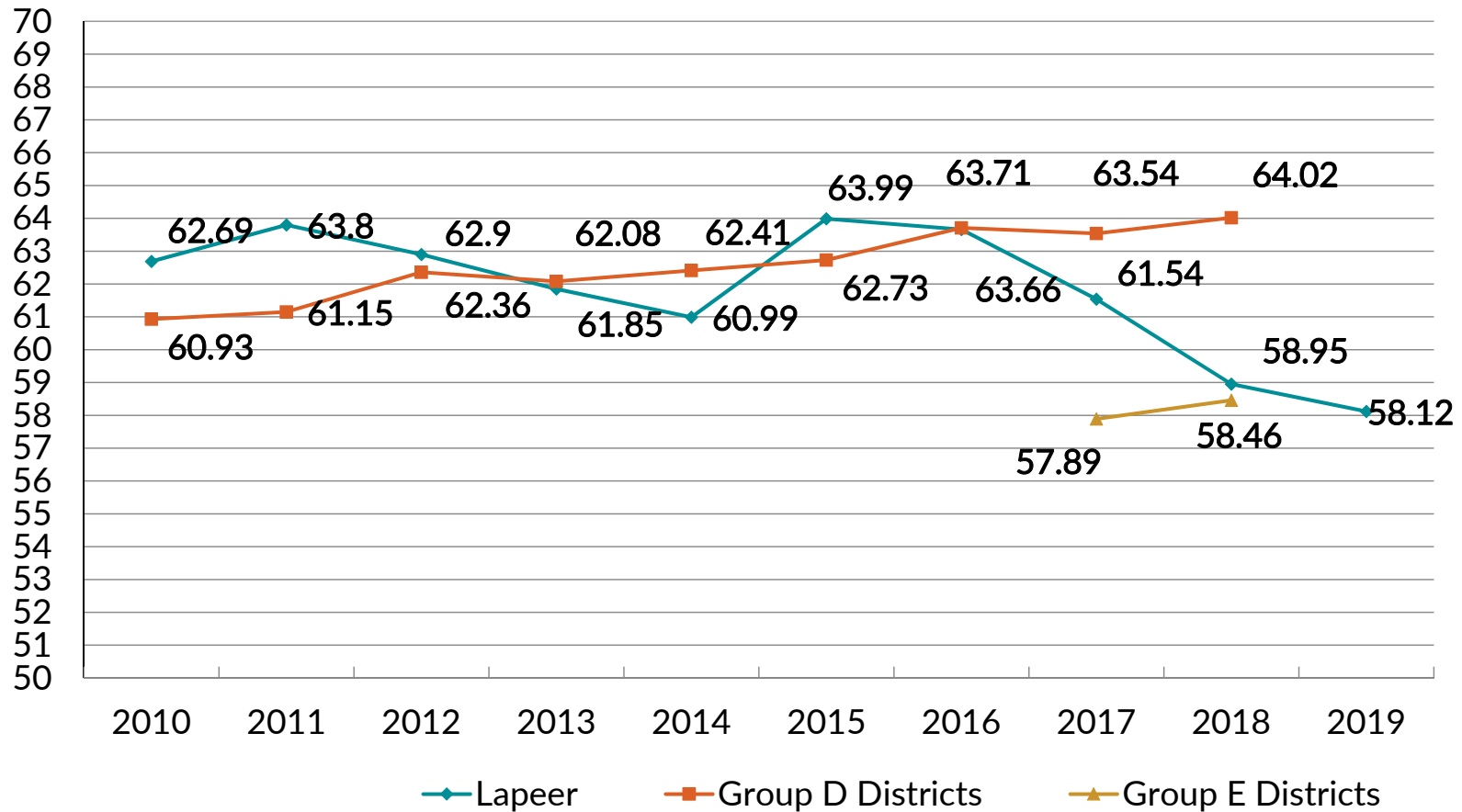
## June 30, 2019





# Instructional Expenditures Compared to Average Group D and E Schools

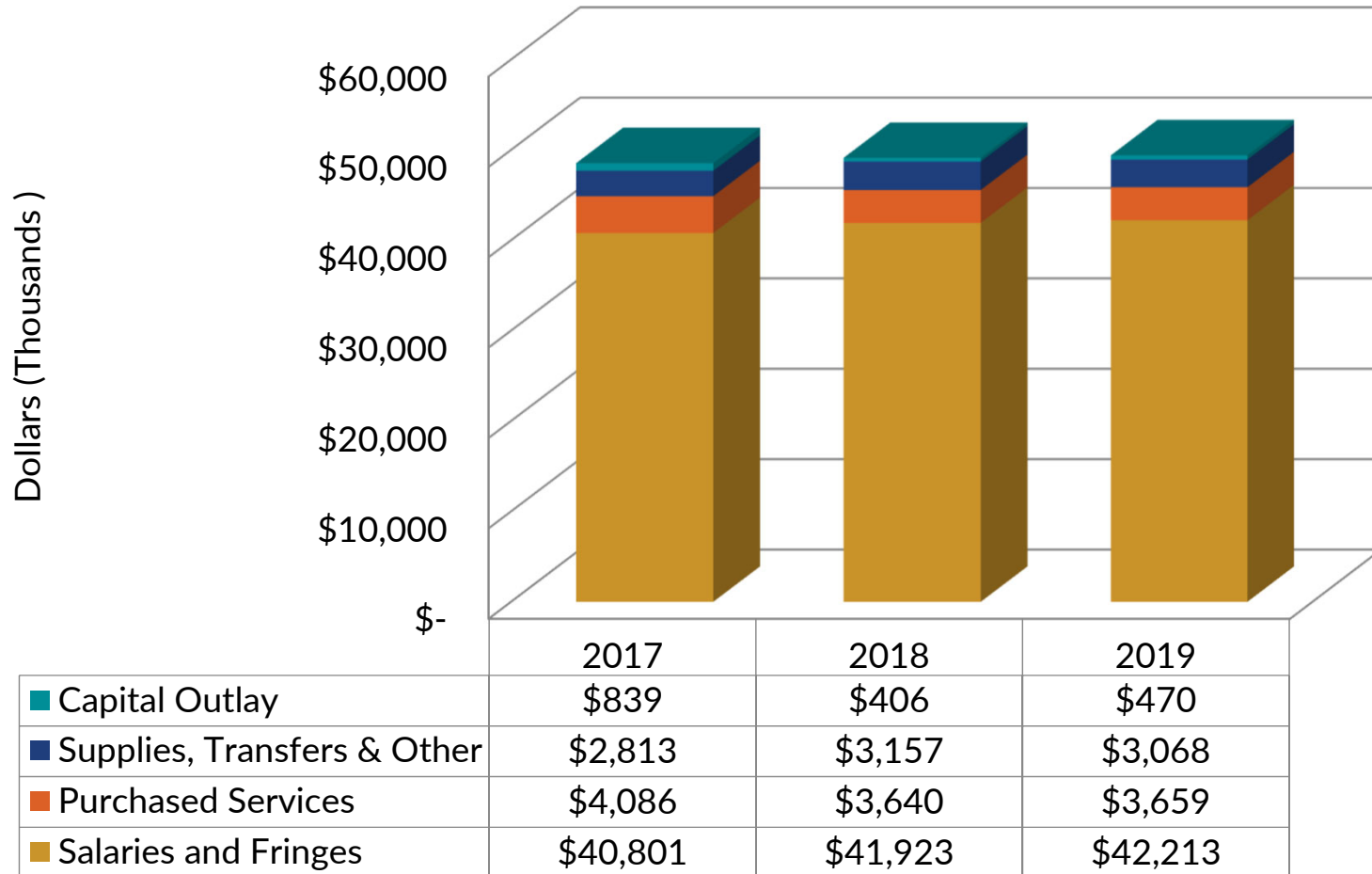
June 30, 2019







# Analysis of General Fund Expenditures (including Transfers) Three-year comparison June 30, 2019





# General Fund Balance Analysis

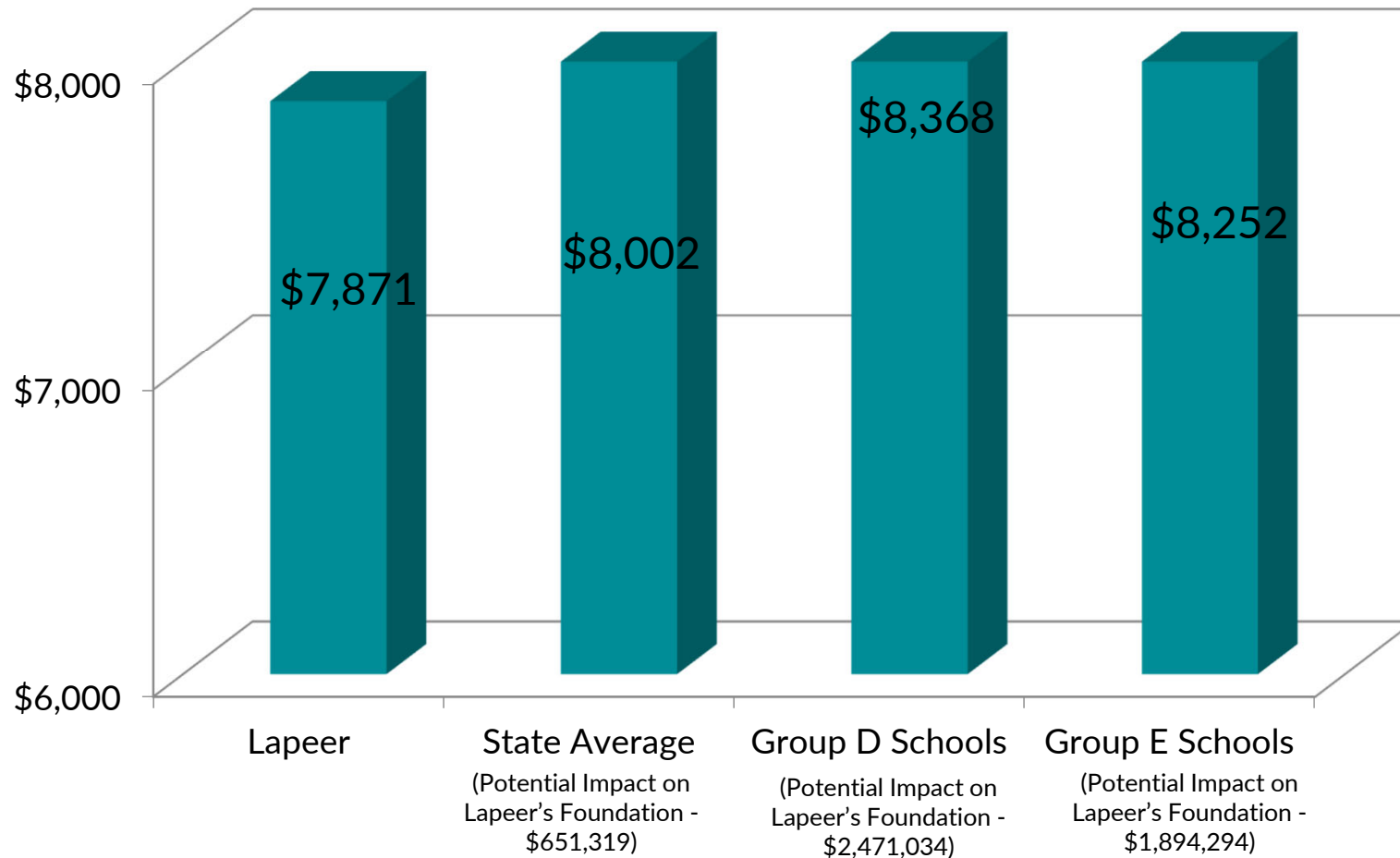
June 30, 2019

Metric	FY	Lapeer	Board Goal	Statewide Average
Fund Balance/Expenditures	2019	9.35%	10%	
Fund Balance/Expenditures	2018	7.51%	10%	13.96%
Fund Balance/Expenditures	2017	7.16%	10%	12.79%
<b>Early Warning Metrics – 5%</b>				
Fund Balance/Unrestricted Revenues	2019	11.5%	N/A	N/A
Fund Balance/Unrestricted Revenues	2018	9.5%	N/A	N/A
Fund Balance/Unrestricted Revenues	2017	8.7%	N/A	N/A



# Foundation Allowance Analysis and Comparison

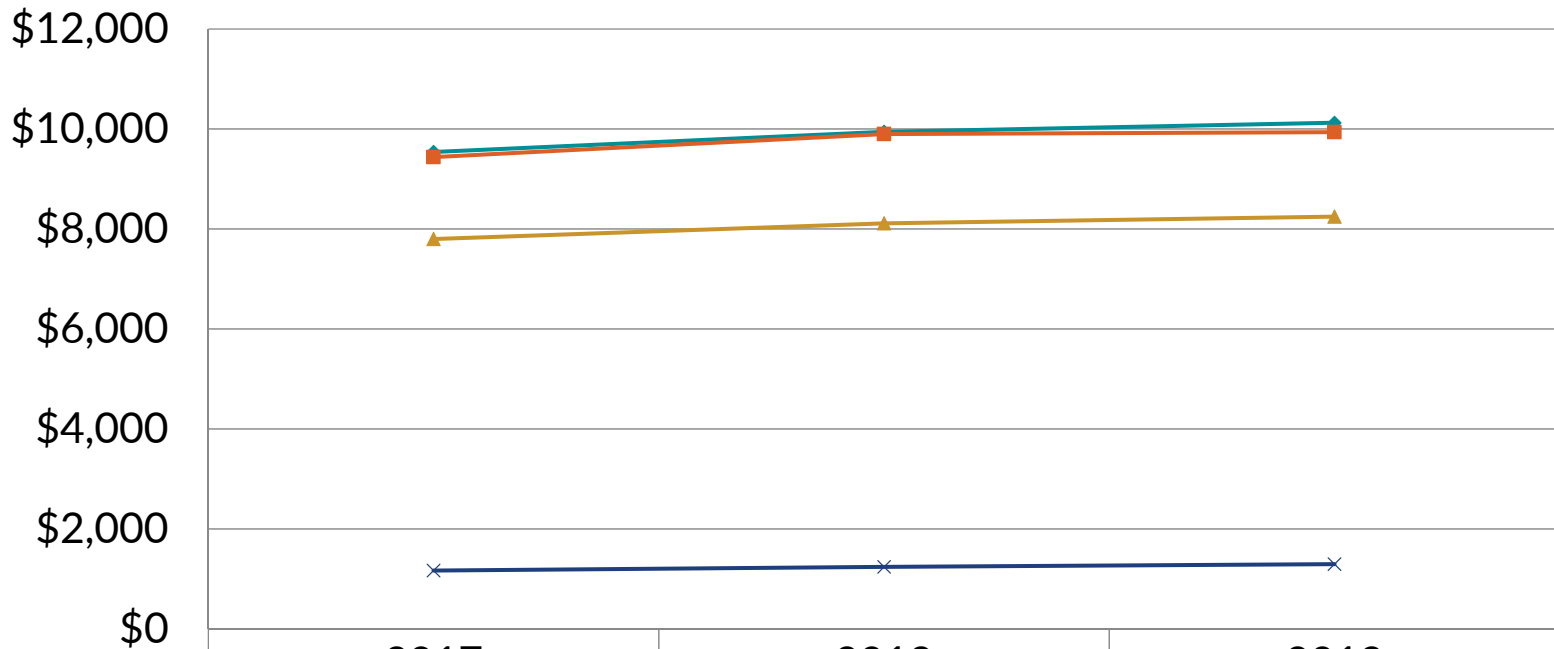
June 30, 2019





# General Fund Revenue and Expenditures Per-Pupil Analysis

June 30, 2019



	2017	2018	2019
Revenue	\$9,539	\$9,942	\$10,124
Expenditures	\$9,439	\$9,899	\$9,938
State Aid	\$7,800	\$8,114	\$8,246
Property Tax	\$1,168	\$1,241	\$1,295



## Future Uncertainties – School Funding

- Approach to school funding by Governor/Legislature
- Statewide enrollment levels
- Interest rates and return
- Limited revenue alternatives
- Foundation allowance levels now and in the future
- Dependence upon state and national economy, what does the future hold?
- Future retirement system contribution rates and health care costs
- Locally developed and generated revenue sources
- Capital improvements needed and their potential funding sources



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**Thank you.**