A.G.B.U. ALEX AND MARIE MANOOGIAN SCHOOL

MICHIGAN PUBLIC SCHOOL ACADEMY
(A Michigan Nonprofit Corporation)

FINANCIAL STATEMENT
WITH SUPPLEMENTAL INFORMATION

JUNE 30, 2018

REPORT TO MANAGEMENT ON
COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS

INTERNAL CONTROL OVER FINANCIAL REPORTING

Edward M. Bedikian
Certified Public Accountant
Farmington Hills, Michigan 48335

A.G.B.U. Alex and Marie Manoogian School
a Michigan Public School Academy

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Independent Auditor's Report

Board of Directors
A.G.B.U. Alex and Marie Manoogian School
Southfield, MI 48075

REPORT ON THE FINANCIAL STATEMENTS
I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the A.G.B.U. Alex and Marie Manoogian School as of and for the year ended June 30, 2018, which collectively comprise the 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 controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY
My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

OPINION
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining

fund information of the A.G.B.U. Alex and Marie Manoogian School as of June 30, 2018, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS
The management's discussion and analysis on pages 3 through 6 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering A.G.B.U. Alex and Marie Manoogian School's internal control over financial reporting and compliance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the A.G.B.U. Alex and Marie Manoogian School's basic financial statements. The accompanying required supplementary information and other supplemental information as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required supplemental information and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS
In accordance with Government Auditing Standards, I have also issued a report dated September 11, 2018 on my consideration of A.G.B.U. Alex and Marie Manoogian Schools' compliance with Laws, Regulations, Contracts and Grants, Agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering A.G.B.U Alex and Marie Manoogian School's internal control over financial reporting and compliance.

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The net pension liability and GASB68 and 75 notes are presented for purposes of additional analysis. Such information has been subjected to auditor's procedures applied by Michigan Office of the Auditor General and are included in the basic financial statements, and accordingly I do not express an opinion on the net pension liability and net postemployment benefits liability as reported in notes 9 and 10.

September 11, 2018

A.G.B.U. Alex and Marie Manoogian School
a Michigan Public School Academy

Management's Discussion And Analysis
For Fiscal Year Ended June 30, 2018

This section of the A.G.B.U. Alex & Marie Manoogian School's Annual Financial Report presents our discussion and analysis of the school's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the school's financial statements, which immediately follow this section.

School-Wide Statements
The school-wide statements report information about the school as a whole using accounting methods similar to those used by private-sector companies. The statements of net assets include *all* of the school's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the school's *net assets* and how they have changed. Net assets - the difference between the school's assets and liabilities - are one way to measure the school's financial health or *position*.

- Over time, increases or decreases in the school's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the school, you need to consider additional non-financial factors such as changes in the school's enrollment and the condition of school buildings and other facilities.

Fund Financial Statements
The school has two kinds of funds:

- *Governmental funds* - Most of the school's basic services are included in governmental funds, which generally focus on (1) how cash *and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the school's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.
- *Fiduciary funds* - the school is the fiduciary for assets that belong to others, such as the student activities fund. The school is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the school-wide financial statements because the school cannot use these assets to finance its operations.

The following summarizes the net assets at fiscal years ended June 30, 2018 compared with the prior year June 30, 2017.

Net Assets Summary

	2018	2017
Assets		
Current Assets	$ 1,089,731	$ 1,002,441
Net Capital Assets	5,042	6,798
Total Assets	$ 1,094,773	$ 1,009,239
Liabilities		
Current Liabilities	311,904	314,179
Non-current Liabilities		
Net pension liability	4,819,139	4,679,182
Net other postemployment benefits liability	1,650,303	-
Total Liabilities	6,781,346	4,993,361
Net Assets		
Invested in capital assets	5,042	6,798
Temporarily restricted	41,781	59,194
Unrestricted net assets (deficit)	(5,733,396)	(4,050,114)
Total net assets	(5,686,573)	(3,984,122)
Total liabilities and net assets	$ 1,094,773	$ 1,009,239

Analysis of Financial Position:

Due to required implementation of GASB68 and 75, total net assets was reduced by $6,469,442 at June 30, 2018 and $4,679,182 at year end June 30, 2017.

General Fund Operations

The School's General Fund revenues exceeded expenses by $89,564 for the fiscal year ended June 30, 2018.

State Aid Allowance was $7,631 per pupil.

A.G.B.U. Alex and Marie Manoogian School
a Michigan Public School Academy

Management's Discussion And Analysis
For Fiscal Year Ended June 30, 2018

Results of Operations:

For the period ended June 30, 2018, the school's results of general fund operations as compared to June 30, 2017 were as follows:

	2018	2017
Revenues:		
State of Michigan unrestricted foundation aid	$ 3,540,900	$ 3,422,033
Other local revenues	69,003	77,132
Federal Sources	165,606	131,078
Total Revenues	3,775,509	3,630,243
Expenses		
Instruction and added needs	2,319,116	2,186,985
Instruction Staff support	199,519	98,016
School Administration	500,572	577,148
Other Support services (Business, Operation and Maintenance)	666,738	679,342
Total Expenses	3,685,945	3,541,491
Increase in Fund Balance	89,564	88,752
Beginning Fund Balance	688,263	599,511
Ending Fund Balance	$ 777,827	$ 688,263

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENSES

General Fund Expenditures Budget vs. Actual

Fiscal year	Expenditures Final Budget	Expenditures Actual	Expenditures % Variance Actual
2017-18	$3,670,722	$3,685,945	0.0041%
2016-17	$3,527,703	$3,541,491	0.0039%

A.G.B.U. Alex and Marie Manoogian School
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Management's Discussion And Analysis
For Fiscal Year Ended June 30, 2018

General Fund Revenue Budget vs. Actual

	Revenues Final Budget	Revenues Actual	Revenues % Variance Actual
2017-18	$3,764,094	$3,775,509	0.0030%
2016-17	$3,598,646	$3,630,243	0.0087%

The Uniform Budget Act of the State of Michigan requires that the Board of Education approve the original budget for the upcoming fiscal year prior to July 1.

A.G.B.U. Alex & Marie Manoogian Charter School can amend its budgets after the September headcount, in January, April and June of the fiscal year, with June being the final budget.

State of Michigan Unrestricted Aid (State Aid Foundation Allowance)

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

a. State of Michigan State Aid Act per student foundation allowance
b. Student Enrollment-Blended at 90 percent of the current school year and 10 percent of prior year February count.

Per Student, Foundation Allowance:

The State of Michigan's per student foundation allowance for A.G.B.U. Alex & Marie Manoogian School for school year 2017-2018 was $7,631 as compared to $7,511 for school year 2016-2017.

Student Enrollment:

The school’s enrollment for the year 2017-2018 was 412 students.
The school’s enrollment for the year 2016-2017 was 411 students.

Contacting the School's Financial Management

This financial report is designed to provide our students, parents and creditors with a general overview of the school's finances and to demonstrate the school's accountability for the money it receives. If you have questions about this report or need additional information, contact the school's business office at 22001 Northwestern Highway, Southfield, MI 48075.

A.G.B.U. Alex and Marie Manoogian School
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Statement of Net Assets
June 30, 2018

	Governmental Activities
ASSETS	
Current Assets	
Cash	$ 433,821
Due from other governmental unit - Note 2	620,198
Prepaid expenses	35,712
Total current assets	1,089,731
Noncurrent Assets	
Capital assets - Note 3	104,260
Less accumulated deprecation	99,218
Total noncurrent assets	5,042
Total assets	$ 1,094,773
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 40,084
Accrued salaries and benefits	230,039
Deferred revenue - Note 4	41,781
Total current liabilities	311,904
Non-current net pension liability and postemployment benefit liability	6,469,442
Net Assets	
Invested in capital assets	5,042
Temporarily restricted	41,781
Unrestricted net assets deficit	(5,733,396)
Total net assets	(5,686,573)
Total liabilities and net assets	$ 1,094,773

The accompanying notes are an integral part of these financial statements

A.G.B.U. Alex and Marie Manoogian School
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Statement of Activities
For the Year Ended June 30, 2018

	Expenses	Charges for Services	Operating Grants	Governmental Activities Net (Expenses) Revenue and Changes in Net Assets
Functions/Programs				
Governmental Activities:				
Instruction and added needs	$ 2,319,116	$ -	$ 162,286	$ (2,156,830)
Support services - pupil and staff	199,519			(199,519)
Support services - administration	500,572			(500,572)
Support services - business office	66,510			(66,510)
Operations and maintenance	409,736			(409,736)
Other support services	190,492		3,320	(187,172)
Unallocated deprecation	1,756			(1,756)
Total governmental activities	$ 3,687,701	$ -	$ 165,606	(3,522,095)

General revenues:	
State of Michigan school aid unrestricted	3,540,900
Local sources	69,003
Total general revenues	3,609,903
Change in net assets	87,808
Net assets, beginning of year	688,262
Net assets, end of year	776,070
Adjustments:	
Deferred inflows of resources	6,799
Net pension liability	(4,819,139)
Net postemployment benefit liability	(1,650,303)
Net assets, end of year (deficit)	$ (5,686,573)

The accompanying notes are an integral part of these financial statements

A.G.B.U. Alex and Marie Manoogian School
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BALANCE SHEET
Governmental Funds
June 30, 2018

	General	Total Governmental Funds
Assets		
Cash	$ 433,821	$ 433,821
Due from other government units - Note 2	620,198	620,198
Prepaid expenses	35,712	35,712
Total assets	$ 1,089,731	$ 1,089,731
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 40,084	$ 40,084
Accrued salaries and benefits	230,039	230,039
Deferred revenue - Note 4	41,781	41,781
Total liabilities	311,904	311,904
Fund balances		
Temporarily restricted	41,781	41,781
Unrestricted	736,046	736,046
Total fund balance	777,827	777,827
Total liabilities and fund balance	$ 1,089,731	$ 1,089,731

Reconciliation of the balance sheet of governmental funds to the statement of net assets

Total Governmental Fund Balance		$ 777,827
Rounding Variance		0
Amounts reported for governmental activities in the statement of net assets are different because:		
Net postemployment benefit liability		(1,650,303)
Net pension liability		(4,819,139)
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.		
The cost of capital assets is	$ 104,260	
Accumulated depreciation is	99,218	5,042
Net assets of governmental activities (deficit)		$ (5,686,573)

A.G.B.U. Alex and Marie Manoogian School
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Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Total Governmental Funds
Revenues		
Local sources	$ 69,003	$ 69,003
State sources	3,540,900	3,540,900
Federal sources	165,606	165,606
Total revenues	3,775,509	3,775,509
Expenditures		
Instruction and added needs	2,319,116	2,319,116
Support services pupil and staff	199,519	199,519
Support services administration	500,572	500,572
Support services business office	66,510	66,510
Operations and maintenance	409,736	409,736
Other support services	190,492	190,492
Total expenditures	3,685,945	3,685,945
Excess of Revenues over Expenditures	89,564	89,564
Fund balance, beginning of year	688,263	688,263
Fund Balance, ending of year	$ 777,827	$ 777,827

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Reconciliation of the Statement of Revenue, Expenditures and Changes 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 Amounts reported for governmental activities in the statement of activities are different because:	$ 87,808
Rounding variance	0
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	1,756
Change in net assets of governmental activities	$ 89,564

The accompanying notes are an integral part of these financial statements

A.G.B.U. Alex and Marie Manoogian School
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Statement of Fiduciary Funds
June 30, 2018

	Agency Fund Student Activities
Assets	
Cash	$ 38,121
Liabilities	
Due to Student Groups	$ 38,121

The accompanying notes are an integral part of these financial statements

A.G.B.U. Alex and Marie Manoogian School
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Notes To Financial Statements
June 30, 2018

<u>Note 1 - Summary of Significant Accounting Policies</u>

<u>Reporting Entity</u>

A.G.B.U. Alex and Marie Manoogian School located in Southfield, Michigan was incorporated as a Nonprofit Corporation August 18, 1995, by the Michigan Department of Commerce. With Central Michigan University as the authorizing body under a renewal oversight agreement dated July 1, 2017, the School operates as a public school academy for the purpose of improving pupil educational achievement by improving the learning environment. The school enrollment for the year averaged 412 students covering grades K1 to grade 12.

<u>Government-Wide and Fund Financial Statements</u>

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. All of the School's activities are classified as governmental 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 who purchase, use or directly benefit from goods or services 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. State Foundation Aid and other unrestricted items are not included as program revenues but instead as *general revenues.*

Measurement focus, basis of accounting, and financial statement presentation

The School-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Note 1 - Continued

State and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major governmental funds:

The *general fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Use of Estimates

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

Cash & Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts. At year-end and throughout the year, the school's cash balances were deposited with one financial institution. Management believes the school is not exposed to any significant credit risk on cash and cash equivalents.

Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are stated at their estimated fair market value on the date received. Depreciation on all assets is provided using the straight line basis over the estimated useful lives which range from seven to ten years. The school's capitalization policy is equipment purchases that exceed $5,000.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts, or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget Article A-133 and reviewed by grantor services. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

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 refund of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Note 2 - Due from other governmental unit

Represents amount due from State of Michigan Department of Education for the school year ended June 30, 2018, paid in July and August 2018 less 3% Central Michigan University Management fee of $17,222 totaling $620,198.

Note 3 - Capital Assets

A summary of changes in the school's capital assets follows:

	Balance July 1, 2017	Additions	Rounding	Balance June 30, 2018
Capital Assets Being Depreciated:				
Furniture	$ 24,683	$ -	$ -	$ 24,683
Technology equipment	79,577	-	-	79,577
Subtotal	104,260	-	-	104,260
Accumulated Depreciation:				
Furniture	17,885	1,756		19,641
Technology and equipment	79,577	-	-	79,577
Subtotal	97,462	1,756	-	99,218
Net Capital Assets	$ 6,798	$ 1,756	$ -	$ 5,042

The School's management has determined that it is impractical to allocate depreciation to the various activities, therefore depreciation expense is listed as a separate line item in the Statement of Activities.

Note 4 - Deferred Revenue

Armenian Heritage funds are committed to supplement funds for high school student trips to Armenia. Funds remaining as of June 30, 2018 are as follows:

	Committed Funds Armenian Heritage
Balance 7/1/17	$ 59,194
Additions	86,843
Deductions	104,256
Balance 6/30/18	$ 41,781

Note 5 - Pension and Other Benefit Plans

The school retirement plan for substantially all of its employees is administered by the Michigan Public School Employees Retirement System. The system is a trust fund, qualified under Section 401(a) of the Internal Revenue Code, created and governed by the State of Michigan under the provisions of Public Act 300 of 1980, as amended. The benefit rate is established by the trustees, for each benefit year starting October 1 and ending September 30. Copies of the trustees annual report can be obtained from the office of Retirement Services, P.O. Box 30171, Lansing, MI 48909 or by phone 517-322-5103. The school also provides health, dental and life insurance coverage for all employees. Annual cost for the above are as follows:

Retirement and health benefits	$ 648,669
Health, life insurance and dental	246,195
Total	$ 894,864

Note 6 - Commitments

The School leases its buildings under a lease dated August 31, 2010, with renewal options for two additional five years. Annual rent under the lease totals $60,000 for the buildings. The lease is not considered a capital lease under FASB Statement 13.

Future lease commitments are as follows:

	Building
2019	60,000

Note 7 – Tax Status

The School is a tax-exempt organization under Internal Revenue Code Section 501 (c)(3) and similar provisions of the State Code. Therefore, no provisions for income taxes have been made.

Note 8 – Subsequent Events

Subsequent events have been evaluated through September 11, 2018 which is the same date of the financial statements. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 9 –General Information About the Michigan Public School Employees' Retirement System (MPSERS) Pension Plan

Plan Description

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

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

The system is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management and Budget. The department 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.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for are determined by final average compensation, years of service, and a pension factor ranging from 1.25 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 and Funded 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. 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 summarizes pension contribution rates in effect for fiscal year 2017.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.03%
Member Investment Plan	3.0 - 7.0	19.03%
Pension Plus	3.0 - 6.4	18.40%
Defined Contribution	0.0	15.27%

Required contributions to the pension plan from A.G.B.U were $436,186 for the year ended September 30, 2017.

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

At June 30, 2018, A.G.B.U. reported a liability of $4,819,139 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2016. A.G.B.U.’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2017, A.G.B.U.’s proportion was 0.01875 percent, which was an increase of 0.000186 percent from its proportion measured as of September 30, 2016.

For the year ended June 30, 2018, A.G.B.U. recognized pension expense of $543,646. At June 30, 2018, A.G.B.U. reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between actual and expected experience	$41,882	$23,647
Changes of Assumptions	527,975	-
Net difference between projected and actual earnings on pension plan investments	-	230,387
Changes in proportion and differences between Employer contributions and proportionate share of contributions	113,662	32,326
Employer contributions subsequent to the measurement date	413,005	413,005
Total	$ 1,096,524	$ 699,365

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)

Year Ending September 30	Amount
2018	$ 131,929
2019	$ 202,971
2020	$ 76,707
2021	$ (14,448)

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 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 projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- *Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.5188 for non-university employers 1.1222 for university employers]*
- *Recognition period for assets in years is 5.0000*
- *Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/mpsers-cafr).*

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	28.0%	5.6%
% Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	(0.9)
TOTAL	**100.0%**	
**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 of 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 provided through non-university employers only). 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 A.G.B.U's proportionate share of the net pension liability to changes in the discount rate

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

% Decrease (Non-Hybrid/Hybrid)* 6.5% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 7.5% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 8.5% / 8.0%
$6,277,735	$4,819,139	$3,591,094

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 Michigan Public School Employees' Retirement System (MPSERS)

As of June 30, 2018 the school reported a payable of $43,057 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Note 10 – Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

The System's 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 premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

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

Employer 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 summarizes OPEB contribution rates in effect for fiscal year 2017.

OPEB Contribution Rates

Benefit Structure	Member	Employer	
		Universities	Non-Universities
Premium Subsidy	3.00%	7.36%	5.91%
Personal Healthcare Fund (PHF)	0.00%	6.98%	5.69%

Required contributions to the OPEB plan from A.G.B.U. Alex and Marie Manoogian School were $145,089 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, A.G.B.U. Alex and Marie Manoogian School's reported a liability of $1,650,303 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. A.G.B.U. Alex and Marie Manoogian School'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, A.G.B.U. Alex and Marie Manoogian School's proportion was 0.0001864 percent.

For the year ending June 30, 2018, A.G.B.U. Alex and Marie Manoogian School recognized OPEB expense of $55,792. At June 30, 2018, A.G.B.U. Alex and Marie Manoogian School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	-	$ 17,571
Changes of Assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 318	-
Employer contributions subsequent to the measurement date	$ 246,194	$ 246,194
Total	$ 246,512	$ 263,765

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2018	$ 13,411
2019	$ 13,411
2020	$ 13,411
2021	$ 13,411
2022	$ 1,830

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 Assumptions

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.5%
Investment Rate of Return:	7.5%
Projected Salary Increases:	3.5 - 12.3%, including wage inflation at 3.5%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.5% Year 12

Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.
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 period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total 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 for non-university employers or 1.4186 for university employers]*
- *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.*

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	28.0%	5.6%
% Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	(0.9)
TOTAL	**100.0%**	

**Long-term rates of return are net of administrative expenses and 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 11.82%. 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.

Sensitivity of A.G.B.U. Alex and Marie Manoogian School's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents A.G.B.U. Alex and Marie Manoogian School's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what A.G.B.U. Alex and Marie Manoogian School's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
$ 1,932,982	$ 1,650,303	$ 1,410,397

Sensitivity of A.G.B.U. Alex and Marie Manoogian School's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

The following presents A.G.B.U. Alex and Marie Manoogian School's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what A.G.B.U. Alex and Marie Manoogian School's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.5%	Current Healthcare Cost Trend Rate 7.5%	1% Increase 8.5%
$ 1,397,585	$ $ 1,650,303	$ 1,937,248

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. {If significant changes had occurred that indicate that the disclosures included in the OPEB plan's financial report generally did not reflect the facts and circumstances at the measurement date, the employer should disclose additional information, as required by paragraph 95 of Statement 75.}

Payables to the OPEB Plan

As of June 30, 2018 the school reported 6 payables of $4,182 for outstanding contributions to the health care plan.

A.G.B.U. Alex and Marie Manoogian School
a Michigan Public School Academy

Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 20, 2018

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget Over (Under)**
Revenues:				
Local sources	$ 100,000	$ 69,000	$ 69,003	$ 3
State sources	3,320,460	3,538,339	3,540,900	2,561
Federal sources	127,000	156,755	165,606	8,851
Total revenues	3,547,460	3,764,094	3,775,509	11,415
Expenditures				
Basic instruction and added needs	2,190,112	2,283,669	2,319,116	35,447
Support services pupil and staff	202,036	201,411	199,519	(1,892)
Support services administration	483,087	496,742	500,572	3,830
Support services business office	66,039	66,900	66,510	(390)
Operation and maintenance	408,282	427,000	409,736	(17,264)
Other support services	197,904	195,000	190,492	(4,508)
Total expenditures	3,547,460	3,670,722	3,685,945	15,223
Net change In Fund Balance	-	93,372	89,564	(3,808)
Fund balance, beginning	670,452	688,263	688,263	0
Fund balance, ending	$ 670,452	$ 781,635	$ 777,827	$ (3,808)

A.G.B.U. Alex and Marie Manoogian School
a Michigan Public School Academy

Other Supplemental Information
Federal Financial Assistance
For the Year Ended June 30, 2018

	CFDA#	Receipts	Disbursements
Title I Part A Improving Basic Programs	84.010	$ 62,803	$ 62,803
Title II Part A Regular Teacher/Principal Training	84.367A	10,680	10,680
Title III Limited English	84.365A	12,100	12,100
Special Milk Program	10.556	3,320	3,320
Flowthrough – Special Education	84.027A	35,814	35,814
Title V. Effective Technology	84.424A	10,000	10,000
IDS – PA.18 Allocation	unknown	30,889	30,889
Total Department of Education		$ 165,606	$ 165,606

A.G.B.U. Alex and Marie Manoogian School
a Michigan Public School Academy

Required Supplemental Information
Schedule of A.G.B.U's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit Fiscal Years (Amounts determined as of 6/30 of each year)

	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
A. Statutorily required contributions							$ 436,186	$ 421,150	$ 354,261	$ 274,311
B. Contributions in relation to statutorily required contributions							$ 603,263	$ 585,687	$ 400,211	$ 401,126
C. Contribution deficiency (excess)							$ (167,077)	$ (164,537)	$ (45,950)	$ (126,815)
D. Employer's covered employee payroll							$1,600,872	$1,573,068	$1,614,944	$1,541,399
E. Contributions as a percentage of Covered-employee payroll							37.68%	37.23%	24.78%	26.02%

Contributions in relation to statutorily required contributions are the contributions a reporting unit 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 FYE September 20, 2014.

There were no changes of Benefit Terms in Fiscal Year 2017.

There were no changes of Benefit Assumptions in Fiscal Year 2017.

A.G.B.U. Alex and Marie Manoogian School
a Michigan Public School Academy

Required Supplemental Information
Schedule of A.G.B.U.'s proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit Fiscal Years (Amounts determined as of 9/30 of each year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Employer's proportion of net pension liability (%)							0.000186%	0.01875%	0.01836378%	0.01766%
B. Employer's proportionate share of net pension liability							$ 4,819,139	$ 4,679,182	$ 4,485,358	$ 3,890,455
C. Employer's covered-employee payroll							$1,546,950	$1,523,068	$1,614,944	$1,541,399
D. Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)							32.10%	32.54%	36.00%	39.62%
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 FYE June 30, 2014.

EDWARD M. BEDIKIAN
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Board of Directors
A.G.B.U. Alex and Marie Manoogian School
22001 Northwestern Highway
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I have audited the financial statements of A.G.B.U. Alex and Marie Manoogian School, as of and for the year ended June 30, 2018, and have issued my report thereon dated September 11, 2018. I conducted my 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.

Compliance
As part of obtaining reasonable assurance about whether A.G.B.U. Alex and Marie Manoogian School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered A.G.B.U. Alex and Marie Manoogian School's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, Management, Michigan State Board of Education, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Edward M Bedikian

September 11, 2018