

**Woodhaven-Brownstown School District
Woodhaven, Michigan**

FINANCIAL STATEMENTS

June 30, 2016

Woodhaven-Brownstown School District

Woodhaven, Michigan

June 30, 2016

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Woodhaven-Brownstown School District

TABLE OF CONTENTS

June 30, 2016

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i-iii
MANAGEMENT'S DISCUSSION AND ANALYSIS	iv-xii
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Fund	
Statement of Assets and Liabilities	7
Notes to Financial Statements	8-29
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	30
Budgetary Comparison Schedule - Special Education Fund	31
Schedule of Proportionate Share of Net Pension Liability	32
Schedule of Contributions	33
Notes to Required Supplementary Information	34
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Combining Balance Sheet	35-36
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	37-38
Schedule of Bonded Indebtedness	39-40

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Woodhaven-Brownstown School District
Woodhaven, 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 Woodhaven-Brownstown School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Woodhaven-Brownstown School District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note N to the financial statements, the District implemented GASB issued Statement No. 72, *Fair Value Measurement and Application*, during the year. As a result, the District has applied fair value to certain investments and disclosures related to all fair value measurements. Our opinions are not modified with respect to this matter.

Also as discussed in Note N to the financial statements, the District implemented GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, during the year. As a result, the District's external investment pools measured all of their investments at amortized cost for financial reporting purposes. This statement also established additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. 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, and schedules of proportionate share of net pension liability and contributions, as identified on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

The combining nonmajor fund financial statements and the schedule of bonded indebtedness are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of bonded indebtedness 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 September 30, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 30, 2016

This section of Woodhaven-Brownstown School District's annual report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2016. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Woodhaven-Brownstown School District financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and longer-term view of the finances. The *Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at 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, Special Education Fund, and the 2016 Bond Project Fund, and the remaining Special Revenue Funds, Capital Project Funds and Debt Service Funds collectively as other non-major governmental funds. The remaining statement, the Statement of Assets and Liabilities - Fiduciary Fund, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the basic financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as reported in the Statement of Net Position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the Statement of Activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

The District-wide financial statements are full accrual basis statements. They report all the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District-wide financial statements.

Fund Financial Statements

The fund-level financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Funds, Capital Project Funds, and the Special Revenue (School Service) Funds, which are comprised of: Cafeteria, Funded Programs, and Special Education.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Summary of Net Position:

The following summarizes the net position of the School District as of June 30, 2016 and 2015:

Condensed Statements of Net Position
As of June 30, 2016 and 2015

	Governmental Activities 2016	Governmental Activities 2015
Assets		
Current and Other Assets	\$ 66,519,925	\$ 10,210,672
Capital Assets	81,046,999	83,531,942
Total Assets	147,566,924	93,742,614
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	9,437,199	6,237,088
Deferred amounts on refunding	1,242,921	546,132
Total Deferred Outflows of Resources	10,680,120	6,783,220
Liabilities		
Current Liabilities	14,419,619	11,205,707
Noncurrent Liabilities	177,724,906	114,642,174
Total Liabilities	192,144,525	125,847,881

Summary of Net Position - continued:

	Governmental Activities 2016	Governmental Activities 2015
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	\$ 2,269,591	\$ 7,180,320
Net Position		
Net investment in capital assets	30,223,892	32,394,364
Restricted for capital projects	54,314,128	172,744
Restricted for debt service	58,781	105,417
Restricted for food service	-	93,299
Unrestricted	<u>(120,763,873)</u>	<u>(65,268,191)</u>
Total Net Position	<u>\$ (36,167,072)</u>	<u>\$ (32,502,367)</u>

By far the most significant portion of the District's net position is the negative unrestricted portion related to pensions. The unrestricted portion of net position decreased significantly during the fiscal year as a result of bonded debt borrowing activity and adjustments to the District's net pension liability. The District also reports its investment in capital assets (e.g., land, buildings, equipment, and etcetera). The District uses these capital assets to provide services to students and residents of the community; consequently, these assets are *not* available for future spending. Also the amount of net position restricted for specific purposes was specifically restricted for capital project and debt service purposes.

Analysis of Financial Position:

The (\$120,763,873) in unrestricted net position of governmental activities represents District funds that have not been committed contractually or for debt obligations and are available for future use. As detailed above, the District shows a deficit total net position of (\$36,167,072) for the fiscal year ended June 30, 2016. This statement can be explained by the following factors:

- The passing of a 90 million dollar construction millage in 2002. Construction projects to upgrade facilities and technology continued through the 2009-2010 year. This represents a significant portion of the district's total capital assets of approximately 87 million dollars, which is net of accumulated depreciation.
- Significant debt, (\$90 million) was incurred by the District in 2002 to pay for the facility projects. There have been several refundings of the bonded debt. The District's current debt outstanding related to these projects is approximately 43.5 million dollars.
- The passing of a \$47.39 million construction millage in 2015. Construction projects to upgrade facilities and technology began in the 2015-2016 school year.
- Debt of \$47.39 million was incurred by the District in 2015-2016 to fund future facility and technology projects.
- The District currently has approximately \$54.3 million dollars of Capital Project and Sinking funds on hand that are restricted to be used for those purposes.

Results of Operations:

District-wide operating results for the fiscal years ended June 30, 2016 and 2015:

Condensed Statements of Activities
Years Ended June 30, 2016 and 2015

	Governmental Activities 2016	Governmental Activities 2015
	<u>2016</u>	<u>2015</u>
Revenues:		
Program Revenues		
Charges for Service	\$ 1,223,394	\$ 1,181,594
Operating Grants	11,867,302	12,571,411
General Revenues		
Property Taxes	15,577,879	14,939,181
State School Aid-unrestricted	30,471,346	29,289,960
Other	305,914	201,008
	<u>59,445,835</u>	<u>58,183,154</u>
Functions/Program Expenses		
Instruction	31,809,532	30,495,923
Supporting services	18,390,888	18,301,602
Community services	41,703	16,117
Food service	1,656,089	1,636,354
Interest on long-term debt	3,475,929	1,146,681
Unallocated depreciation	5,070,531	5,064,437
	<u>60,444,672</u>	<u>56,661,114</u>
Change in Net Position	<u><u>\$ (998,837)</u></u>	<u><u>\$ 1,522,040</u></u>

Analysis of Results of Operations:

During fiscal year ended June 30, 2016, the District's net position decreased by \$998,837. Several factors which helped cause the decrease are discussed in the following sections.

A. Governmental Fund Operating Results

The District's expenditures and other financing uses from governmental fund operations exceeded revenues and other financing sources by \$55,347,631 for the fiscal year ended June 30, 2016. Further discussion of the District's operating results is available in the section entitled "Results of 2015-2016 Operations" located below.

B. Depreciation Expense in Excess of Capital Outlay

The cost of capital assets is allocated over the useful lives of the assets as depreciation expense. During 2015-2016, the District's investment in new or replacement assets was less than the current year depreciation, causing a decrease in net district assets. The District's overall net capital assets decreased by \$2,484,943 calculated as the difference between new capital investments of \$2,585,588 and depreciation allocated against the useful lives of district assets \$5,070,531.

Analysis of Results of Operations - continued:

C. Long-Term Debt Activities

The District increased its long-term debt obligations during 2015-2016 by making principal payments amounting to \$3,665,000 and refunding \$38,925,000 of the 2006B and 2006 bonds, borrowing \$81,745,000 for the purposes of refunding existing debt and funding capital projects; and reduction in accrued interest cost of \$1,144,893 on outstanding debt was incurred by the District during the fiscal year. Also, compensated absences and accrued vacation liabilities decreased by \$42,284. As a result of these activities, net district long-term debt liabilities increased by \$52,763,477.

Results of 2015-2016 Operations

During fiscal year ended June 30, 2016, the District net position decreased by \$998,837. A few additional significant factors affecting net position during the year are discussed below:

A. General Fund Operations

The General Fund is the main fund for the District and includes all the costs related to educating and providing athletic activities for the students of the Woodhaven-Brownstown School District such as: Salaries and benefits for Teachers, Classroom Aides, Administrators, Secretaries, Aides, Librarians, Counselors, and other miscellaneous positions; teaching supplies, employee training, utilities, building maintenance supplies and other.

The District's General Fund revenues exceeded expenditures by \$37,699 for the fiscal year ended June 30, 2016. The General Fund as of June 30, 2016, has a fund balance of \$1,681,153, or 3.7% of expenditures for the 2015-2016 fiscal year. The School District continues to seek ways in which to become more efficient and through union negotiations in order to continue to build fund equity and allow for increased expenditures to meet student needs and to meet the fluctuations that result from State of Michigan funding.

B. Debt Service Fund Operations

The Debt Service Funds consist of eight (8) separate debt funds as follows: 2003 debt, 2004 debt, 2006 Debt, 2006B Debt, 2009 debt, 2009B Debt, 2015 Debt, and 2016 Debt. The Debt Service Funds are set up to collect taxes and pay annual debt payments. At June 30, 2016, the Debt Service Funds had \$1,579,007 in fund equity available for future bond payments.

The School District levies taxes to make debt payment obligations. If taxes levied are not sufficient the School District will borrow funds from the Michigan School Bond Loan Fund. Any funds borrowed from the Michigan School Bond Loan Fund will be paid back toward the end of the bond obligations. The District had School Loan Revolving Fund obligations in 2015-2016 and will continue to participate in 2016-2017.

Results of 2015-2016 Operations - continued

B. Debt Service Fund Operations - continued

The District made principal payments on bonded, long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

	Principal Balance <u>June 30, 2015</u>	Additions and New Debt	Principal Payments	Refunded	Principal Balance <u>June 30, 2016</u>
2006 Refunding Bonds	\$ 37,350,000	\$ -	\$ 2,295,000	\$ 35,055,000	\$ -0-
2006B Refunding Bonds	5,005,000	-	1,135,000	3,870,000	-0-
2009 Refunding Bonds	-	-	-	-	-0-
2009B Refunding Bonds	465,000	-	235,000	-	230,000
2015 Refunding Bonds	8,970,000	-	-	-	8,970,000
2016 Building and Site	-	47,390,000	-	-	47,390,000
2016 (2006) Refunding	-	30,620,000	-	-	30,620,000
2016 (2006B) Refunding	-	3,735,000	-	-	3,735,000
Unamortized bond premium	419,034	14,166,371	(520,333)	-	15,105,738
School loan revolving fund	<u>1,485,172</u>	<u>43,722</u>	<u>1,527,769</u>	<u>-</u>	<u>1,125</u>
Total long-term bond obligations	<u>\$ 53,694,206</u>	<u>\$ 95,955,093</u>	<u>\$ 4,672,436</u>	<u>\$ 38,925,000</u>	<u>\$ 106,051,863</u>

C. School Service Funds

The Woodhaven-Brownstown School District also has school service funds that include the following: Cafeteria Fund, Funded Projects Fund, and the Special Education Fund.

The Cafeteria Fund is a fund that reports the food service program. In 2015-2016, the Cafeteria Fund had revenues (including transfers) of \$1,745,879 and expenditures (including transfers) of \$1,675,588. At June 30, 2016, the Cafeteria Fund had a fund balance of \$163,590.

The Funded Projects Fund is a fund that reports all activities related to the Federal and State grant programs. In 2015-2016, the Funded Projects Fund had revenues of \$3,194,412 and expenditures (including transfers) of \$3,194,412. The Funded Projects Fund maintains a zero fund balance.

The Special Education TOTE Fund is a fund that reports all activities related to services provided to Special Education TOTE students. In 2015-2016, the Special Education TOTE Fund had revenues (including transfers and payments from other districts) of \$3,145,439 and expenditures (including transfers) of \$3,145,439. The Special Education TOTE Fund maintains a zero fund balance.

D. Net Investment in Capital Assets

The District's net investment in capital assets decreased by \$2,484,943 during the fiscal year. This can be summarized as follows:

	Balance <u>June 30, 2015</u>	Net Additions	Balance <u>June 30, 2016</u>
Capital assets	\$ 159,990,788	\$ 2,585,588	\$ 162,576,376
Less: accumulated depreciation	<u>(76,458,846)</u>	<u>(5,070,531)</u>	<u>(81,529,377)</u>
Net investment in capital outlay	<u>\$ 83,531,942</u>	<u>\$ (2,484,943)</u>	<u>\$ 81,046,999</u>

IMPORTANT ECONOMIC FACTORS

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

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 current year's fall count and 10 percent of current year's winter count.
- c. The District's non-homestead property valuation.

Per Student, Foundation Allowance:

Annually, the State of Michigan establishes the per student foundation allowance. The Woodhaven-Brownstown School District foundation allowance was \$7,492 per student for the 2015-2016 school year.

Student Enrollment:

The District's blended student enrollment for 2015-2016 was 5,093 students. The District's enrollment increased from the prior school year's student count. The following summarizes blended student enrollments in the past five (5) years:

	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2015 - 2016	5,093	110
2014 - 2015	4,983	21
2013 - 2014	4,962	18
2012 - 2013	4,944	100
2011 - 2012	4,844	(129)

Subsequent to year end, preliminary student enrollments for 2016-2017 indicate that enrollments will increase.

2. Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)

The District levies 18.0000 mills of property taxes 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 five (5) percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. The District's non-homestead property tax levy for 2015-2016 fiscal year was \$6,812,289. The non-homestead tax levy increased by approximately .2 percent from the prior year.

3. Debt Fund Property Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead.

For 2015-2016, the District's debt millage levy was 7 mills that generated revenue of \$7,749,089.

IMPORTANT ECONOMIC FACTORS - CONTINUED

4. Sinking Fund Property Taxes

The voters of Woodhaven-Brownstown School District approved a Sinking Fund millage to fund capital improvements and related activities. The District's Sinking Fund levy, which is used to pay the capital related costs, is based on the taxable valuation of all properties: homestead and non-homestead.

For 2015-2016, the District Sinking Fund millage levy was 0.9778 mills that generated revenue of \$1,016,501.

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

Listed below is an analysis of the original budget and final budget to the final actual.

General Fund Expenditures and Other Financing Uses Budget vs. Actual

Fiscal Year	Original Budget	Final Budget	Actual	Variances	
				Actual & Original Budget	Actual & Final Budget
2015 - 2016	\$ 43,698,756	\$ 44,993,193	\$ 44,770,995	-2.45%	0.49%

General Fund Revenues and Other Financing Sources Budget vs. Actual

Fiscal Year	Original Budget	Final Budget	Actual	Variances	
				Actual & Original Budget	Actual & Final Budget
2015 - 2016	\$ 43,581,019	\$ 44,708,079	\$ 44,808,694	2.82%	0.23%

Original vs. Final Budget:

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

As a matter of practice, Woodhaven-Brownstown School District amends its budget periodically during the school year. The June 2016 budget amendment was the final budget for the fiscal year.

Revenue Change from Original to Final Budget:

		Percent
Total Revenues Original Budget	\$ 43,581,019	100.00
Total Revenues Final Budget	<u>44,708,079</u>	<u>102.59</u>
Increase in Budget Revenues	<u>\$ 1,127,060</u>	<u>2.59</u>

The District's actual General Fund revenues and other financing sources were greater than the final budget by \$100,615, a positive variance of 0.23 percent from the final budget.

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES - CONTINUED

General Fund Expenditures:

The District's budget for expenditures changed as follows during the year:

		<u>Percent</u>
Total Expenditures Original Budget	\$ 43,698,756	100.00
Total Expenditures Final Budget	<u>44,993,193</u>	<u>102.96</u>
Increase in Budget Expenditures	<u>\$ 1,294,437</u>	<u>2.96</u>

The District's actual expenditures were less than the final budget by \$222,198; a positive variance of 0.49 percent from the final budget.

Additional Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2017 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2017 fiscal year is 10 percent and 90 percent of the February 2015 and September 2016 student counts, respectively. The 2017 fiscal year budget was adopted in June 2016, based on an estimate of students that will be enrolled in September 2016. Approximately 80 percent to 85 percent of total General Fund revenues are from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2016-2017 school year, we anticipated that the fall student count will be increased. This was above the anticipated student count used in creating the 2017 fiscal year budget. Once the final student count and related per pupil funding is validated, appropriate budget amendments will be adopted.

Since the School District's revenue is heavily dependent on State Funding and the status of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, it can be obtained by contacting the following person:

Mr. Mark Greathead
Superintendent
Woodhaven-Brownstown School District
24821 Hall Road
Woodhaven, MI 48183
Phone: (734) 783-3300

BASIC FINANCIAL STATEMENTS

Woodhaven-Brownstown School District

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 11,609,924
Investments	8,969,426
Accounts receivable	64,438
Due from other governmental units	8,030,728
Prepays	170,119
Inventories	<u>49,558</u>
Total current assets	28,894,193
Noncurrent assets	
Investments	37,625,732
Capital assets not being depreciated	2,313,559
Capital assets, net of accumulated depreciation	<u>78,733,440</u>
Total noncurrent assets	<u>118,672,731</u>
TOTAL ASSETS	147,566,924
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	9,437,199
Deferred amounts on refunding	<u>1,242,921</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,680,120
LIABILITIES	
Current liabilities	
Accounts payable	1,602,685
Accrued payroll	3,516,071
Accrued interest payable	1,520,226
Other accrued liabilities	2,126,579
Due to other governmental units	1,320,866
Unearned revenue	215,846
Current portion of compensated absences	163,609
Current portion of long-term debt	<u>3,953,737</u>
Total current liabilities	14,419,619
Noncurrent liabilities	
Noncurrent portion of compensated absences	1,472,479
Noncurrent portion of long-term debt	102,098,126
Net pension liability	<u>74,154,301</u>
Total noncurrent liabilities	<u>177,724,906</u>
TOTAL LIABILITIES	192,144,525
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>2,269,591</u>
NET POSITION	
Net investment in capital assets	30,223,892
Restricted for capital projects	54,314,128
Restricted for debt service	58,781
Unrestricted	<u>(120,763,873)</u>
TOTAL NET POSITION	<u><u>\$ (36,167,072)</u></u>

See accompanying notes to financial statements.

Woodhaven-Brownstown School District

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Governmental Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position Governmental Activities
Functions/Programs		Charges for Services	Operating Grants	
Instruction	\$ 31,809,532	\$ 96,708	\$ 6,606,508	\$ (25,106,316)
Supporting services	18,390,888	467,883	4,180,365	(13,742,640)
Community services	41,703	-	-	(41,703)
Food service	1,656,089	658,803	1,080,429	83,143
Interest on long-term debt	3,475,929	-	-	(3,475,929)
Unallocated depreciation	5,070,531	-	-	(5,070,531)
TOTAL EXPENSES	\$ 60,444,672	\$ 1,223,394	\$ 11,867,302	(47,353,976)
General revenues				
				6,812,289
				7,749,089
				1,016,501
				30,471,346
				186,657
				20,439
				98,818
				46,355,139
				(998,837)
				(32,502,367)
				(2,665,868)
				\$ (36,167,072)

See accompanying notes to financial statements.

Woodhaven-Brownstown School District
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	General	Special Education	2016 Bond Project	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 2,253,073	\$ -	\$ 8,820,943	\$ 535,908	\$ 11,609,924
Investments	-	-	46,595,158	-	46,595,158
Accounts receivable	50,652	-	-	13,786	64,438
Due from other funds	-	1,283,739	-	1,928,480	3,212,219
Due from other governmental units	8,030,728	-	-	-	8,030,728
Prepays	170,119	-	-	-	170,119
Inventories	27,361	-	-	22,197	49,558
TOTAL ASSETS	\$ 10,531,933	\$ 1,283,739	\$ 55,416,101	\$ 2,500,371	\$ 69,732,144
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 328,895	\$ 905	\$ 1,035,380	\$ 237,505	\$ 1,602,685
Accrued payroll	3,516,071	-	-	-	3,516,071
Other accrued liabilities	2,126,579	-	-	-	2,126,579
Due to other funds	2,641,044	-	394,886	176,289	3,212,219
Due to other governmental units	38,032	1,282,834	-	-	1,320,866
Unearned revenue	200,159	-	-	15,687	215,846
TOTAL LIABILITIES	8,850,780	1,283,739	1,430,266	429,481	11,994,266
FUND BALANCES					
Nonspendable					
Prepays and inventories	197,480	-	-	-	197,480
Restricted					
Capital projects	-	-	53,985,835	328,293	54,314,128
Debt service	-	-	-	1,579,007	1,579,007
Food service	-	-	-	163,590	163,590
Unassigned	1,483,673	-	-	-	1,483,673
TOTAL FUND BALANCES	1,681,153	-0-	53,985,835	2,070,890	57,737,878
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,531,933	\$ 1,283,739	\$ 55,416,101	\$ 2,500,371	\$ 69,732,144

See accompanying notes to financial statements.

Woodhaven-Brownstown School District

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION

June 30, 2016

Total fund balance - governmental funds **\$ 57,737,878**

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 162,576,376	
Accumulated depreciation is	<u>(81,529,377)</u>	
		81,046,999

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date and state aid related to pensions will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the District-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	9,437,199	
Deferred inflows of resources related to pensions	<u>(2,269,591)</u>	
		7,167,608

Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued. whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:

Deferred amounts on refunding		1,242,921
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Unamortized bond premium	(15,105,738)	
Bonds payable	(90,945,000)	
School Loan Revolving Fund	(1,125)	
Accrued interest payable	(1,520,226)	
Compensated absences	(1,636,088)	
Net pension liability	<u>(74,154,301)</u>	
		<u>(183,362,478)</u>

Net position of governmental activities **\$ (36,167,072)**

See accompanying notes to financial statements.

Woodhaven-Brownstown School District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	General	Special Education	2016 Bond Project	Nonmajor Governmental Funds	Total
REVENUES					
Local sources	\$ 7,201,765	\$ -	\$ 185,862	\$ 9,431,577	\$ 16,819,204
State sources	36,275,899	900,030	-	1,103,326	38,279,255
Federal sources	248,449	-	-	3,165,015	3,413,464
TOTAL REVENUES	43,726,113	900,030	185,862	13,699,918	58,511,923
EXPENDITURES					
Current					
Instruction	29,579,060	-	-	2,604,999	32,184,059
Supporting services	15,186,861	2,808,428	57,786	554,349	18,607,424
Community services	-	-	-	41,703	41,703
Food service	-	-	-	1,675,588	1,675,588
Capital outlay	-	-	2,084,960	857,844	2,942,804
Debt service					
Principal retirement	-	-	-	5,192,769	5,192,769
Interest, fiscal, and other charges	-	-	-	1,693,477	1,693,477
TOTAL EXPENDITURES	44,765,921	2,808,428	2,142,746	12,620,729	62,337,824
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,039,808)	(1,908,398)	(1,956,884)	1,079,189	(3,825,901)
OTHER FINANCING SOURCES (USES)					
Transfers in	370,536	-	-	328,974	699,510
Transfers out	(5,074)	(337,011)	-	(357,425)	(699,510)
Proceeds from School Loan Revolving Fund	-	-	-	43,722	43,722
Payments from other districts	712,045	2,245,409	-	-	2,957,454
Payments to escrow agents	-	-	-	(39,739,015)	(39,739,015)
Bond premium	-	-	8,552,719	5,613,652	14,166,371
Proceeds from bond issuance	-	-	47,390,000	34,355,000	81,745,000
TOTAL OTHER FINANCING SOURCES (USES)	1,077,507	1,908,398	55,942,719	244,908	59,173,532
NET CHANGE IN FUND BALANCES	37,699	-0-	53,985,835	1,324,097	55,347,631
Fund balances, beginning of year	2,259,800	-	-	746,793	3,006,593
Prior period adjustment	(616,346)	-	-	-	(616,346)
Fund balances, end of year	<u>\$ 1,681,153</u>	<u>\$ -0-</u>	<u>\$ 53,985,835</u>	<u>\$ 2,070,890</u>	<u>\$ 57,737,878</u>

See accompanying notes to financial statements.

Woodhaven-Brownstown School District

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Net change in fund balances - total governmental funds **\$ 55,347,631**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay is reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 2,585,588	
Depreciation expense	<u>(5,070,531)</u>	
Excess of depreciation expense over capital outlay		(2,484,943)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond and note principal retirement	5,192,769	
Proceeds from School Loan Revolving Fund	(43,722)	
Proceeds from debt issued	(81,745,000)	
Bonds transferred to escrow agent	38,925,000	
Change in deferred amount on refunding	696,789	
Change in bond premiums	<u>(14,686,704)</u>	
		(51,660,868)

Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In the current period, these amounts consist of:

(Increase) in net pension liability	(9,208,888)	
Increase in deferred outflows of resources related to pensions	3,200,111	
Decrease in deferred inflows of resources related to pensions	4,910,729	
(Increase) in accrued interest payable	(1,144,893)	
Decrease in compensated absences and accrued vacation liabilities	<u>42,284</u>	
		<u>(2,200,657)</u>

Change in net position of governmental activities **\$ (998,837)**

Woodhaven-Brownstown School District

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUND

June 30, 2016

	<u>Student Activities</u>
ASSETS	
Cash and cash equivalents	<u>\$ 499,964</u>
LIABILITIES	
Due to student groups and activities	<u>\$ 499,964</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Woodhaven-Brownstown School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of Woodhaven-Brownstown School District. The District has no activities that would be classified as component units.

Based upon the application of these criteria, the financial statements contain all the funds controlled by the District.

2. Basis of Presentation

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the district-wide financial statements) present information for the District as a whole. All nonfiduciary activities of the District are included (i.e., fiduciary fund activities are not included in the district-wide financial statements). Interfund activity has been eliminated in the preparation of the district-wide financial statements.

The statement of activities presents the direct functional expenses of the District and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, unrestricted State aid payments, and other general revenue and shows how governmental functions are either self-financing or supported by the general revenues of the District.

FUND FINANCIAL STATEMENTS

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District utilizes governmental and fiduciary funds.

The governmental fund financial statements present the District's individual major funds and aggregated nonmajor funds. A separate column is shown for each major fund on the balance sheet and statement of revenues, expenditures, and changes in fund balances. Nonmajor funds are combined and shown in a single column. Fiduciary funds are reported by type.

The major funds of the District are:

General Fund - The General Fund is used to account for money or other resources provided to the District to support the educational programs and general operations of the District, except those required to be accounted for in another fund.

Special Education Fund - The Special Education Fund is used to account for money or other resources provided to the District to support the special education programs.

2016 Bond Project Fund - The 2016 Bond Project Fund is used to account for money or other resources related to various projects funded through the issuance of bonds.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The District also reports fiduciary funds to account for assets held by the District as an agent for other organizations, student groups, or individuals. Agency funds are, by nature, custodial; therefore, operating results are not measured.

3. Measurement Focus

The district-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the district-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for the fiduciary agency fund since assets equal liabilities.

4. Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The district-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property tax revenue is recognized in the fiscal year for which it is levied. Revenues for grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received by the District before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenditures.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty (60) days of the end of the current period. Revenues susceptible to accrual include property taxes, state and federal aid, and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The District reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Resources are considered available if they are collected during the current fiscal year or soon enough afterward to be used in payment of current year liabilities - defined as expected to be received within sixty (60) days of year-end. Unearned revenues also arise when the District receives resources before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Accounting - continued

If/when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources if they are needed.

5. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types.

The District maintains a formalized encumbrance accounting system. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as committed fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be re-appropriated and honored during the subsequent year. All annual appropriations lapse at fiscal year-end.

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means for financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amounts appropriated.
- d. The budgets are legally adopted at the functional level; however, they are maintained at the object level for control purposes. Any revisions that alter the total expenditures at the functional level must be approved by the School Board.
- e. The Superintendent is authorized to transfer budgeted amounts for purposes of meeting emergency needs of the District; however, these transfers must be approved subsequently by the Board of Education.
- f. Formal budgetary integration is employed as a management control device during the year for the General Fund and all Special Revenue Funds.
- g. The budget, as presented, has been amended in a legally permissible manner.

6. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking and savings accounts, pooled investment funds, short-term investments, and imprest cash with an original maturity of 90 days or less. Cash equivalents are recorded at market value.

Investments include commercial paper and government securities. Investments are stated at fair value in accordance with the applicable GASB Statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” on the governmental funds balance sheet.

8. Due from Other Governmental Units

Due from other governmental units consists of various amounts owed to the District for grant programs and State Aid payments. The State of Michigan’s funding stream of State Aid payments results in the final two (2) payments for the fiscal year ended June 30, 2016, to be paid in July and August 2016. The total amount of \$8,030,728 due from other governmental units consists of \$6,974,637 related to State Aid and \$1,056,091 for other governmental grants.

9. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

10. Inventories

Inventories are stated at cost on a first in/first out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory that will be sold, rather than used in providing services (i.e., food in the Cafeteria Fund), and for which the proceeds from the sales are restricted for food service activities are not classified as “nonspendable” but instead are reflected as a component of restricted fund balance in accordance with GASB Statement No. 54.

11. Capital Assets

Capital assets include land and improvements, buildings and additions, equipment, furniture, and other assets, and buses and other vehicles and are recorded (net of accumulated depreciation, if applicable) in the district-wide financial statements. Capital assets are those with an initial individual cost greater than \$5,000 and an estimated useful life of more than one (1) year. Capital assets also include individual cost items that are less than \$5,000 if the items were part of a large purchase to equip buildings. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the district-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the half-year convention method over the following useful lives:

Land improvements	20 years
Buildings and additions	20 - 50 years
Equipment, furniture, and other assets	5 - 20 years
Buses and other vehicles	8 years

The District has no assets that would be classified as infrastructure assets.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Compensated Absences

Based on the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*, the District has recorded all liabilities associated with compensated absences. Compensated absences consist of earned but unused accumulated vacation and sick leave benefits and other severance benefits. Accumulated vested severance amounts and nonvested severance amounts that are probable to vest and be paid at termination are considered payable from future resources and are recorded along with the related payroll taxes as a long-term liability in the district-wide financial statements.

13. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the district-wide financial statements related to interest payable on general obligation bonds.

14. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The District has several items that qualify for reporting in these categories and are reported in the district-wide financial statement of net position. These items relate to the District's net pension liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, state aid related to pensions, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply. The District also reports deferred charges on refunding which result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

15. Unearned Revenue

The unexpended balance of various federal and/or state categorical and local grants is carried forward as unearned revenue until the period in which eligible expenditures are incurred. Other monies collected in advance, such as summer school, community education programs, summer school lunch, recreational programs, and industrial facilities taxes are also unearned. These same amounts have been shown as "unearned revenue" to indicate that the revenue has not been recognized because it has not been earned.

16. Long-term Obligations

Long-term debt is recognized as a liability in the district-wide financial statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent. Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Net Pension Liability

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expensed, information about the fiduciary net position of the Michigan Public School Employee Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

18. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are assessed as of December 31 and the related property taxes are levied and become a lien on July 1 of the following year for 100 percent of the taxes that are due September 30. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls. School district property tax revenues are recognized when levied to the extent that they result in current revenue (collected as of year-end). Amounts received subsequent to June 30 are recognized as revenue when collected.

The District levies taxes of \$18.0000 per \$1,000 of taxable valuation on nonhomestead property for general governmental services. The District also levies a total of \$7.0000 per \$1,000 of taxable valuation for debt service and a total of \$0.9778 per \$1,000 of taxable valuation of all property for sinking fund purposes. Total taxable value of all properties within the District amounted to \$1,031,813,767.

19. State Foundation Revenue

Beginning with the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. Prior to the fiscal year ended June 30, 1995, the State utilized a district power equalizing approach. The foundation is funded from state and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts. For the year ended June 30, 2016, the foundation allowance was based on the average of pupil membership counts taken in October 2015 and February 2015. The average calculation was weighted 90% for the October 2015 count and 10% for the February 2015 count.

The State portion of the foundation is provided primarily by a State education property tax millage of 6 mills and an allocated portion of State sales and other taxes. The local portion of the foundation is funded primarily by nonhomestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through nine (9) payments made during the fiscal year and two (2) payments made subsequent to year-end. The local revenue is recognized as outlined above under Property Taxes.

20. State Categorical Revenue

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

21. Interfund Transactions

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers on the governmental fund financial statements. Transfers are netted as part of the reconciliation to the district-wide financial statements.

22. Restrictions of Net Position

Restrictions of net position shown in the district-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

23. Federal Programs

Federal programs are accounted for in the specific governmental fund to which they relate. The District has not integrated its Single Audit reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

24. Comparative Data

Comparative data for the prior year has not been presented in the basic financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Public Act 451 of 1976, Section 1223(1), as amended, the District is authorized to invest its surplus funds in the following types of investments:

1. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
2. Certificates of deposit issued by a State or National bank, savings accounts of a State or Federal savings and loan association, or certificates of deposit or share certificates of a State or Federal credit union organized and authorized to operate in this State.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
4. Securities issued or guaranteed by agencies or instrumentalities of the United States government.
5. United States government or federal agency obligation repurchase agreements.
6. Bankers' acceptances issued by a bank that is a member of the Federal Depository Insurance Corporation (FDIC).
7. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a School District.
8. Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a School District.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Michigan Public Acts authorize school districts in Michigan to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations. Deposits of the District are at federally insured banks and credit unions in the State of Michigan in the name of the District.

Deposits

There is custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2016, the carrying amount of the District's deposits was \$694,549 and the bank balance was \$1,448,159 of which \$500,000 was covered by federal depository insurance. The balance of \$948,159 was uninsured and uncollateralized. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three (3) levels of inputs that may be used to measure fair value:

- 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 quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

Investments

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

The District participates in the Michigan Liquid Asset Fund Plus (MILAF+) and Comerica Government Cash Investment Funds. The portfolio securities are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. It is MILAF+'s policy to compare amortized cost and fair values of the securities periodically throughout each month and as of the last business day of each month. Comerica Bank uses similar methods to value its fund. Fair value is determined by reference to quoted market prices. As of June 30, 2016, the District has \$3,435,554 invested with MILAF+ and \$3,110,581 invested with Comerica Bank.

Woodhaven-Brownstown School District

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Investments - continued

MILAF+ and Comerica Bank portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Money market securities are valued using amortized cost, as outlined in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are categorized as Level 2.

The District had the following fair value measurements as of June 30, 2016:

	Fair Value Measurements			Total	Weighted Average Maturity	Rating
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Uncategorized - Pooled investment funds						
Comerica Government Cash Investment Fund	\$ -	\$ 3,110,581	\$ -	\$ 3,110,581	32 days	Not rated
Dreyfus Treasury Securities Cash Management Fund	49,603	-	-	49,603	44 days	S&P AAAM
MILAF+ MAX Class	-	50,128	-	50,128	80 days	S&P AAAM
MILAF+ Cash Mgmt Class	-	3,385,426	-	3,385,426	80 days	S&P AAAM
Commercial paper	4,819,151	-	-	4,819,151	114 days	S&P A+
US Treasury debt securities	46,595,158	-	-	46,595,158	629 days	S&P AA+
Total investments at fair value	<u>\$ 51,463,912</u>	<u>\$ 6,546,135</u>	<u>\$ -0-</u>	<u>\$ 58,010,047</u>		

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2016, rating information for the District's investments is presented above

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

The District will minimize custodial risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business in accordance with the Board approved policy. The District does not hold any investments subject to custodial credit risk of investments at year end.

Woodhaven-Brownstown School District

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Custodial Credit Risk - continued

As of June 30, 2016, the District's deposits and investments were reported in financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 11,609,924	\$ 499,964	\$ 12,109,888
Investments - current	8,969,426	-	8,969,426
Investments - noncurrent	<u>37,625,732</u>	<u>-</u>	<u>37,625,732</u>
	<u>\$ 58,205,082</u>	<u>\$ 499,964</u>	<u>\$ 58,705,046</u>

The District had \$450 of cash on hand at June 30, 2016.

Due to significantly higher cash flows at certain periods during the year, the amount the District held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at those peak periods than at year-end.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance July 1, 2015</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Reclassifications</u>	<u>Balance June 30, 2016</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 879,837	\$ -	\$ -	\$ 879,837
Construction in progress	221,599	2,067,019	(854,896)	1,433,722
Total capital assets not being depreciated	1,101,436	2,067,019	(854,896)	2,313,559
Capital assets being depreciated				
Land improvements	10,498,482	914,666	-	11,413,148
Buildings and additions	130,588,077	-	-	130,588,077
Equipment, furniture, and other assets	15,854,962	5,591	-	15,860,553
Buses and other vehicles	<u>1,947,831</u>	<u>453,208</u>	<u>-</u>	<u>2,401,039</u>
Total capital assets being depreciated	158,889,352	1,373,465	-0-	160,262,817
Less accumulated depreciation for:				
Land improvements	(4,518,381)	(546,891)	-	(5,065,272)
Building and additions	(56,940,853)	(3,958,234)	-	(60,899,087)
Equipment, furniture, and other assets	(13,556,009)	(453,624)	-	(14,009,633)
Buses and other vehicles	<u>(1,443,603)</u>	<u>(111,782)</u>	<u>-</u>	<u>(1,555,385)</u>
Total accumulated depreciation	<u>(76,458,846)</u>	<u>(5,070,531)</u>	<u>-0-</u>	<u>(81,529,377)</u>
Net capital assets being depreciated	<u>82,430,506</u>	<u>(3,697,066)</u>	<u>-0-</u>	<u>78,733,440</u>
Capital assets, net	<u>\$ 83,531,942</u>	<u>\$ (1,630,047)</u>	<u>\$ (854,896)</u>	<u>\$ 81,046,999</u>

Total depreciation expense of \$5,070,531 was not allocated to government functions. It appears on the statement of activities as "unallocated."

Woodhaven-Brownstown School District

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE D: LONG-TERM DEBT

The following is a summary of changes in long-term debt obligations of the District for the year ended June 30, 2016:

	Restated Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due within One Year
Bonds payable	\$ 51,790,000	\$ 81,745,000	\$ 42,590,000	\$ 90,945,000	\$ 3,115,000
Unamortized bond premium	419,034	14,166,371	(520,333)	15,105,738	838,737
School loan revolving fund	1,485,172	43,722	1,527,769	1,125	-
Other obligations	1,678,372	682,849	725,133	1,636,088	163,609
Total	\$ 55,372,578	\$ 96,637,942	\$ 44,322,569	\$ 107,687,951	\$ 4,117,346

Significant details regarding outstanding long-term debt (including current portions) are presented below:

Bonds Payable

\$1,915,000 Refunding Bonds dated November 1, 2009, due in May 2017; interest at 4.00%.	\$ 230,000
\$8,970,000 Refunding Bonds dated March 18, 2015, due in annual installments of \$820,000 to \$1,175,000 through May 2027; interest rate at 4.00%.	8,970,000
\$81,745,000 Building and Site and Refunding Bonds dated January 26, 2016, due in annual installments of \$2,835,000 to \$4,295,000 through May 2040; interest ranging from 3.00% to 5.00%.	<u>81,745,000</u>
	<u>\$ 90,945,000</u>

Michigan School Bond Loan Program

During the year the District made payments during the year on amounts borrowed from the Michigan School Bond Qualification and Loan Program. Repayment is due when the District has funds available as determined by the State of Michigan. Interest accrues on the unpaid balance. During the year, the interest rate was 3.37351 percent.

The balances at June 30, 2016, are as follows:

Loan balance	\$ 1,125
Interest balance	-
	<u>\$ 1,125</u>

Other Obligations

Other long-term obligations include the following:

Employee compensated absences	\$ 1,581,487
Accrued vacation	54,601
	<u>\$ 1,636,088</u>

Woodhaven-Brownstown School District

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE D: LONG-TERM DEBT - CONTINUED

Annual Requirements for Bonded Debt

The annual requirements to pay the debt principal and interest on general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,115,000	\$ 5,068,877	\$ 5,196,202
2018	4,190,000	4,180,600	8,183,877
2019	4,295,000	4,013,000	8,370,600
2020	4,455,000	3,841,200	8,308,000
2021	4,575,000	3,663,000	8,890,200
2022-2026	23,530,000	15,016,250	39,428,500
2027-2031	20,145,000	9,581,000	31,649,500
2032-2036	15,300,000	5,017,500	31,649,500
2037-2040	11,340,000	1,417,500	18,520,500
	<u>\$ 90,945,000</u>	<u>\$ 51,798,927</u>	<u>\$ 160,196,879</u>

Advance Refunding - Prior

The District has issued various refunding bonds to defease bonded debt. These refundings were accomplished by establishing irrevocable trusts with escrow agents composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The various refunding bonds were used to fund escrow amounts, pay the cost of issuance of the refunding bonds, and to pay the remaining balances the defeased obligations. Accordingly, the various trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

On March 18, 2015, the District defeased a portion of the 2006B Refunding Bonds, which are due and payable May 1, 2020 through May 1, 2027. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest obligations. The District issued General Obligation 2015 Refunding Bonds in the amount of \$8,970,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2016, bonds due and payable May 1, 2020 through May 1, 2027 for the 2006B Refunding Site Bonds in the amount of \$9,265,000 are considered defeased.

Advance Refunding - Current

On January 26, 2016, the District defeased a portion of the 2006 and 2006B Refunding Bonds, which are due and payable May 1, 2017 through May 1, 2032 and May 1, 2017 through May 1, 2020, respectively. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest obligations. The District issued General Obligation 2016 Refunding Bonds in the amount of \$34,355,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2016, bonds due and payable May 1, 2016 through May 1, 2025 for the 2006B Refunding Bonds in the amount of \$3,870,000 are considered defeased. At June 30, 2016, bonds due and payable May 1, 2017 through May 1, 2032 for the 2006 Refunding Bonds in the amount of \$35,055,000 are considered defeased.

As a result of the advance refunding, the District decreased its total debt service requirements by \$5,019,665, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$4,234,629.

Woodhaven-Brownstown School District

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

Amounts appearing as interfund payables and receivables arise from two (2) types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

The amount of interfund receivables and payables at June 30, 2016, are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund		
Special Education Fund	\$ -	\$ 1,283,739
Nonmajor governmental funds	-	1,357,305
Special Education Fund		
General Fund	1,283,739	-
2016 Bond Project		
Nonmajor governmental funds	-	394,886
Nonmajor governmental funds		
General Fund	1,357,305	-
2016 Bond Project	394,886	
Nonmajor governmental funds	<u>176,289</u>	<u>176,289</u>
	<u>\$ 3,212,219</u>	<u>\$ 3,212,219</u>

NOTE F: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to General Fund from:	
Special Education Fund	\$ 337,011
Nonmajor governmental funds	<u>33,525</u>
	<u>\$ 370,536</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 5,074
Nonmajor governmental funds	<u>323,900</u>
	<u>\$ 328,974</u>

The transfer to the General Fund from the Special Education Fund was to fund special education expenses. The transfer from the Funded Projects Fund to the Cafeteria Fund was to fund-at-risk cafeteria expenses. Transfers between Debt Service Funds were made to fund bond principal and interest payments.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE G: EMPLOYEE RETIREMENT SYSTEM

PLAN DESCRIPTION

The Michigan Public School Employees' Retirement System (System or MPERS) 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 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.

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 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, 2015 valuation will be amortized over a 21 year period for the 2015 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

Pension Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0 %	22.52 - 23.07 %
Member Investment Plan	3.0 - 7.0	22.52 - 23.07
Pension Plus	3.0 - 6.4	21.99
Defined Contribution	0.0	17.72 - 18.76

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

CONTRIBUTIONS AND FUNDED STATUS - CONTINUED

Required contributions to the pension plan from the District were \$5,101,897 for the year ended June 30, 2016.

NET PENSION LIABILITY - NON-UNIVERSITY

Measurement of the MPSERS Net Pension Liability

The plan's net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

MPSERS (Plan) Net Pension Liability - Non-University

	September 30,	
	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 66,312,041,902	\$ 65,160,887,182
Plan Fiduciary Net Position	<u>41,887,015,147</u>	<u>43,134,384,072</u>
Net Pension Liability	<u><u>\$ 24,425,026,755</u></u>	<u><u>\$ 22,026,503,110</u></u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2014
Actuarial Cost Method	Entry Age, Normal
Actuarial Assumptions	
Wage Inflation Rate:	3.5%
Investment Rate of Return	
- MIP and Basic Plans (Non-Hybrid):	8.0%
- 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
Healthcare Cost Trend Rate:	8.5% 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. 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. This assumption was first used for the September 30, 2014, valuation of the System.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

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, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real of Return*</u>
Domestic Equity Pools	28.0 %	5.9
% Alternative Investment Pools	18.0	9.2
International Equity	16.0	7.2
Fixed Income Pools	10.5	0.9
Real Estate and Infrastructure Pools	10.0	4.3
Absolute Return Pools	15.5	6.0
Short Term Investment Pools	2.0	0.0
Total	<u>100 %</u>	

*Long term rate of return does not include 2.1% inflation

Discount Rate

A discount rate of 8.0% 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 8.0% (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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0% (7.0% for the Hybrid Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease (Non-Hybrid/Hybrid) <u>7.0% / 6.0%</u>	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) <u>8.0% / 7.0%</u>	1% Increase (Non-Hybrid/Hybrid) <u>9.0% / 8.0%</u>
\$ 95,603,903	\$ 74,154,301	\$ 56,071,408

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

At June 30, 2016, the District reported a liability of \$74,154,301 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2014. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2015, the District's proportion was 0.30359967 percent, which was an increase of .00874845 percent from its proportion measured as of September 30, 2014.

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2016, the District recognized total pension expense of \$6,707,231. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 245,621
Changes of assumptions	1,825,836	-
Net difference between projected and actual earnings on pension plan investments	378,498	-
Changes in proportion and differences between Woodhaven-Brownstown School District's contributions and proportionate share of contributions	1,634,030	428
State Aid related to pensions	-	2,023,542
Woodhaven-Brownstown School District's contributions subsequent to the measurement date	<u>5,598,835</u>	<u>-</u>
Total	<u>\$ 9,437,199</u>	<u>\$ 2,269,591</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES RELATED TO PENSIONS - CONTINUED

\$5,598,835 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. \$2,023,542 reported as deferred inflows of resources under the caption "State Aid related to pensions" will be recognized as an increase to State Aid revenue in the year ended June 30, 2017. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 647,689
2017	647,689
2018	548,710
2019	1,748,227

DEFINED CONTRIBUTION PLAN

Benefit provisions of MPSERS also requires the District to contribute to a defined contribution tax-deferred investment account for all eligible employees. The District is required to match 50% of an employee's contributions up to 1% of an employee's salary. The retirement benefits are determined by the final average compensation and years of service with disability and survivor benefits available to members. The District contribution for the year ended June 30, 2016, was \$46,310.

NOTE H: OTHER POST-EMPLOYMENT BENEFITS

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. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10.0 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE H: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

PLAN DESCRIPTION - CONTINUED

Contribution rates for the year ended June 30, 2016, are as follows:

	<u>Health Contribution Rate</u>	
	<u>Basic/MIP</u>	<u>Pension Plus</u>
July 1, 2015 - September 30, 2015	2.20 - 2.71%	2.20 - 2.71%
October 1, 2015 - June 30, 2016	6.40 - 6.83%	6.40 - 6.83%

The District's required and actual contributions to the various plans for the last three fiscal years are as follows:

Fiscal Year Ended June 30,	<u>Defined Benefit Plan</u>	<u>Defined Contribution Plan</u>	
	Employer Health Contributions	Employer Contributions	Employee Contributions
2016	\$ 1,467,943	\$ 52,771	\$ 52,771
2015	1,345,864	36,614	55,506
2014	1,456,485	29,005	41,704

NOTE I: RISK MANAGEMENT

The District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for property, fleet, liability, in-land marine, equipment breakdown, builder's risk, employee dishonesty, crime, and errors and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

The District also participates in a pool, the SEG Self-Insurer Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

NOTE J: BONDED CONSTRUCTION AND SINKING FUNDS

The Capital Projects Funds of the District include the capital project activities funded by the local millage for a bond sinking fund and the 2016 Bond Project Fund. For the expenditures recorded within the Sinking Fund the District has complied with the applicable provisions of Section 1212 (1) of the Revised School Code. For the expenditures recorded within the 2016 Bond Project Fund the District has complied with the applicable provisions of Section 1351 (a) of the Revised School Code in the current year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE K: CONTRACTUAL COMMITMENTS

The District is obligated for contracts relating to bond and sinking fund projects in the amount of \$5,277,732. These commitments are not susceptible to accrual. Accordingly, no liabilities have been recorded in the basic financial statements. The District's remaining bond proceeds and sinking fund tax revenue (i.e., fund balance) along with future anticipated tax revenue and investment earnings are expected to be sufficient to cover these commitments.

NOTE L: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five (5) classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment has not been determined by the District.

For assigned fund balance, the District has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Education.

Woodhaven-Brownstown School District has not formally adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, the District considers restricted amounts to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available.

The School Board has adopted a fund balance policy. The fund balance policy prescribes the minimum unassigned fund balance as ranging from five (5) to twenty (20) percent of annual expenditures and outgoing transfers. This is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. At June 30, 2016, the District is not in compliance with the Board adopted policy for minimum unassigned fund balance.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE M: CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE N: CHANGE IN ACCOUNTING PRINCIPLES

GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurement.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was implemented during the year. The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

NOTE O: UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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). The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2017-2018 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The statement improves financial reporting through the disclosure of information about the nature and magnitude of tax abatements that are not consistently or comprehensively reported to the public at present. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2016-2017 fiscal year.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017-2018 fiscal year.

Woodhaven-Brownstown School District

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE P: PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made during the period, which were the result of the correction of accounting errors. These adjustment were reported as a change to the beginning fund balance and net position. The effect on operations and other affected balances for the current and prior period are as follows.

	June 30,		
	<u>2016</u>	<u>2015</u>	<u>Description</u>
Primary Government			
General Fund			
Other accrued liabilities	\$ -	\$ 616,346	To correct understated accrued liabilities
Fund balance - ending	-	(616,346)	
Fund balance - beginning	(616,346)	-	
Governmental activities			
Other accrued liabilities	\$ -	\$ 616,346	To correct understated accrued liabilities and long term debt
Unamortized bond premium	-	2,049,522	
Net position - ending	-	(2,665,868)	
Net position - beginning	(2,665,868)	-	

REQUIRED SUPPLEMENTARY INFORMATION

Woodhaven-Brownstown School District

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 7,239,609	\$ 7,155,000	\$ 7,201,765	\$ 46,765
State sources	34,512,048	36,244,079	36,275,899	31,820
Federal sources	580,000	236,350	248,449	12,099
TOTAL REVENUES	42,331,657	43,635,429	43,726,113	90,684
EXPENDITURES				
Current				
Instruction	27,672,909	29,743,957	29,579,060	164,897
Support services	14,617,451	14,571,821	14,413,761	158,060
Athletics	796,698	677,415	773,100	(95,685)
TOTAL EXPENDITURES	43,087,058	44,993,193	44,765,921	227,272
EXCESS OF REVENUES (UNDER) EXPENDITURES	(755,401)	(1,357,764)	(1,039,808)	317,956
OTHER FINANCING SOURCES (USES)				
Transfers in	1,024,862	380,000	370,536	(9,464)
Transfers out	(611,698)	-	(5,074)	(5,074)
Payments from other districts	224,500	692,650	712,045	19,395
TOTAL OTHER FINANCING SOURCES (USES)	637,664	1,072,650	1,077,507	4,857
NET CHANGE IN FUND BALANCE	(117,737)	(285,114)	37,699	322,813
Fund balance, beginning of year	2,259,800	2,259,800	2,259,800	-0-
Prior period adjustment	-	-	(616,346)	(616,346)
Fund balance, end of year	<u>\$ 2,142,063</u>	<u>\$ 1,974,686</u>	<u>\$ 1,681,153</u>	<u>\$ (293,533)</u>

Woodhaven-Brownstown School District

BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State sources	\$ 1,046,779	\$ 703,556	\$ 900,030	\$ 196,474
EXPENDITURES				
Current				
Support services	<u>3,273,051</u>	<u>3,144,740</u>	<u>2,808,428</u>	<u>336,312</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(2,226,272)	(2,441,184)	(1,908,398)	532,786
OTHER FINANCING SOURCES (USES)				
Transfers out	(385,253)	(385,253)	(337,011)	48,242
Payments from other districts	<u>2,611,525</u>	<u>2,826,437</u>	<u>2,245,409</u>	<u>(581,028)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,226,272</u>	<u>2,441,184</u>	<u>1,908,398</u>	<u>(532,786)</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Woodhaven-Brownstown School District

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Michigan Public School Employee Retirement Plan

Last Two Measurement Periods (ultimately ten years will be displayed)
 (Amounts were determined as of 9/30 of each fiscal year)

	<u>2014</u>	<u>2015</u>
Woodhaven-Brownstown School District's proportion of net pension liability (%)	0.29485%	0.30360%
Woodhaven-Brownstown School District's proportionate share of net pension liability	\$ 64,945,413	\$ 74,154,301
Woodhaven-Brownstown School District's covered employee payroll	\$ 24,928,415	\$ 25,097,099
Woodhaven-Brownstown School District's proportionate share of net pension liability as a percentage of its covered employee payroll	260.53%	295.47%
Plan fiduciary net position as a percentage of total pension liability	62.72%	63.17%

Woodhaven-Brownstown School District

SCHEDULE OF CONTRIBUTIONS

Michigan Public School Employee Retirement Plan

Last Two Fiscal Years (ultimately ten fiscal years will be displayed)
 (Amounts were determined as of 6/30 of each fiscal year)

	<u>2015</u>	<u>2016</u>
Statutorily required contributions	\$ 5,042,098	\$ 7,125,439
Contributions in relation to statutorily required contributions	<u>5,042,098</u>	<u>7,125,439</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
Woodhaven-Brownstown School District's covered employee payroll	\$ 25,962,230	\$ 25,484,249
Contributions as a percentage of covered employee payroll	19.42%	27.96%

Woodhaven-Brownstown School District

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2016

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amount appropriated.

During the year ended June 30, 2016, the District incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
Athletics	\$ 677,415	\$ 773,100	\$ 95,685
Transfers out	-	5,074	5,074
Funded Projects Fund	3,104,912	3,194,412	89,500

NOTE B: MICHIGAN PUBLIC SCHOOL EMPLOYEE RETIREMENT PLAN

Changes of benefit terms: There were no changes of benefit terms in 2015.

Changes of assumptions: Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by MPSERS for use in annual pension valuations beginning with the September 30, 2014 valuation. These changes result in an amount shown as deferred outflows of resources as disclosed in Note G to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

Woodhaven-Brownstown School District

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds		Capital Projects Fund	Debt
	Funded Projects	Cafeteria	Sinking Fund	2003 Debt
ASSETS				
Cash and cash equivalents	\$ 126	\$ 163,666	\$ 322,514	\$ 6,748
Accounts receivable	-	13,786	-	-
Due from other funds	49,540	80,479	255,182	-
Inventories	-	22,197	-	-
TOTAL ASSETS	\$ 49,666	\$ 280,128	\$ 577,696	\$ 6,748
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 49,666	\$ 100,851	\$ 86,988	\$ -
Due to other funds	-	-	162,415	6,409
Unearned revenue	-	15,687	-	-
TOTAL LIABILITIES	49,666	116,538	249,403	6,409
FUND BALANCES				
Restricted				
Capital projects	-	-	328,293	-
Debt service	-	-	-	339
Food service	-	163,590	-	-
TOTAL FUND BALANCES	-0-	163,590	328,293	339
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,666	\$ 280,128	\$ 577,696	\$ 6,748

Service Funds

2004 Debt	2006 Debt	2006B Debt	2009 Debt	2009B Debt	2015 Debt	2016 Debt	Total
\$ 9,371	\$ 94	\$ 18,609	\$ -	\$ 14,780	\$ -	\$ -	\$ 535,908
-	-	-	-	-	-	-	13,786
-	530,274	640,756	800	44,600	4,522	322,327	1,928,480
-	-	-	-	-	-	-	22,197
<u>\$ 9,371</u>	<u>\$ 530,368</u>	<u>\$ 659,365</u>	<u>\$ 800</u>	<u>\$ 59,380</u>	<u>\$ 4,522</u>	<u>\$ 322,327</u>	<u>\$ 2,500,371</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,505
7,465	-	-	-	-	-	-	176,289
-	-	-	-	-	-	-	15,687
7,465	-0-	-0-	-0-	-0-	-0-	-0-	429,481
-	-	-	-	-	-	-	328,293
1,906	530,368	659,365	800	59,380	4,522	322,327	1,579,007
-	-	-	-	-	-	-	163,590
<u>1,906</u>	<u>530,368</u>	<u>659,365</u>	<u>800</u>	<u>59,380</u>	<u>4,522</u>	<u>322,327</u>	<u>2,070,890</u>
<u>\$ 9,371</u>	<u>\$ 530,368</u>	<u>\$ 659,365</u>	<u>\$ 800</u>	<u>\$ 59,380</u>	<u>\$ 4,522</u>	<u>\$ 322,327</u>	<u>\$ 2,500,371</u>

Woodhaven-Brownstown School District

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	Special Revenue Funds		Capital Projects Fund	Debt
	Funded Projects	Cafeteria	Sinking Fund	2003 Debt
REVENUES				
Local sources	\$ 6,500	\$ 658,803	\$ 1,017,068	\$ 1,746
State sources	1,028,898	74,428	-	-
Federal sources	2,159,014	1,006,001	-	-
TOTAL REVENUES	3,194,412	1,739,232	1,017,068	1,746
EXPENDITURES				
Current				
Instruction	2,604,999	-	-	-
Support services	512,612	-	3,675	1,407
Community services	41,703	-	-	-
Food service	-	1,675,588	-	-
Capital outlay	-	-	857,844	-
Debt service				
Principal retirement	-	-	-	47,278
Interest, fiscal, and other charges	-	-	-	-
TOTAL EXPENDITURES	3,159,314	1,675,588	861,519	48,685
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	35,098	63,644	155,549	(46,939)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	6,647	-	-
Transfers to other funds	(35,098)	-	-	-
Proceeds from School Loan Revolving Fund	-	-	-	-
Payments to escrow agents	-	-	-	-
Bond premium	-	-	-	-
Bond proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(35,098)	6,647	-0-	-0-
NET CHANGE IN FUND BALANCES	-0-	70,291	155,549	(46,939)
Fund balances, beginning of year	-	93,299	172,744	47,278
Fund balances, end of year	\$ -0-	\$ 163,590	\$ 328,293	\$ 339

Service Funds

2004 Debt	2006 Debt	2006B Debt	2009 Debt	2009B Debt	2015 Debt	2016 Debt	Total
\$ 6,342	\$ 4,050,396	\$ 1,855,108	\$ 5,777	\$ 796,047	\$ 1,033,790	\$ -	\$ 9,431,577
-	-	-	-	-	-	-	1,103,326
-	-	-	-	-	-	-	3,165,015
6,342	4,050,396	1,855,108	5,777	796,047	1,033,790	-0-	13,699,918
-	-	-	-	-	-	-	2,604,999
4,436	17,376	4,460	4,977	2,850	2,556	-	554,349
-	-	-	-	-	-	-	41,703
-	-	-	-	-	-	-	1,675,588
-	-	-	-	-	-	-	857,844
70,246	2,408,328	1,196,056	78,865	763,037	628,959	-	5,192,769
-	903,568	137,165	-	20,950	402,157	229,637	1,693,477
74,682	3,329,272	1,337,681	83,842	786,837	1,033,672	229,637	12,620,729
(68,340)	721,124	517,427	(78,065)	9,210	118	(229,637)	1,079,189
-	-	-	-	-	-	322,327	328,974
-	(240,511)	(81,816)	-	-	-	-	(357,425)
-	43,722	-	-	-	-	-	43,722
-	-	-	-	-	-	(39,739,015)	(39,739,015)
-	-	-	-	-	-	5,613,652	5,613,652
-	-	-	-	-	-	34,355,000	34,355,000
-0-	(196,789)	(81,816)	-0-	-0-	-0-	551,964	244,908
(68,340)	524,335	435,611	(78,065)	9,210	118	322,327	1,324,097
70,246	6,033	223,754	78,865	50,170	4,404	-	746,793
<u>\$ 1,906</u>	<u>\$ 530,368</u>	<u>\$ 659,365</u>	<u>\$ 800</u>	<u>\$ 59,380</u>	<u>\$ 4,522</u>	<u>\$ 322,327</u>	<u>\$ 2,070,890</u>

Woodhaven-Brownstown School District
 SCHEDULE OF BONDED INDEBTEDNESS
 Year Ended June 30, 2016

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal June 30, 2016</u>	<u>Annual Interest Payable</u>
LOCAL GOVERNMENTAL LOAN PROGRAM REVENUE BONDS, SERIES 2009 B, DATED 11/1/2009, TOTAL ISSUED - \$1,915,000				
	4.00%	5/1/2017	\$ 230,000	\$ 9,200
2015 GENERAL OBLIGATION UNLIMITED TAX BONDS, DATED 3/18/2015, TOTAL ISSUED - \$8,970,000				
	4.00%	5/1/2017	-	358,800
	4.00%	5/1/2018	-	358,800
	4.00%	5/1/2019	-	358,800
	4.00%	5/1/2020	820,000	358,800
	4.00%	5/1/2021	1,150,000	326,000
	4.00%	5/1/2022	1,150,000	280,000
	4.00%	5/1/2023	1,150,000	234,000
	4.00%	5/1/2024	1,175,000	188,000
	4.00%	5/1/2025	1,175,000	141,000
	4.00%	5/1/2026	1,175,000	94,000
	4.00%	5/1/2027	1,175,000	47,000
Total			8,970,000	2,745,200

Woodhaven-Brownstown School District

SCHEDULE OF BONDED INDEBTEDNESS - CONTINUED

Year Ended June 30, 2016

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal June 30, 2016</u>	<u>Interest Payable</u>
2016 GENERAL OBLIGATION UNLIMITED TAX BONDS, DATED 1/26/2016, TOTAL ISSUED - \$81,745,000				
	3.00%	5/1/2017	\$ 2,885,000	\$ 4,700,877
	4.00%	5/1/2018	4,190,000	3,821,800
	4.00%	5/1/2019	4,295,000	3,654,200
	4.00%	5/1/2020	3,635,000	3,482,400
	5.00%	5/1/2021	3,425,000	3,337,000
	5.00%	5/1/2022	3,460,000	3,165,750
	5.00%	5/1/2023	3,495,000	2,992,750
	5.00%	5/1/2024	3,540,000	2,818,000
	5.00%	5/1/2025	3,585,000	2,641,000
	5.00%	5/1/2026	3,625,000	2,461,750
	5.00%	5/1/2027	3,675,000	2,280,500
	5.00%	5/1/2028	3,740,000	2,096,750
	5.00%	5/1/2029	3,800,000	1,909,750
	5.00%	5/1/2030	3,850,000	1,719,750
	5.00%	5/1/2031	3,905,000	1,527,250
	5.00%	5/1/2032	3,960,000	1,332,000
	5.00%	5/1/2033	2,835,000	1,134,000
	5.00%	5/1/2034	2,835,000	992,250
	5.00%	5/1/2035	2,835,000	850,500
	5.00%	5/1/2036	2,835,000	708,750
	5.00%	5/1/2037	2,835,000	567,000
	5.00%	5/1/2038	2,835,000	425,250
	5.00%	5/1/2039	2,835,000	283,500
	5.00%	5/1/2040	2,835,000	141,750
Total			<u>81,745,000</u>	<u>49,044,527</u>
Total Bonds Payable			<u><u>\$ 90,945,000</u></u>	<u><u>\$ 51,798,927</u></u>