

School District of the City of Wyandotte

Financial Statements

June 30, 2017



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School District of the City of Wyandotte
Members of the Board of Education and Administration
June 30, 2017

Members of the Board of Education

Robert E. Kirby – President

Kathryn Bedikian – Vice President

Dana L. Browning – Secretary

Cynthia Kinney – Treasurer

Stephanie Miello – Trustee

Patrick Sutka – Trustee

Michael Swiecki – Trustee

Administration

Catherine M. Cost, Ed.D. – Superintendent



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Independent Auditors' Report

Management and the Board of Education
School District of the City of Wyandotte
Wyandotte, 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 the School District of the City of Wyandotte, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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.

Auditors' 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 auditors' 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 the School District of the City of Wyandotte, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of the City of Wyandotte's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates 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 other supplementary information, other than the prior year information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

We also have previously audited, 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, School District of the City of Wyandotte's basic financial statements as of and for the year ended June 30, 2016, which are not presented with the accompanying basic financial statements. In our report dated October 28, 2016, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise School District of the City of Wyandotte's basic financial statements as a whole. The 2016 information in the comparative supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2016 information in the comparative supplementary schedule is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017 on our consideration of the School District of the City of Wyandotte's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of the City of Wyandotte's 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 School District of the City of Wyandotte's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Ann Arbor, MI
October 26, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

The School District of the City of Wyandotte ("the District"), a K-12 School District located in Wayne County, Michigan, complies with the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) with the enclosed financial statements. The management's discussion and analysis, a requirement of GASB 34, is intended to be the District management's discussion and analysis of the financial results for the fiscal year ended June 30, 2017.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: district-wide financial statements and fund financial statements.

Fund Financial Statements

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

The fund 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 Fund, Capital Projects Fund, Fiduciary Fund and Special Revenue Funds which are comprised of: Cafeteria, Josephine Brighton Work Skills Center and Madison Special Education Center.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is 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.

District-Wide Financial Statements

The district-wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, whether they are "currently available" or not. For example, assets that are restricted for use in the Debt Fund solely for the payment of long-term principal and 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 assets of the district-wide financial statements.

SCHOOL DISTRICT OF THE CITY OF WYANDOTTE

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Summary of Net Position

The following is a comparative summary of net position at June 30, 2017 and June 30, 2016.

Net Position Summary

	June 30,	
	2017	2016
Assets		
Current assets	\$ 21,596,476	\$ 22,923,999
Capital assets, net book value	63,473,314	59,803,455
Total assets	85,069,790	82,727,454
Deferred Outflows of Resources		
Deferred amount of pension expense related to net pension liability	14,087,598	12,505,474
Deferred amount on debt refunding	136,267	166,988
Total deferred outflows of resources	14,223,865	12,672,462
Total assets and deferred outflows of resources	99,293,655	95,399,916
Liabilities		
Current liabilities	9,670,798	11,342,489
Long-term liabilities	148,885,051	146,911,697
Total liabilities	158,555,849	158,254,186
Deferred Inflows of Resources		
Deferred amount of net pension liability	3,535,640	2,658,782
Total liabilities and deferred inflows of resources	162,091,489	160,912,968
Net Position		
Net investment in capital assets	14,201,362	10,817,282
Restricted for debt service	3,033,272	2,146,816
Unrestricted	(80,032,468)	(78,477,150)
Total net position	\$ (62,797,834)	\$ (65,513,052)

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

Analysis of Financial Position

During the fiscal year ended June 30, 2017, the District's net position increased by \$2,715,218. A few of the significant factors affecting net assets during the year are discussed below:

A. General Fund Operations

The District's General Fund revenue exceed expenditures by \$2,817,537 for the fiscal year ended June 30, 2017. See the section entitled Results of Operations for further discussion of General Fund operations.

B. Debt, Principal Payments

The District made principal payments on bonded, long-term debt obligations as follows:

Outstanding Bonds (Not including School Improvement and Energy Conservation Bonds):

Principal Balance, June 30, 2016	\$42,095,000
Debt issued	0
Principal Payments	(<u>1,305,000</u>)
Principal Balance, June 30, 2017	<u>\$40,790,000</u>

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

C. Net Investment in Capital Assets

The District's net investment in capital assets increased by \$3,669,859 during the fiscal year. This is summarized as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets	\$105,229,172	\$7,020,550	-	\$112,249,722
Less: accumulated depreciation	<u>(45,425,717)</u>	<u>(3,350,691)</u>	<u>-</u>	<u>(48,776,408)</u>
Net investment	<u>\$59,803,455</u>	<u>\$3,669,859</u>	<u>\$ -</u>	<u>\$ 63,473,314</u>

SCHOOL DISTRICT OF THE CITY OF WYANDOTTE

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Results of Operations

The following is a comparative summary of operations for June 30, 2017 and June 30, 2016.

Revenues

	<u>2017</u>	<u>2016</u>
General revenues		
Property taxes levied for general operations	\$ 3,520,614	\$ 3,630,110
Property taxes levied for debt services	3,695,442	3,903,448
State of Michigan unrestricted foundation aid	28,184,840	27,473,323
Interest on investments	14,809	21,536
Gain (loss) on disposal of capital assets	-	15
Other general revenues	<u>799,602</u>	<u>116,706</u>
Total general revenues	<u>36,215,307</u>	<u>35,145,138</u>
Operating Grants		
Federal	2,844,305	3,707,653
State of Michigan	12,829,035	9,333,657
Wayne County Act 18 Special Education Funds	14,678,244	16,726,806
Local	<u>3,701,333</u>	<u>1,842,086</u>
Total operating grants	<u>34,052,917</u>	<u>31,610,202</u>
Charges for services		
Food service	506,569	432,681
Tuition for pre-school, K+ and other programs	225	6,040
Athletics, child care, bus trips, building rental	<u>1,532,273</u>	<u>894,861</u>
Total charges for services	<u>2,039,067</u>	<u>1,333,582</u>
Total revenue	<u>72,307,291</u>	<u>68,088,922</u>

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
Expenses		
Instruction and instructional support	\$ 34,026,739	\$ 37,905,907
Support services	27,908,246	25,756,233
Cafeteria	2,135,798	1,850,919
Community services	470,533	494,408
Interest on long-term debt	1,697,666	1,801,115
Agency fees	2,400	1,900
Depreciation	<u>3,350,691</u>	<u>1,459,360</u>
Total expenses	<u>69,592,073</u>	<u>69,269,842</u>
Increase (decrease) in net position	2,715,218	(1,180,920)
Beginning net position	<u>(65,513,052)</u>	<u>(64,332,132)</u>
Ending net position	<u>\$ (62,797,834)</u>	<u>\$ (65,513,052)</u>

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

The State of Michigan's Foundation payment to school districts is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - blended at 90% of the current year's fall count and 10% of the prior year's spring count.
- c. The District's non-homestead tax levy reduced by Tax Increment Finance Authority (TIFA) capture.

Per Student, Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The District's foundation allowance was \$7,511 per student for the 2016-17 school year.

Student Enrollment

The following chart summarizes fall student enrollments (non-blended) for the past five years; expressed as Full Time Equivalents (FTE):

	<u>General Ed</u>	<u>Center Program</u>	<u>Total</u>	<u>Increase/Decrease From Prior Year</u>
2016-17	4,014.08	688.51	4,702.59	60.65
2015-16	3,946.81	695.13	4,641.94	(25.72)
2014-15	3,971.30	696.36	4,667.66	(28.34)
2013-14	4,043.50	652.50	4,696.00	30.51
2012-13	3,984.06	681.43	4,665.49	(26.32)

Subsequent to year-end June 30, 2017, preliminary student enrollment counts for 2017-18 indicate that enrollment will be consistent as compared with 2016-17.

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

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

The District levies 18 mills of property taxes for General Fund operations on non-homestead (business) properties. In May 2005 the millage was renewed for 10 years. In 2006 the rate was reduced to 17.9190 due to the Headlee millage reduction fraction. In 2014 the full 18 mills were restored for a period of ten years, thru 2025. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 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 revenue for the 2016-17 fiscal year was \$3,471,072. Non-homestead tax revenue decreased by 1.2% from the prior year. The numbers reported in these financial statements are the last figures reported to the Michigan Department of Education.

Most of the District's non-homestead property is located in a TIFA district where the tax on any increase in valuation over the base year is "captured" in the TIFA.

The following summarizes the District's non-homestead property tax collections for the past five years:

<u>Fiscal Year</u>	<u>Non-Homestead Tax-Levy</u>	<u>% Increase (Decrease) From Prior Year</u>
2016-2017	\$3,471,072	(1.2%)
2015-2016	3,514,347	1.4%
2014-2015	3,465,896	3.2%
2013-2014	3,357,942	8.6%
2012-2013	3,089,630	4.5%

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

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 2016-17, the District's debt millage levy was 7.0 mills which generated revenue of \$3,695,442.

4. Cafeteria Sales (School Lunch Program)

The District's Cafeteria Fund balance decreased by \$53,301.

SCHOOL DISTRICT OF THE CITY OF WYANDOTTE

**Management's Discussion and Analysis
or the Fiscal Year Ended June 30, 2017**

General Fund Budget - Actual Revenues and Expenditures

General Fund Revenue - 5-Year Comparison of Budget to Actual Results

Fiscal Year	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Variance Revenues Actual vs. Original Budget	Variance Revenues Actual vs. Final Budget
2016-2017	\$ 41,344,979	\$ 45,644,809	\$ 45,759,074	10.68%	0.25%
2015-2016	\$ 39,084,545	\$ 43,132,787	\$ 45,495,684	16.40%	5.19%
2014-2015	\$ 38,857,610	\$ 40,715,619	\$ 40,690,728	4.72%	-0.06%
2013-2014	\$ 36,219,204	\$ 39,471,896	\$ 39,693,738	9.59%	0.56%
2012-2013	\$ 33,393,993	\$ 36,525,357	\$ 36,810,232	10.23%	0.78%

General Fund Expenditures - 5-Year Comparison of Budget to Actual Results

Fiscal Year	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Variance Expenditures Actual vs. Original Budget	Variance Expenditures Actual vs. Final Budget
2016-2017	\$ 42,414,160	\$ 42,861,981	\$ 42,941,537	1.24%	0.19%
2015-2016	\$ 39,478,640	\$ 41,533,872	\$ 44,970,417	13.91%	8.27%
2014-2015	\$ 39,326,479	\$ 40,157,103	\$ 41,045,511	4.37%	2.21%
2013-2014	\$ 37,941,203	\$ 39,157,146	\$ 38,419,080	1.26%	-1.88%
2012-2013	\$ 37,421,212	\$ 39,325,834	\$ 38,158,600	1.97%	-2.97%

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2017**

Original Budget vs. Final Budget Revision

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

The District amends its budget as necessary during the school year. For the fiscal year June 30, 2017, the budget was amended in March, 2017 and June, 2017. The June, 2017 budget amendment was the final budget for the fiscal year.

Revenue

Total revenues original budget	\$41,344,979	
Total revenues final budget	<u>45,644,809</u>	
Increase in budgeted revenues	\$ <u>4,299,830</u>	<u>10.4%</u>

The District's actual General Fund revenues differed from the final amended budget by \$114,265 a variance of 0.25% from final budget.

Expenditures

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

Total expenditures original budget	\$42,414,160	
Total expenditures final budget	<u>42,861,981</u>	
Increase in budgeted expenditures	\$ <u>447,821</u>	<u>1.1%</u>

The District's final actual General Fund expenditures were \$79,556 greater than the final budget, a variance of 0.19%.

Contacting the District's Financial Management

The financial report is intended to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or would like additional information, contact the Business Office, School District of the City of Wyandotte.

BASIC FINANCIAL STATEMENTS

School District of the City of Wyandotte
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash	\$ 11,027,234
Taxes receivable	456,589
Accounts receivable	1,077
Due from other governmental units	8,618,375
Inventory	38,490
Investments	1,444,465
Prepaid items	10,246
Capital assets not being depreciated	2,586,565
Capital assets - net of accumulated depreciation	<u>60,886,749</u>
 Total assets	 <u>85,069,790</u>
 Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	14,087,598
Deferred amount on debt refunding	<u>136,267</u>
 Total deferred outflows of resources	 <u>14,223,865</u>
 Total assets and deferred outflows of resources	 <u>99,293,655</u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 189,509
State aid anticipation note payable	2,283,510
Due to other governmental units	1,235,807
Accrued expenditures	867,018
Accrued payroll and related liabilities	4,418,548
Unearned revenue	676,406
Noncurrent liabilities	
Net pension liability	93,930,828
Debt due within one year	2,791,297
Debt due in more than one year	<u>52,162,926</u>
 Total liabilities	 158,555,849
 Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	<u>3,535,640</u>
 Total liabilities and deferred inflows of resources	 <u>162,091,489</u>
 Net Position	
Net investment in capital assets	14,201,362
Restricted for	
Debt service	3,033,272
Unrestricted (deficit)	<u>(80,032,468)</u>
 Total net position	 <u>\$(62,797,834)</u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	\$ 34,026,739	\$ 225	\$ 30,351,584	\$ (3,674,930)
Supporting services	27,908,246	1,532,273	2,247,873	(24,128,100)
Food services	2,135,798	506,569	1,453,460	(175,769)
Community services	470,533	-	-	(470,533)
Interest and fiscal charges on long-term debt	1,697,666	-	-	(1,697,666)
Agency fees	2,400	-	-	(2,400)
Depreciation - unallocated	3,350,691	-	-	(3,350,691)
Total governmental activities	<u>\$ 69,592,073</u>	<u>\$ 2,039,067</u>	<u>\$ 34,052,917</u>	<u>(33,500,089)</u>
General revenues				
Property taxes, levied for general purposes				3,520,614
Property taxes, levied for debt service				3,695,442
State aid - unrestricted				28,184,840
Interest and investment earnings				14,809
Other				<u>799,602</u>
Total general revenues				<u>36,215,307</u>
Change in net position				2,715,218
Net position - beginning				<u>(65,513,052)</u>
Net position - ending				<u>\$(62,797,834)</u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Josephine Brighton Work Skills Center	Madison Special Education	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 8,941,024	\$ -	\$ -	\$ 2,086,210	\$ -	\$ 11,027,234
Taxes receivable	258,634	-	-	197,955	-	456,589
Accounts receivable	1,077	-	-	-	-	1,077
Due from other funds	-	408,934	1,529,750	1,047,919	681,753	3,668,356
Due from other governmental units	8,545,625	-	-	-	72,750	8,618,375
Inventory	23,597	-	-	-	14,893	38,490
Investments	-	-	-	-	1,444,465	1,444,465
Prepaid items	10,246	-	-	-	-	10,246
Total assets	<u>\$ 17,780,203</u>	<u>\$ 408,934</u>	<u>\$ 1,529,750</u>	<u>\$ 3,332,084</u>	<u>\$ 2,213,861</u>	<u>\$ 25,264,832</u>
Liabilities						
Accounts payable	\$ 134,927	\$ 23,626	\$ 4,510	\$ -	\$ 26,446	\$ 189,509
State aid anticipation note payable	2,283,510	-	-	-	-	2,283,510
Due to other funds	3,668,356	-	-	-	-	3,668,356
Due to other governmental units	720,219	-	515,588	-	-	1,235,807
Accrued expenditures	-	-	-	-	14,122	14,122
Accrued payroll and related liabilities	3,000,174	385,308	1,009,652	-	23,414	4,418,548
Unearned revenue	676,406	-	-	-	-	676,406
Total liabilities	<u>10,483,592</u>	<u>408,934</u>	<u>1,529,750</u>	<u>-</u>	<u>63,982</u>	<u>12,486,258</u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Governmental Funds
Balance Sheet
June 30, 2017

	<u>General Fund</u>	<u>Josephine Brighton Work Skills Center</u>	<u>Madison Special Education</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows of Resources						
Unavailable revenue						
Enhancement millage	\$ 112,436	\$ -	\$ -	\$ -	\$ -	\$ 112,436
Fund Balance						
Non-spendable						
Inventory	23,597	-	-	-	14,893	38,490
Prepaid items	10,246	-	-	-	-	10,246
Restricted for						
Food service	-	-	-	-	415,307	415,307
Debt service	-	-	-	3,332,084	-	3,332,084
Capital projects	-	-	-	-	1,719,679	1,719,679
Unassigned	<u>7,150,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,150,332</u>
 Total fund balance	 <u>7,184,175</u>	 <u>-</u>	 <u>-</u>	 <u>3,332,084</u>	 <u>2,149,879</u>	 <u>12,666,138</u>
 Total liabilities and fund balance	 <u>\$ 17,780,203</u>	 <u>\$ 408,934</u>	 <u>\$ 1,529,750</u>	 <u>\$ 3,332,084</u>	 <u>\$ 2,213,861</u>	 <u>\$ 25,264,832</u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds	\$ 12,666,138
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Enhancement millage	112,436
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,586,565
Capital assets - net of accumulated depreciation	60,886,749
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(298,812)
July and August contractual insurance benefits	(554,084)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	136,267
Deferred inflows of resources related to the net pension liability	(3,535,640)
Deferred outflows of resources related to the net pension liability	14,087,598
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(93,930,828)
Compensated absences	(300,476)
Retiree life insurance benefits	(63,500)
Bonds payable	(48,425,715)
Act 18 settlement payable	(3,462,349)
Premium on bonds	<u>(2,702,183)</u>
Net position of governmental activities	<u>\$(62,797,834)</u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	General Fund	Josephine Brighton Work Skills Center	Madison Special Education	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	\$ 5,731,667	\$ 63,360	\$ 134,640	\$ 3,697,947	\$ 518,873	\$ 10,146,487
State sources	34,766,095	1,684,902	4,562,878	-	84,755	41,098,630
Federal sources	2,860,989	-	-	-	1,368,705	4,229,694
Interdistrict sources	2,154,236	3,937,734	10,740,510	-	-	16,832,480
Total revenues	45,512,987	5,685,996	15,438,028	3,697,947	1,972,333	72,307,291
Expenditures						
Current						
Education						
Instruction	25,950,487	2,811,986	6,347,206	-	-	35,109,679
Supporting services	14,956,244	3,157,745	8,363,000	-	-	26,476,989
Food services	-	-	-	-	2,032,257	2,032,257
Community services	447,722	-	-	-	-	447,722
Intergovernmental payments	82,287	-	-	-	-	82,287
Facilities acquisition	-	-	-	-	3,756,357	3,756,357
Capital outlay	377,853	-	-	-	-	377,853
Debt service						
Principal	410,000	-	-	1,305,000	-	1,715,000
Interest and other expenditures	98,903	-	-	1,820,900	-	1,919,803
Agency fees	2,400	-	-	-	-	2,400
Total expenditures	42,325,896	5,969,731	14,710,206	3,125,900	5,788,614	71,920,347
Excess (deficiency) of revenues over expenditures	3,187,091	(283,735)	727,822	572,047	(3,816,281)	386,944

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	General Fund	Josephine Brighton Work Skills Center	Madison Special Education	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Transfers in	\$ 246,087	\$ 347,095	\$ -	\$ 296,714	\$ 516,927	\$ 1,406,823
Transfers out	<u>(615,641)</u>	<u>(63,360)</u>	<u>(727,822)</u>	<u>-</u>	<u>-</u>	<u>(1,406,823)</u>
Total other financing sources (uses)	<u>(369,554)</u>	<u>283,735</u>	<u>(727,822)</u>	<u>296,714</u>	<u>516,927</u>	<u>-</u>
Net change in fund balance	2,817,537	-	-	868,761	(3,299,354)	386,944
Fund balance - beginning	<u>4,366,638</u>	<u>-</u>	<u>-</u>	<u>2,463,323</u>	<u>5,449,233</u>	<u>12,279,194</u>
Fund balance - ending	<u><u>\$ 7,184,175</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,332,084</u></u>	<u><u>\$ 2,149,879</u></u>	<u><u>\$ 12,666,138</u></u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - Total governmental funds	\$ 386,944
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Enhancement millage	112,436
Operating grants	(127,039)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(3,350,691)
Capital outlay	7,020,550
Expenses are recorded when incurred in the statement of activities.	
Interest	17,695
Benefit claims	(45,868)
Early retirement incentive	10,555
Compensated absences	(7,323)
Retiree life insurance benefits	(3,000)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(1,489,759)
Net change in the deferrals of resources related to the net pension liability	486,397
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	218,869
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as financing sources or expenditures in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(2,433,990)
Repayments of long-term debt	1,715,000
Amortization of premiums	235,163
Amortization of gain on debt defeasance	(30,721)
Change in net position of governmental activities	\$ 2,715,218

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 592,352</u>
Liabilities	
Due to student and other school groups	<u>\$ 592,352</u>

See Accompanying Notes to the Financial Statements

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the School District of the City of Wyandotte (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the School District as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

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

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Madison Special Education and Josephine Brighton Work Skills Center Funds – These funds are Special Revenue Funds, which operate center programs for Wayne County RESA.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Capital Projects Fund – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Net Position or Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2017, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	7.00000

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. All of the School District's tax roll lies within Wayne County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipality. Real property taxes uncollected as of March 1 are purchased by the County of Wayne and remitted to the School District.

Investments – Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Equipment and furniture	5-20 years
Buses and other vehicles	5-15 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the

School District reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The School District also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce the net pension liability in the following year. Deferred amounts on bond refunding are included in the district-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consists of unpaid and accumulated vacation balances. The liability has been calculated using the vesting method, in which vacation amounts for both employees who are currently eligible to receive termination payments and other employees who expect to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (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.

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education or by an official or body to which the Board of Education delegates authority. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

GASB Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

Upcoming Accounting and Reporting Changes

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition

of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

GASB Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending June 30, 2018.

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

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Note 2 - Stewardship, Compliance, And Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 19,863,047	\$ 20,436,751	\$ 573,704
Added needs	5,440,616	5,513,736	73,120
Pupil transportation services	672,032	741,663	69,631
Central	1,083,683	1,154,172	70,489
Other	5,500	25,022	19,522
Intergovernmental payments	81,500	82,287	787
Agency fees	1,900	2,400	500
Transfers out	596,715	615,641	18,926
Madison Special Education Fund			
Instructional staff	405,208	564,027	158,819
Pupil transportation services	7,800	67,789	59,989
Josephine Brighton Work Skills Center Fund			
Added needs	2,651,294	2,811,986	160,692
Pupil	1,794,169	1,907,904	113,735
General administration	-	10,667	10,667
School administration	235,283	307,044	71,761
Operations and maintenance	406,100	564,072	157,972
Pupil transportation services	21,537	53,381	31,844

District-Wide Deficits

The School District has an unrestricted net position deficit for District-Wide activities in the amount of \$80,032,468 as of June 30, 2017. There are no governmental funds with a deficit.

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 11,027,234	\$ 592,352	\$11,619,586
Investments	1,444,465	-	1,444,465
	<u>\$ 12,471,699</u>	<u>\$ 592,352</u>	<u>\$13,064,051</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 11,617,296
Investments in securities, mutual funds, and similar vehicles	1,444,465
Petty cash and cash on hand	2,290
Total	<u>\$ 13,064,051</u>

As of year end, the School District had the following investments:

Investment	Fair Value	Maturities	Rating Organization
Michigan Liquid Asset Fund - CMC	<u>\$ 1,444,465</u>	6 months Average	AAAm Standard & Poor's

Interest rate risk – In accordance with its investment policy, the School District manages its exposure to declines in fair values by limiting the investment option.

Credit risk – State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk – The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year-end, \$11,348,122 of the School District's bank balance of \$12,001,345 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2017:

- Amounts invested in MILAF+ Portfolio of \$1.4 million. The MILAF+ Portfolio is not registered under Rule 2a-7 under the Investment Company Act of 1940. The money market securities are valued using amortized cost, which generally approximates the current fair value of the security. However, the value is not obtained from a quoted price in an active market. (Level 2 inputs).

Note 5 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,142,101	\$ -	\$ -	\$ 1,142,101
Construction in progress	<u>32,165,865</u>	<u>-</u>	<u>30,721,401</u>	<u>1,444,464</u>
Total capital assets not being depreciated	<u>33,307,966</u>	<u>-</u>	<u>30,721,401</u>	<u>2,586,565</u>
Capital assets being depreciated				
Buildings and additions	69,096,167	20,017,347	-	89,113,514
Equipment and furniture	2,362,922	17,724,604	-	20,087,526
Buses and other vehicles	<u>462,117</u>	<u>-</u>	<u>-</u>	<u>462,117</u>
Total capital assets being depreciated	<u>71,921,206</u>	<u>37,741,951</u>	<u>-</u>	<u>109,663,157</u>
Less accumulated depreciation for				
Buildings and additions	43,139,635	1,852,606	-	44,992,241
Equipment and furniture	2,014,639	1,461,603	-	3,476,242
Buses and other vehicles	<u>271,443</u>	<u>36,482</u>	<u>-</u>	<u>307,925</u>
Total accumulated depreciation	<u>45,425,717</u>	<u>3,350,691</u>	<u>-</u>	<u>48,776,408</u>
Net capital assets being depreciated	<u>26,495,489</u>	<u>34,391,260</u>	<u>-</u>	<u>60,886,749</u>
Net capital assets	<u>\$ 59,803,455</u>	<u>\$ 34,391,260</u>	<u>\$ 30,721,401</u>	<u>\$ 63,473,314</u>

Depreciation expense was not charged to activities, as the School District considers its assets to impact multiple activities and allocation is not practical.

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Note 6 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 681,753
General Fund	Debt Service Fund	1,047,919
General Fund	Madison Special Education Fund	1,529,750
General Fund	Josephine Brighton Work Skills Center Fund	408,934
		<u>\$ 3,668,356</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers Out			Total
	General Fund	Madison Special Education	Josephine Brighton Work Skills Center	
Transfers in				
General Fund	\$ -	\$ 246,087	\$ -	\$ 246,087
Josephine Brighton Work Skills Center	-	347,095	-	347,095
Debt Service Fund	296,714	-	-	296,714
Nonmajor governmental funds	318,927	134,640	63,360	516,927
	<u>\$ 615,641</u>	<u>\$ 727,822</u>	<u>\$ 63,360</u>	<u>\$ 1,406,823</u>

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

	Unearned
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 676,406</u>

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Note 8 - Leases

The School District leases copiers under non-cancelable operating leases. Total costs for such leases were \$229,750 for the year. The future minimum lease payments for these leases are as follows:

Year ending June 30,
2018 \$ 43,750

Note 9 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

Short-term debt activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 2,961,475</u>	<u>\$ 2,600,000</u>	<u>\$ 3,277,965</u>	<u>\$ 2,283,510</u>

The state aid anticipation note agreement includes an irrevocable set-aside of \$316,489 at year end that is considered defeased debt and not included in the ending balance.

Note 10 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

For governmental activities, compensated absences, retiree life insurance benefits and retirement incentives are primarily liquidated by the General Fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Government obligation bonds	\$ 50,140,715	\$ -	\$ 1715,000	\$ 48,425,715	\$ 1,735,000
Act 18 settlement payable	1,028,359	2,640,126	206,136	3,462,349	1,056,297
Compensated absences	293,153	7,323	-	300,476	-
Retirement incentives	10,555	-	10,555	-	-
Retiree life insurance benefits	60,500	3,000	-	63,500	-
Premiums on bonds	2,937,346	-	235,163	2,702,183	-
Total	<u>\$ 54,470,628</u>	<u>\$ 2,650,449</u>	<u>\$ 2,166,854</u>	<u>\$ 54,954,223</u>	<u>\$ 2,791,297</u>

School District of the City of Wyandotte
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General obligation bonds payable at year end, consist of the following:

2003 Energy Conservation Improvement bonds are due on May 1, 2018 with one installment payment remaining of \$125,000 at interest of 4.50%	\$ 125,000
2016 Refunding of 2007 Energy Conservation Improvement bonds are due in annual installments of \$310,000 - \$505,000 through May 1, 2024, interest at 1.700% to 2.600%	3,060,000
2009 School Improvement Bond is due in full on August 24, 2025. Installments of \$296,714 are required to be set-aside annually to provide for the total principal payment when due. Interest rate is 0.125%	4,450,715
2015 Refunding of Series 2005 Bonds are due in annual installments of \$1,280,000 - \$1,300,000 through May 1, 2020, interest at 5%.	3,870,000
2015 School Building and Site Bonds are due in annual installments of \$75,000 - \$2,560,000 through May 1, 2041, interest at 2.75% to 5%.	<u>36,920,000</u>
Total general obligation bonded debt	<u>\$ 48,425,715</u>

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2018	\$ 1,735,000	\$ 1,829,825	\$ 3,564,825
2019	1,695,000	1,755,929	3,450,929
2020	1,780,000	1,684,139	3,464,139
2021	1,575,000	1,609,064	3,184,064
2022	1,655,000	1,543,814	3,198,814
2023 - 2027	12,315,715	6,615,850	18,931,565
2028 - 2032	8,270,000	5,160,625	13,430,625
2033 - 2037	9,875,000	3,556,712	13,431,712
2038 - 2042	<u>9,525,000</u>	<u>1,219,750</u>	<u>10,744,750</u>
Total	<u>\$ 48,425,715</u>	<u>\$ 24,975,708</u>	<u>\$ 73,401,423</u>

The general obligation bonds are payable from the Debt Service Funds. As of year-end, the fund had a balance \$3,332,084 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

Accrued compensated absences at year end, consists of \$300,476 of vacation hours earned and vested. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust

School District of the City of Wyandotte
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June 30, 2017

account assets and liability for the defeased bonds are not included in the School District's financial statements.

As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2002 School Building and Site and Refunding Bonds	<u>\$ 4,050,000</u>
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Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is self-insured for health benefits paid on behalf of its employees. Payments are made to the insurance administrator each week based on actual claims and administration fees. The plan provides a stop-loss provision of \$100,000 per employee. For governmental activities, the liability for health benefits is primarily liquidated by the General Fund.

Change in estimated liabilities for claims for health benefits for the year is as follows:

	2017	2016
Estimated liability at the beginning of the year	\$ 182,702	\$ 464,578
Estimated claims incurred including changes in estimates	5,790,271	5,821,382
Claim payments	<u>(6,025,520)</u>	<u>(6,103,258)</u>
Estimated liability (overpayment) end of year	<u>\$ (52,547)</u>	<u>\$ 182,702</u>

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had unemployment compensation expense of \$10,689 for the year. No provision has been made for possible future claims.

Note 12 - Pension Plans and Post Employment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (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,

School District of the City of Wyandotte
Notes to the Financial Statements
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member retirement benefits for DB plan members are determined by final average compensation and years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. 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 Funding Status

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

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

Pension Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	18.95%
Member Investment Plan	3.0 - 7.0	18.95%
Pension Plus	3.0 - 6.4	17.73%
Defined Contribution	0.0	14.56%

Required contributions to the pension plan from the School District were \$8,454,247 for the year ending September 30, 2016.

Net Pension Liability

June 30, 2017, the School District reported a liability of \$93,930,828 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2015. The School District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2016, the School District's proportionate share percent was 0.3765 percent, which was a decrease of .0020 percent since the prior measurement date.

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

For the year ended June 30, 2017, the School District recognized total pension expense of \$9,457,197. The School District's actual contributions for the years ended June 30, 2017, 2016, and 2015 and were approximately \$6,150,000, \$6,070,000, and \$5,786,000, respectively.

School District of the City of Wyandotte
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At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	(Deferred Inflows of Resources)
Difference between expected and actual experience	\$ 1,170,626	\$ 222,618
Changes in assumptions	1,468,535	-
Net difference between projected and actual earnings on pension plan investments	1,561,130	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,689,585	427,396
Employer contributions subsequent to the measurement date	8,197,722	2,885,626
	<u>\$ 14,087,598</u>	<u>\$ 3,535,640</u>

\$8,197,722 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, 2018. \$2,885,626 reported as deferred inflows of resources relating to pensions resulting from employer contributions subsequent to the measurement date are 147c revenues received that will be recognized in the year ended June 30, 2018 when the related payments reduce the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ending September 30	Amount:
2017	\$ 1,244,115
2018	1,121,344
2019	2,586,837
2020	<u>287,566</u>
Total	<u>\$ 5,239,862</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, 2015
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of returns:
 - 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: 7.5% Year 1 graded to 3.5% Year 12

School District of the City of Wyandotte
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June 30, 2017

- Mortality: RP-2000 Combined Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA (for men, 140% of the table rates for ages 0-79, 133% of the table rates for ages 80-84, and 121.8% of the table rates for ages over 84 were used and for women, 96% of the table rates were used).

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2016, is based on the results of an actuarial valuation date of September 30, 2015, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for liabilities is the average of the expected remaining service lives of all employees in years: (4.6273 for non-university employers). The recognition period for assets in years is 5.0000. Full actuarial assumptions are available in the 2016 MPSERS Comprehensive Annual Financial Report (CAFR) (www.michigan.gov/mpsers-cafr).

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
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
	<u>100.0%</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). 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Hybrid Plan), as well as what the School District's proportionate

School District of the City of Wyandotte
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June 30, 2017

share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease (Non-Hybrid/Hybrid)* 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0% / 8.0%
<u>\$ 120,959,263</u>	<u>\$ 93,930,828</u>	<u>\$ 71,143,258</u>

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

Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR. See the 2016 MPSERS CAFR (www.michigan.gov/mpsers-cafr).

Payables to the Pension Plan

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Post-Employment Benefits

In addition to the pension benefits described above, state law requires the School District to provide post-employment healthcare benefits for eligible retirees and beneficiaries through the Michigan Public School Employees Retirement System (MPSERS).

The 2012 Retirement Reform included changes to retiree healthcare benefits. New employees hired after the effective date who elect this benefit are enrolled in the defined contribution Personal Healthcare Fund. This establishes a portable tax-deferred account in which the participant contributes up to 2% of their salary, and receives up to a 2%

employer match. These funds can be used to pay for healthcare expenses in retirement.

Employees working prior to the enactment of the 2012 Retirement Reform have two options: (a) the Personal Healthcare Fund, or (b) the defined benefit Premium Subsidy benefit.

Employees electing the defined benefit Premium Subsidy benefit contribute 3% of their compensation, and the employer contributes an actuarially determined percent of payroll for all participants. Upon retirement members receive a premium subsidy towards health, dental and vision insurance. The subsidy is a percent of the premium cost, with the percentage varying based on several factors.

For the periods July 1, 2016 through September 30, 2016, and October 1, 2016 through June 30, 2017, the employer contribution rate ranged from 6.40% to 6.83% and 5.69% to 5.91%, respectively.

The School District's actual contributions match the required contributions for the years ended June 30, 2017, 2016, and 2015 and were approximately \$2,326,000, \$1,965,000, and \$1,113,000, respectively.

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected 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 costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2017.

School District of the City of Wyandotte
Notes to the Financial Statements
June 30, 2017

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of building and employment expansion exemptions granted by the City of Wyandotte.

For the fiscal year ended June 30, 2017, the School District's property tax revenues were reduced by \$190,943 under these programs.

REQUIRED SUPPLEMENTARY INFORMATION

School District of the City of Wyandotte
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 4,866,100	\$ 5,364,600	\$ 5,731,667	\$ 367,067
State sources	33,230,954	35,258,642	34,766,095	(492,547)
Federal sources	2,647,925	2,821,567	2,860,989	39,422
Interdistrict sources	<u>-</u>	<u>1,600,000</u>	<u>2,154,236</u>	<u>554,236</u>
 Total revenues	 <u>40,744,979</u>	 <u>45,044,809</u>	 <u>45,512,987</u>	 <u>468,178</u>
Expenditures				
Instruction				
Basic programs	20,346,384	19,863,047	20,436,751	573,704
Added needs	5,030,956	5,440,616	5,513,736	73,120
Supporting services				
Pupil	2,439,946	2,579,188	2,501,250	(77,938)
Instructional staff	993,903	1,106,808	1,091,355	(15,453)
General administration	467,875	470,142	460,462	(9,680)
School administration	2,329,604	2,363,895	2,296,526	(67,369)
Business	791,147	876,267	795,007	(81,260)
Operations and maintenance	5,171,675	5,237,320	5,057,818	(179,502)
Pupil transportation services	601,338	672,032	741,663	69,631
Central	1,014,982	1,083,683	1,154,172	70,489
Athletic activities	835,130	840,847	832,969	(7,878)
Other	5,500	5,500	25,022	19,522
Community services	444,811	475,699	447,722	(27,977)
Intergovernmental payments	60,000	81,500	82,287	787
Capital outlay	800,868	657,918	377,853	(280,065)

School District of the City of Wyandotte
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Debt service				
Principal	\$ 385,000	\$ 410,000	\$ 410,000	\$ -
Interest and fiscal charges	92,163	98,904	98,903	(1)
Agency fees	600	1,900	2,400	500
Total expenditures	<u>41,811,882</u>	<u>42,265,266</u>	<u>42,325,896</u>	<u>60,630</u>
Excess (deficiency) of revenues over expenditures	<u>(1,066,903)</u>	<u>2,779,543</u>	<u>3,187,091</u>	<u>407,548</u>
Other Financing Sources (Uses)				
Transfers in	600,000	600,000	246,087	(353,913)
Transfers out	<u>(602,278)</u>	<u>(596,715)</u>	<u>(615,641)</u>	<u>(18,926)</u>
Total other financing sources (uses)	<u>(2,278)</u>	<u>3,285</u>	<u>(369,554)</u>	<u>(372,839)</u>
Net change in fund balance	(1,069,181)	2,782,828	2,817,537	34,709
Fund balance - beginning	<u>4,366,638</u>	<u>4,366,638</u>	<u>4,366,638</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,297,457</u>	<u>\$ 7,149,466</u>	<u>\$ 7,184,175</u>	<u>\$ 34,709</u>

School District of the City of Wyandotte
Required Supplementary Information
Budgetary Comparison Schedule - Josephine Brighton Work Skills Center Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 39,353	\$ 39,353	\$ 63,360	\$ 24,007
State sources	1,785,060	1,785,060	1,684,902	(100,158)
Interdistrict sources	<u>4,728,591</u>	<u>4,288,550</u>	<u>3,937,734</u>	<u>(350,816)</u>
Total revenues	<u>6,553,004</u>	<u>6,112,963</u>	<u>5,685,996</u>	<u>(426,967)</u>
Expenditures				
Instruction				
Added needs	3,222,519	2,651,294	2,811,986	160,692
Supporting services				
Pupil	1,740,859	1,794,169	1,907,904	113,735
Instructional staff	361,605	330,615	314,677	(15,938)
General administration	5,000	-	10,667	10,667
School administration	248,449	235,283	307,044	71,761
Operations and maintenance	406,100	406,100	564,072	157,972
Pupil transportation services	<u>21,537</u>	<u>21,537</u>	<u>53,381</u>	<u>31,844</u>
Total expenditures	<u>6,006,069</u>	<u>5,438,998</u>	<u>5,969,731</u>	<u>530,733</u>
Excess (deficiency) of revenues over expenditures	546,935	673,965	(283,735)	(957,700)
Other Financing Sources (Uses)				
Transfers in	-	-	347,095	347,095
Transfers out	<u>(546,935)</u>	<u>(673,965)</u>	<u>(63,360)</u>	<u>610,605</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School District of the City of Wyandotte
Required Supplementary Information
Budgetary Comparison Schedule - Madison Special Education Fund
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 94,769	\$ 94,769	\$ 134,640	\$ 39,871
State sources	3,158,700	3,158,700	4,562,878	1,404,178
Interdistrict sources	<u>14,178,625</u>	<u>14,056,666</u>	<u>10,740,510</u>	<u>(3,316,156)</u>
Total revenues	<u>17,432,094</u>	<u>17,310,135</u>	<u>15,438,028</u>	<u>(1,872,107)</u>
Expenditures				
Instruction				
Added needs	6,829,736	6,398,117	6,347,206	(50,911)
Supporting services				
Pupil	6,817,687	7,311,940	6,766,022	(545,918)
Instructional staff	685,266	405,208	564,027	158,819
School administration	789,563	845,157	728,726	(116,431)
Operations and maintenance	257,875	257,875	236,436	(21,439)
Pupil transportation services	<u>7,800</u>	<u>7,800</u>	<u>67,789</u>	<u>59,989</u>
Total expenditures	<u>15,387,927</u>	<u>15,226,097</u>	<u>14,710,206</u>	<u>(515,891)</u>
Excess (deficiency) of revenues over expenditures	2,044,167	2,084,038	727,822	(1,356,216)
Other Financing Sources (Uses)				
Transfers out	<u>(2,044,167)</u>	<u>(2,084,038)</u>	<u>(727,822)</u>	<u>1,356,216</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School District of the City of Wyandotte
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th)

		June 30,									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
A.	Reporting unit's proportion of net pension liability (%)	0.3765%	0.3785%	0.3661%							
B.	Reporting unit's proportionate share of net pension liability	\$ 93,930,828	\$ 92,441,069	\$ 80,638,167							
C.	Reporting unit's covered-employee payroll	\$ 31,644,105	\$ 31,495,551	\$ 31,406,574							
D.	Reporting unit's proportionate share of net pension liability as a percentage of its covered- employee payroll	296.84%	293.51%	256.76%							
E.	Plan fiduciary net position as a percentage of total pension liability	63.27%	63.17%	66.20%							

School District of the City of Wyandotte
Required Supplementary Information
Schedule of the School District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

		For the Years Ended June 30,									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
A.	Statutorily required contributions	\$ 6,151,810	\$ 6,069,988	\$ 5,786,416							
B.	Contributions in relation to statutorily required contributions	<u>6,151,810</u>	<u>6,069,988</u>	<u>5,786,416</u>							
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
D.	Reporting unit's covered-employee payroll	32,620,710	31,416,733	31,897,628							
E.	Contributions as a percentage of covered-employee payroll	18.86%	19.32%	18.14%							

Notes: Benefit Charges - There were no changes of benefit terms in 2017. Changes in Assumptions - There were no changes of benefit assumptions in 2017.

OTHER SUPPLEMENTARY INFORMATION

School District of the City of Wyandotte
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Fund		Total Nonmajor
	Cafeteria	Capital Projects Fund - Building and Site	Governmental Funds
Assets			
Due from other funds	\$ 405,675	\$ 276,078	\$ 681,753
Due from other governmental units	72,750	-	72,750
Inventory	14,893	-	14,893
Investments	-	1,444,465	1,444,465
	<u>493,318</u>	<u>1,720,543</u>	<u>2,213,861</u>
Total assets	<u>\$ 493,318</u>	<u>\$ 1,720,543</u>	<u>\$ 2,213,861</u>
Liabilities			
Accounts payable	\$ 25,582	\$ 864	\$ 26,446
Accrued expenditures	14,122	-	14,122
Accrued payroll and related liabilities	23,414	-	23,414
	<u>63,118</u>	<u>864</u>	<u>63,982</u>
Total liabilities			
Fund Balance			
Non-spendable			
Inventory	14,893	-	14,893
Restricted for			
Food service	415,307	-	415,307
Capital projects	-	1,719,679	1,719,679
	<u>430,200</u>	<u>1,719,679</u>	<u>2,149,879</u>
Total fund balance			
Total liabilities and fund balance	<u>\$ 493,318</u>	<u>\$ 1,720,543</u>	<u>\$ 2,213,861</u>

School District of the City of Wyandotte
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	Special Revenue Fund <u>Cafeteria</u>	Capital Projects Fund - Building and Site	Total Nonmajor Governmental Funds
Revenues			
Local sources	\$ 506,569	\$ 12,304	\$ 518,873
State sources	84,755	-	84,755
Federal sources	<u>1,368,705</u>	<u>-</u>	<u>1,368,705</u>
Total revenues	<u>1,960,029</u>	<u>12,304</u>	<u>1,972,333</u>
Expenditures			
Current			
Education			
Food services	2,032,257	-	2,032,257
Facilities acquisition	<u>-</u>	<u>3,756,357</u>	<u>3,756,357</u>
Total expenditures	<u>2,032,257</u>	<u>3,756,357</u>	<u>5,788,614</u>
Excess (deficiency) of revenues over expenditures	(72,228)	(3,744,053)	(3,816,281)
Other Financing Sources (Uses)			
Transfers in	<u>18,927</u>	<u>498,000</u>	<u>516,927</u>
Net change in fund balance	(53,301)	(3,246,053)	(3,299,354)
Fund balance - beginning	<u>483,501</u>	<u>4,965,732</u>	<u>5,449,233</u>
Fund balance - ending	<u>\$ 430,200</u>	<u>\$ 1,719,679</u>	<u>\$ 2,149,879</u>

School District of the City of Wyandotte
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2017

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 8,941,024	\$ 7,948,535
Taxes receivable	258,634	-
Accounts receivable	1,077	1,077
Due from other governmental units	8,545,625	8,085,733
Inventory	23,597	56,701
Prepaid items	<u>10,246</u>	<u>-</u>
 Total assets	 <u><u>\$ 17,780,203</u></u>	 <u><u>\$ 16,092,046</u></u>
Liabilities		
Accounts payable	\$ 134,927	\$ 431,786
State aid anticipation note payable	2,283,510	2,961,475
Due to other funds	3,668,356	3,256,766
Due to other governmental units	720,219	658,870
Accrued payroll and related liabilities	3,000,174	3,437,026
Unearned revenue	<u>676,406</u>	<u>852,446</u>
 Total liabilities	 <u><u>10,483,592</u></u>	 <u><u>11,598,369</u></u>

School District of the City of Wyandotte
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2017

	<u>2017</u>	<u>2016</u>
Deferred Inflows of Resources		
Unavailable revenue		
Grants received	\$ -	\$ 127,039
Enhancement millage	<u>112,436</u>	<u>-</u>
Total deferred inflows of resources	<u>112,436</u>	<u>127,039</u>
Fund Balance		
Non-spendable		
Inventory	23,597	56,701
Prepaid items	10,246	-
Unassigned	<u>7,150,332</u>	<u>4,309,937</u>
Total fund balance	<u>7,184,175</u>	<u>4,366,638</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 17,780,203</u>	<u>\$ 16,092,046</u>

School District of the City of Wyandotte
Other Supplementary Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2017

	Due to (From) Student Groups June 30, 2016	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2017
Garfield School	\$ 22,581	\$ 92,690	\$ 78,312	\$ 36,959
Jefferson School	30,582	31,852	19,912	42,522
Madison Center Program	26,779	37,130	44,301	19,608
Josephine Brighton Work Skills Center	96,531	90,556	80,565	106,522
The Lincoln Center	12,415	16,748	21,913	7,250
Monroe School	2,029	6,609	6,682	1,956
Washington School	38,306	68,148	55,028	51,426
Early Childhood Center	617	-	-	617
Wilson School	97,635	145,121	151,052	91,704
Roosevelt High School	<u>231,277</u>	<u>793,900</u>	<u>791,389</u>	<u>233,788</u>
 Total	 <u>\$ 558,752</u>	 <u>\$ 1,282,754</u>	 <u>\$ 1,249,154</u>	 <u>\$ 592,352</u>