

**Central Montcalm Public School
Stanton, Michigan**

FINANCIAL STATEMENTS

June 30, 2015

Central Montcalm Public School
Stanton, Michigan

June 30, 2015

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Central Montcalm Public School

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Central Montcalm Public School
Stanton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Central Montcalm Public School (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Central Montcalm Public School, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note O to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during the year. As a result, the financial statements now recognize the District's unfunded defined pension benefit obligation as a liability for the first time, and more comprehensively and comparably measures the annual costs of pension benefits. The statement also enhances accountability and transparency through reviewed note disclosures and required supplemental information (RSI). Our opinions are not modified with respect to this matter.

Also as discussed in Note O to the financial statements, the District implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, during the year. As a result, the District recognized a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of proportionate share of net pension liability and contributions, as identified 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 Central Montcalm Public School's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015, on our consideration of Central Montcalm Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Montcalm Public School's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 16, 2015

Central Montcalm Public School
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

This section of the Central Montcalm Public School's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2015. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Central Montcalm Public School financially as a whole. The **district-wide** financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The **fund** financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant (major) fund, (the General Fund) with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary (Student Activities Agency) assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

District-wide Financial Statements

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

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

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund, for example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Central Montcalm Public School

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2015, with comparative information as of June 30, 2014:

Table 1

	<u>Statement of Net Position</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Current Assets	\$ 7,324,664	\$ 6,644,404
Capital Assets	<u>21,353,699</u>	<u>22,226,891</u>
Total Assets	28,678,363	28,871,295
Deferred Outflows of Resources	2,140,813	1,553,770
Liabilities		
Current Liabilities	6,422,476	6,792,885
Noncurrent Liabilities	<u>31,303,764</u>	<u>34,510,196</u>
Total Liabilities	<u>37,726,240</u>	<u>41,303,081</u>
Deferred Inflows of Resources	2,108,232	-
Net Position		
Net investment in capital assets	7,917,040	7,036,977
Restricted	588,134	517,550
Unrestricted	<u>(17,520,470)</u>	<u>(18,432,543)</u>
	<u>\$ (9,015,296)</u>	<u>\$ (10,878,016)</u>

Central Montcalm Public School

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

By far the most significant portion of the District's net position is the negative unrestricted portion related to pensions. This table has been restated from last year to reflect the recording of the pension liability and corresponding deferred inflows and outflows of resources that are required to be recorded as a result of a change in accounting principles. The District also reports its investment in capital assets (e.g., land, buildings, equipment, etc.). The District uses these capital assets to provide services to students and residents of the community; consequently, these assets are *not* available for future spending. Also, a certain amount of net position was restricted for specific purposes such as debt service and food and nutrition.

The analysis in Table 1 focuses on the net position of the District. The effect on net position as a result of the fiscal year activities is reflected in Table 2.

Net investment in capital assets totaling \$7,917,040, compares the original cost, less accumulated depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Capital assets also reflect investments in capital assets from operating funds. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net position for day-to-day operations. Restricted net position reflects the Debt Service fund balances less accrued interest on long-term debt and funds restricted for food and nutrition as of June 30, 2015. Unrestricted net position reflects those assets available to the school district for use in its operation.

The (\$17,520,470) in unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities (Table 2), which shows the changes in net position for fiscal years 2013/2014 and 2014/2015. (Note: the 2014 column is prior to the implementation of GASB No. 68 which was effective for fiscal years beginning after June 15, 2014.) Depreciation costs are not allocated to areas of activities but reflected in the Statement of Activities as unallocated.

Governmental Activities

Table 2

	Year Ended,	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Revenues		
Program Revenues:		
Charges for services	\$ 320,599	\$ 357,055
Operating and capital grants and contributions	2,997,963	2,669,007
General Revenues:		
Property Taxes	3,587,651	3,527,610
State foundation allowance	11,491,265	10,959,236
Other	49,604	89,835
	<hr/>	<hr/>
Total Revenue	18,447,082	17,602,743

Central Montcalm Public School
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

Table 2 – continued

Functions/Program Expenses	Year Ended,	
	June 30, 2015	June 30, 2014
Instruction	9,342,801	9,032,562
Support Services	4,979,300	4,735,622
Food Services	716,310	696,058
Community service	7,990	11,347
Interest and costs on long-term debt	540,886	706,336
Unallocated depreciation	997,075	1,036,904
Total Expenses	16,584,362	16,218,829
Increase in Net Position	\$ 1,862,720	\$ 1,383,914

In the 2014/2015 fiscal year the district experienced an increase in revenue which resulted primarily from an increase in foundation allowance and operating grants even though blended enrollment decreased by 13 students. As a result, the district did not need to implement any mid-year adjustments to ensure a balanced budget. Other factors that positively affected the increased net position for the year include the reduction in debt service payments and decreased unallocated depreciation.

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$16,584,362. Certain activities were partially funded from those who benefited from the programs (\$320,599 charges for services) or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$2,997,963). We paid for the remaining “public benefit” portion of our governmental activities with \$3,587,651 in taxes (for General and Debt funds) and \$11,540,869 in State foundation allowance and other revenues, i.e., interest and general entitlements were able to fully fund current expenses with current revenues therefore we had an increase of net position of \$1,862,720.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District’s taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District’s Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District’s overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$2,837,375, which is an increase of approximately \$1,166,052 from last year. The primary reason for the increase was due to lower expenditures and higher revenues in the General Fund compared to last year.

Central Montcalm Public School
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

General Fund Highlights

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

There were several revisions made to the 2014-2015 General Fund original budget. The total revenue and expenditure budgets were amended and increased to \$1,157,379 and \$791,794, respectively. The increase in revenue was primarily due to an increase of 18 students over the original budget projection. Other revenues were adjusted upward to reflect the actual inflow of revenue received. Expenditures increased reflecting increases in staffing, 147c cost and GSRP program cost. In addition, other costs increased slightly reflecting an inflationary increase in educating the students of Central Montcalm Public School.

Debt Service Fund Highlights

The Debt Service Funds consist of three (3) separate debt funds as follows: 2005 Debt, 2012 Bond Refunding, and 2015 Bond Refunding. The Debt Service Funds are set up to collect taxes and pay annual debt payments. At June 30, 2015, the Debt Service Funds had \$523,847 in fund equity available for future bond payments.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2015, the School District had approximately \$21.4 million invested in a broad range of net capital assets, including land, buildings, vehicles, furniture, and equipment (net of accumulated depreciation). This amount represents a net decrease (including additions and disposals) of approximately \$873,192 from last year's historical cost of capital assets. Below is the historical cost (net of accumulated depreciation) of all District capital assets:

	2015	2014
Land	\$ 12,802	\$ 12,802
Buildings and building improvements	20,594,304	21,230,082
Buses and other vehicles	311,747	322,101
Furniture and equipment	434,846	661,906
Total historical cost	\$ 21,353,699	\$ 22,226,891

See Note C in the financial statements for more details related to capital assets.

This year's additions to historical cost of approximately \$124,000 included the purchase of one school bus and the purchase of computers and various other pieces of equipment.

Central Montcalm Public School
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

Debt

At the end of this year, the School District had approximately \$14.0 million in bonds and other obligations outstanding versus approximately \$15.9 million in the previous year. Those debts consisted of the following:

	2015	2014
Bonds	\$ 11,565,000	\$ 14,335,000
Installment purchase agreements and contracts	566,499	896,998
Compensated absences	191,845	171,936
Capitalized bond premium	1,645,642	522,164
Total	\$ 13,968,986	\$ 15,926,098

The State limits the amount of general obligation debt that schools can issue up to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding qualified general obligation debt of approximately \$14.0 million is below this statutorily imposed limit.

Other obligations including accrued vacation pay and sick leave are reported as required by GASB. We present more detailed information about our long-term liabilities in Note D of the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2015/2016 fiscal year budgets. One of the most important factors affecting the budget is our student count. Another is the State foundation revenue which is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2016 fiscal year will consist of 90% student count in October 2015 and 10% student count in February 2015. The 2015/2016 budget was adopted in June 2015, based on an estimated student enrollment of 1,675. Approximately 85% of total budgeted General Fund revenue is derived from the foundation allowance, including property taxes. Under State law, the School District cannot generate additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget, if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues.

Contacting the District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Business Office.

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BASIC FINANCIAL STATEMENTS

Central Montcalm Public School
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 4,313,855
Due from other governmental units	2,994,508
Inventories	16,301
Total current assets	7,324,664
Noncurrent assets	
Capital assets not being depreciated	12,802
Capital assets, net of accumulated depreciation	21,340,897
Total noncurrent assets	21,353,699
TOTAL ASSETS	28,678,363
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	298,983
Deferred outflows of resources related to pensions	1,841,830
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,140,813
LIABILITIES	
Current liabilities	
Accounts payable	35,438
Accrued payroll	735,018
Accrued liabilities	266,610
Unearned revenue	35,725
Due to other governmental units	114,498
Short-term note payable	3,300,000
Accrued interest payable on long-term debt	199,652
Current portion of compensated absences	81,490
Current portion of long-term debt	1,654,045
Total current liabilities	6,422,476
Noncurrent liabilities	
Noncurrent portion of compensated absences	110,355
Noncurrent portion of long-term debt	12,123,096
Net pension liability	19,070,313
Total noncurrent liabilities	31,303,764
TOTAL LIABILITIES	37,726,240
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	2,108,232
NET POSITION	
Net investment in capital assets	7,917,040
Restricted for debt service	324,195
Restricted for food and nutrition	263,939
Unrestricted	(17,520,470)
TOTAL NET POSITION	\$ (9,015,296)

See accompanying notes to financial statements.

Central Montcalm Public School

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 9,342,801	\$ -	\$ 1,890,887	\$ (7,451,914)
Supporting services	4,979,300	59,248	444,891	(4,475,161)
Community service	7,990	74,461	-	66,471
Food service	716,310	186,890	662,185	132,765
Interest and costs on long-term debt	540,886	-	-	(540,886)
Unallocated depreciation	997,075	-	-	(997,075)
TOTAL	\$ 16,584,362	\$ 320,599	\$ 2,997,963	(13,265,800)
General revenues				
Property taxes				3,587,651
State school aid - unrestricted				11,491,265
Investment earnings				3,148
Miscellaneous				46,456
TOTAL GENERAL REVENUES				15,128,520
CHANGE IN NET POSITION				1,862,720
Restated net position, beginning of year				<u>(10,878,016)</u>
Net position, end of year				<u><u>\$ (9,015,296)</u></u>

See accompanying notes to financial statements.

Central Montcalm Public School

Governmental Funds

BALANCE SHEET

June 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 3,581,137	\$ 732,718	\$ 4,313,855
Due from other governmental units	2,989,447	5,061	2,994,508
Due from other funds	-	38,155	38,155
Inventories	11	16,290	16,301
	<u>6,570,595</u>	<u>792,224</u>	<u>7,362,819</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 31,941	\$ 3,497	\$ 35,438
Accrued payroll	734,419	599	735,018
Accrued liabilities	266,610	-	266,610
Unearned revenue	35,725	-	35,725
Due to other funds	37,813	342	38,155
Due to other governmental units	114,498	-	114,498
Short-term note payable	3,300,000	-	3,300,000
	<u>4,521,006</u>	<u>4,438</u>	<u>4,525,444</u>
TOTAL LIABILITIES			
FUND BALANCES			
Nonspendable			
Inventories	11	-	11
Restricted			
Debt service	-	523,847	523,847
Food and nutrition	-	263,939	263,939
Unassigned	2,049,578	-	2,049,578
	<u>2,049,589</u>	<u>787,786</u>	<u>2,837,375</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,570,595</u>	<u>\$ 792,224</u>	<u>\$ 7,362,819</u>

See accompanying notes to financial statements.

Central Montcalm Public School

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

June 30, 2015

Total fund balances - governmental funds **\$ 2,837,375**

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

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

The cost of capital assets is	\$ 37,687,677	
Accumulated depreciation is	<u>(16,333,978)</u>	
		21,353,699

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

Deferred charges on refunding		298,983
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Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In additions resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	1,841,830	
Deferred inflows of resources related to pensions	<u>(2,108,232)</u>	
		(266,402)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds and other long-term debt	(13,777,141)	
Accrued interest payable on long-term debt	(199,652)	
Compensated absences	(191,845)	
Net pension liability	<u>(19,070,313)</u>	
		<u>(33,238,951)</u>

Net position of governmental activities **\$ (9,015,296)**

Central Montcalm Public School

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Local sources	\$ 1,821,004	\$ 2,158,873	\$ 3,979,877
State sources	12,775,862	39,247	12,815,109
Federal sources	717,346	622,938	1,340,284
TOTAL REVENUES	15,314,212	2,821,058	18,135,270
EXPENDITURES			
Current			
Instruction	9,247,797	-	9,247,797
Supporting services	5,062,077	-	5,062,077
Food service	-	710,540	710,540
Community service	7,990	-	7,990
Debt service	317,156	1,772,129	2,089,285
TOTAL EXPENDITURES	14,635,020	2,482,669	17,117,689
EXCESS OF REVENUES OVER EXPENDITURES	679,192	338,389	1,017,581
OTHER FINANCING SOURCES (USES)			
Other transactions	311,812	-	311,812
Transfers in	30,000	307,800	337,800
Transfers out	(8,550)	(329,250)	(337,800)
Bond proceeds	-	10,460,000	10,460,000
Premium on refunding bonds issued	-	1,645,642	1,645,642
Transfer from escrow account	-	(12,268,983)	(12,268,983)
TOTAL OTHER FINANCING SOURCES (USES)	333,262	(184,791)	148,471
NET CHANGE IN FUND BALANCES	1,012,454	153,598	1,166,052
Fund balances, beginning of year	1,037,135	634,188	1,671,323
Fund balances, end of year	<u>\$ 2,049,589</u>	<u>\$ 787,786</u>	<u>\$ 2,837,375</u>

See accompanying notes to financial statements.

Central Montcalm Public School

RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Net change in fund balances - total governmental funds **\$ 1,166,052**

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

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

Capital outlay	\$ 123,883	
Depreciation expense	<u>(997,075)</u>	
Excess of depreciation expense over capital outlay		(873,192)

Repayments of long-term debt and borrowings of long-term debt are reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the current year, these amounts consisted of:

Amortization of deferred charges	(182,267)	
Net additions to issuance premium	(1,123,478)	
Debt principal retirement	13,560,499	
Borrowing of long-term debt	<u>(10,460,000)</u>	
Excess of principal retirements over other debt related items		1,794,754

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in net pension liability	1,216,951	
Change in deferred outflows of resources related to pensions	769,310	
Change in deferred inflows of resources related to pensions	(2,108,232)	
(Increase) in accrued interest payable on long-term debt	(83,014)	
(Increase) in compensated absences	<u>(19,909)</u>	
		<u>(224,894)</u>

Change in net position of governmental activities **\$ 1,862,720**

Central Montcalm Public School

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 187,988</u>
LIABILITIES	
Due to student activities	172,883
Due to others	<u>15,105</u>
TOTAL LIABILITIES	<u>\$ 187,988</u>

See accompanying notes to financial statements.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

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

2. Basis of Presentation

DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

The major governmental fund of the District is:

- a. General Fund - The General Fund is used to account for money or other resources provided to the District to support the educational programs and general operations of the District.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus

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

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

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

4. Basis of Accounting

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

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

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

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

5. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All unexpended appropriations lapse at fiscal year end.

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means for financing them.
- b. Public hearings are conducted to obtain taxpayer comments.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets and Budgetary Accounting - continued

- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amounts appropriated.
- d. The budgets are legally adopted at the functional level; however, they are maintained at the object level for control purposes. Any revisions that alter the total expenditures at the functional level must be approved by the School Board.
- e. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
- f. The budget, as presented, has been amended in a legally permissible manner. Supplemental appropriations were made during the year with the final amendments being approved June 15, 2015.

6. Cash

Cash consists of checking accounts and cash on hand.

7. Short-term Interfund Receivables/Payables

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

8. Due From Other Governmental Units

Due from other governmental units consists of various amounts owed to the District for grant programs and State Aid payments. The State of Michigan's funding stream of State Aid payments results in the final two (2) payments, related to the fiscal year ended June 30, 2015, to be paid in July and August 2015. The total amount of \$2,994,508 due from other governmental units consists of \$2,237,373 and \$757,135 related to State Aid and grant and local programs, respectively.

9. Inventories

Inventories are stated at cost on a first in/first out basis. The Food Service Fund inventory consists of food and miscellaneous paper goods. Inventory that will be sold, rather than used in providing services (i.e., food in the Food Service Fund), and for which the proceeds from the sales are restricted for food service activities are not classified as "nonspendable" but instead are reflected as a component of restricted fund balance in accordance with GASB Statement No. 54. The General Fund inventory consists of paper goods. Inventory amounts are equally offset by a fund balance "nonspendable" designation which indicates that they do not constitute "available spendable resources" even though they are a component of fund balance.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Capital Assets

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

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

Buildings and building improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and equipment	5-20 years

11. Compensated Absences

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

12. Deferred Outflows/Inflows of Resources

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

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

13. Unearned Revenue

The unexpended balance of certain state aid amounts are carried forward as unearned revenue in governmental funds until the period in which eligible expenditures are incurred. Amounts shown as unearned revenue on the Statement of Net Position relate to the same state aid amounts and are shown here because they are not earned.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the district-wide statements as a current liability under the appropriate heading.

15. Short-Term Note Obligations

Short-term debt is recognized as a liability of a governmental fund and is included on the balance sheet of the applicable fund. During the current year the District borrowed funds to meet short-term cash flow borrowing needs. The final payment is due and payable in August 2015 and anticipated State Aid along with cash on hand is expected to be sufficient to cover this commitment.

16. Long-term Obligations

Long-term debt is recognized as a liability in the district-wide statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the Debt Service Funds for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

17. Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized on district-wide financial statements as the District's proportionate share of the Michigan Public School Employees' Retirement System's (MPSERS) total pension liability, less the pension plan's fiduciary net position.

18. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied.

The District levies taxes of \$18.00 per \$1,000 of taxable valuation on most nonprimary residency exempt property and \$6 per \$1,000 of taxable valuation on commercial personal property for general governmental services and \$7 per \$1,000 of taxable valuation on the total applicable taxable valuation of all property within the District for debt service. The District is also permitted to levy additional amounts for enhancement and/or debt service if voter approval is obtained. Total 2014 taxable value of the District, which was used for the basis of the tax revenue for the General and applicable Debt Service Funds, was \$279,769,018.

19. State Foundation Revenue

Beginning with the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a state wide formula. Prior to the fiscal year ended June 30, 1995, the State utilized a district power equalizing approach. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2015, the foundation allowance was based on the average of pupil membership counts taken in September 2014 and February 2015. The average calculation was weighted 90% for the September 2014 count and 10% for the February 2015 count.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

19. State Foundation Revenue - continued

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

20. State Categorical Revenue

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

21. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Transfers of resources to other funds are recorded as operating transfers. Transfers are netted as part of the reconciliation to the district-wide financial statements.

22. Federal Programs

Federal programs are accounted for in the General Fund and specific Special Revenue Funds. The District has not integrated its Single Audit reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

23. Comparative Data

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

NOTE B: CASH

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

1. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
2. Certificates of deposit issued by a State or national bank, savings accounts of a State or Federal savings and loan association, or certificates of deposit or share certificates of a State or Federal credit union organized and authorized to operate in this State.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
4. Securities issued or guaranteed by agencies or instrumentalities of the United States government.
5. United States government or federal agency obligation repurchase agreements.

Central Montcalm Public School
 NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE B: CASH - CONTINUED

6. Bankers' acceptances issued by a bank that is a member of the Federal Depository Insurance Corporation.
7. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a School District.
8. Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a School District.

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

Deposits

There is custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2015, the carrying amount of the District's deposits was \$4,501,743 and the bank balance was \$4,644,478, of which \$500,617 was insured by the Federal Depository Insurance Corporation. The balance of \$4,143,861 was uninsured and uncollateralized. The District had \$100 of cash on hand at year end.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issue by nationally recognized statistical rating organizations (NRSRO'S). As of June 30, 2015, they had no investments that were subject to ratings.

Interest Rate Risk

The District has adopted a policy that indicates how the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Concentration of Credit Risk

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

Custodial Credit Risk

The District has adopted a policy that indicates how the District will minimize custodial credit risk. Custodial credit risk is the risk of loss due to the failure of the security issuer or backer. The Board policy limits investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business in accordance with the Board approved policy.

As of June 30, 2015, the cash referred to above have been reported in the cash caption in the basic financial statements as follows:

	Governmental Activities	Fiduciary Fund	Total
Cash	\$ 4,313,855	\$ 187,988	\$ 4,501,843

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 12,802	\$ -	\$ -	\$ 12,802
Capital assets being depreciated				
Buildings and building improvements	31,495,855	-	-	31,495,855
Buses and other vehicles	1,464,261	75,000	(121,176)	1,418,085
Furniture and equipment	4,712,052	48,883	-	4,760,935
Total capital assets being depreciated	37,672,168	123,883	(121,176)	37,674,875
Less accumulated depreciation for:				
Buildings and building improvements	(10,265,773)	(635,778)	-	(10,901,551)
Buses and other vehicles	(1,142,160)	(74,961)	110,783	(1,106,338)
Furniture and equipment	(4,050,146)	(275,943)	-	(4,326,089)
Total accumulated depreciation	(15,458,079)	(986,682)	110,783	(16,333,978)
Net capital assets being depreciated	22,214,089	(862,799)	(10,393)	21,340,897
Capital assets, net	<u>\$ 22,226,891</u>	<u>\$ (862,799)</u>	<u>\$ (10,393)</u>	<u>\$ 21,353,699</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated". The current depreciation expense in the Governmental Activities of \$986,682 has been adjusted by \$10,393 for the disposal of capital assets during the year, in accordance with GASB Statement No. 34 implementation guide states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

NOTE D: LONG-TERM DEBT

The following is a summary of changes in long-term debt obligations of the District for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due within One Year
2005 Refunding Bonds	\$ 12,870,000	\$ -	\$ (12,870,000)	\$ -0-	\$ -
2010 Installment Purchase Agreement - Energy	600,000	-	(75,000)	525,000	75,000
2010 Installment Purchase Agreement - Technology	214,000	-	(214,000)	-0-	-
2012 Refunding Bonds	1,465,000	-	(360,000)	1,105,000	450,000
2015 Refunding Bonds	-	10,460,000	-	10,460,000	970,000
Capitalized bond premium	522,164	1,645,642	(522,164)	1,645,642	117,546
Contract payable	82,998	-	(41,499)	41,499	41,499
Compensated absences	171,936	91,683	(71,774)	191,845	81,490
	<u>\$ 15,926,098</u>	<u>\$ 12,197,325</u>	<u>\$ (14,154,437)</u>	<u>\$ 13,968,986</u>	<u>\$ 1,735,535</u>

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE D: LONG-TERM DEBT - CONTINUED

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

General Obligation Bond

\$1,930,000 2012 Refunding Bonds dated September 12, 2012, due in annual installments ranging from \$100,000 to \$555,000 through May 1, 2018, with interest ranging from 2.00 to 2.30 percent, payable semi-annually.	\$ 1,105,000
\$10,460,000 2015 Refunding Bonds dated February 10, 2015, due in annual installments ranging from \$590,000 to \$970,000 through May 1, 2029, with interest ranging from 3.00 to 5.00 percent, payable semi-annually.	<u>10,460,000</u>
	<u>\$ 11,565,000</u>

Installment Purchase Agreement

\$900,000 Energy Installment Purchase Agreement dated July 1, 2010, due in annual installments of \$75,000 through May 1, 2022, with interest of 3.48 percent, payable semi-annually.	\$ 525,000
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Contract Payable

\$214,787 Contract Payable dated July 1, 2011, due in annual installments of \$41,499 through 2016, payable annually with no interest.	<u>41,499</u>
	<u>\$ 566,499</u>

Compensated Absences - In accordance with District personnel policies and/or contracts negotiated with various employee groups of the District, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts:

Teachers will be paid for a maximum of 145 days unused sick days based on years of service at a range of \$40 - \$50 per unused sick day accumulated.

All other non-union support staff will be paid \$30 per unused sick day accumulated with a maximum of 145 days.

The superintendent's, administrators', and other union exempt employees' maximum sick and vacation pay is based on individual agreements.

Under GASB Statement No. 16 requirements, the District has elected to implement the "vesting" method of calculating the compensated absences liability. The amounts accumulated for all employees currently vested are calculated along with an amount for other employees who currently are not vested but are probable to vest in future years. The amounts for employees who currently are not vested are calculated taking total unused sick pay amounts at June 30, 2015, for all nonvested employees and multiplying it by a historical termination percentage. This percentage is based on an estimate of the percentage of employees who have terminated employment fully vested in the past five (5) years.

Central Montcalm Public School

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE D: LONG-TERM DEBT - CONTINUED

A summary of the calculated amounts of compensated absences and related payroll taxes as of June 30, 2015, which has been recorded in the district-wide financial statements, is as follows:

	Vested Employees	Nonvested Employees	Total
Compensated absences	\$ 108,110	\$ 70,101	\$ 178,211
Payroll taxes	8,271	5,363	13,634
	<u>\$ 116,381</u>	<u>\$ 75,464</u>	<u>\$ 191,845</u>

The annual requirements to pay the debt principal and interest outstanding for the Long-Term Debt are as follows:

Year Ending June 30,	General Obligation Bonds		Installment Purchase Agreements and Contract Payable	
	Principal	Interest	Principal	Interest
2016	\$ 1,420,000	\$ 609,550	\$ 116,499	\$ 18,270
2017	1,410,000	463,810	75,000	15,660
2018	935,000	417,400	75,000	13,050
2019	830,000	381,700	75,000	10,440
2020	805,000	348,500	75,000	7,830
2021-2025	3,675,000	1,162,500	150,000	7,830
2026-2029	2,490,000	305,750	-	-
	<u>\$ 11,565,000</u>	<u>\$ 3,689,210</u>	<u>\$ 566,499</u>	<u>\$ 73,080</u>

Advance Refunding - Current

On February 10, 2015, the District defeased the portion of the 2005 Refunding Bonds which were due and payable May 1, 2016 through May 1, 2029. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The District issued General Obligation 2015 Refunding Bonds in the amount of \$10,460,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2015, bonds due and payable May 1, 2016 through May 1, 2029, for the 2005 Refunding Bonds in the amount of \$11,970,000 are considered defeased.

As a result of the advance refunding, the District decreased its total debt service requirements by \$2,273,610, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,866,104.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2015, are as follows:

Due to nonmajor governmental funds from:	
General Fund	\$ 37,813
Nonmajor governmental funds	<u>342</u>
	<u>\$ 38,155</u>

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

NOTE F: INTERFUND TRANSFERS

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

Transfer to nonmajor governmental funds from:	
General Fund	\$ 8,550
Nonmajor governmental funds	<u>299,250</u>
	<u>\$ 307,800</u>
Transfer to General Fund from:	
Nonmajor governmental funds	<u>\$ 30,000</u>

The transfer from the General Fund to the nonmajor governmental fund was to fund current year operations. The transfer from the nonmajor governmental fund to the General Fund was to reimburse the General Fund for expenses incurred during the year. The transfer between nonmajor governmental funds was to close out activity in the 2005 Debt Fund due to a refunding of that debt during the year.

NOTE G: OPERATING LEASE

The District entered into a noncancellable operating lease for office equipment in November 2013. Lease expense for the year ended June 30, 2015 was \$44,507.

Future minimum lease payments under the noncancellable operating lease are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2016	\$ 44,075
2017	44,075
2018	44,075
2019	<u>14,690</u>
	<u>\$ 146,915</u>

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM

PLAN DESCRIPTION

The Michigan Public School Employees' Retirement System (MPERS) (the System) 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 MPERS board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>. MPERS board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member. The Governor appointed board members consist of:

- Two active classroom teachers or other certified school personnel.
- One active member or retirant from a non-certified support position.
- One active school system superintendent.
- One active finance or operations (non-superintendent) member.
- One retirant from a classroom teaching position.
- One retirant from a finance or operations management position.
- One administrator or trustee of a community college that is a reporting unit of the System.
- Two from the general public, one with health insurance or actuarial science experience, and one with institutional investment experience.
- One elected member of a reporting unit's board of control.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees' Retirement Act. There are 685 participating employers. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges and seven universities may be members. The seven universities are: Eastern Michigan, Central Michigan, Northern Michigan, Western Michigan, Ferris State, Michigan Technological, and Lake Superior State. Employees, who first become employed by one of the seven universities on or after January 1, 1996, become members of an alternative plan.

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Comprehensive Annual Financial Report.

The System is administered by the Office of Retirement Services 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.

Membership

At September 30, 2014, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	181,489
Survivor benefits	16,855
Disability benefits	<u>6,168</u>
Total	204,512

Central Montcalm Public School
 NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

PLAN DESCRIPTION - CONTINUED

Membership - continued

Inactive plan members entitled to but not yet receiving benefits:	16,979
Active plan members:	
Vested	108,934
Non-vested	101,843
Total	210,777
Total plan members	432,268

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Member Contributions

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

BENEFITS PROVIDED - CONTINUED

Member Contributions - continued

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Their options are described in detail under Pension Reform 2012 beginning on later in this note. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

Employer Contributions

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

GASB Statement No. 67, which was adopted during the year ended September 30, 2014, addresses accounting and financial reporting requirements for pension plans. The requirements for GASB Statement No. 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information.

Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The implementation of GASB Statement No. 67 did not significantly impact the accounting for accounts receivable and investment balances.

Reserves

Reserve for Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Retired Benefit Payments for regular and disability retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Employer Contributions representing unclaimed funds.

Members no longer contribute to this reserve except to purchase eligible service credit or repay previously refunded contributions. At September 30, 2014, the balance in this reserve was \$1.5 billion.

Reserve for Pension Plus Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Pension Plus Retired Benefit Payments for regular retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Pension Plus Employer Contributions representing unclaimed funds. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was \$59.5 million.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reserves - continued

Reserve for Member Investment Plan - This reserve represents MIP contributions and interest less refunds and transfers to the Reserve for Retired Benefit Payments. At September 30, 2014, the balance in this reserve was \$4.7 billion.

Reserve for Employer Contributions - This reserve represents all reporting unit contributions, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually. Amounts are transferred annually to the Reserve for Retired Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was (\$25.8) billion.

Reserve for Pension Plus Employer Contributions - This reserve represents all reporting unit contributions for Pension Plus members, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually at a rate of 7%. Amounts are transferred annually to the Reserve for Retired Pension Plus Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was \$55.5 million.

Reserve for Retired Benefit Payments - This reserve represents payments of future retirement benefits to current retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was \$44.6 billion.

Reserve for Retired Pension Plus Benefit Payments - This reserve represents payments of future retirement benefits to current Pension Plus retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Pension Plus Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. Currently, there are no participants qualified to retire under this program. At September 30, 2014, the balance in this reserve was \$0.

Reserve for Undistributed Investment Income - This reserve represents all investment earnings. Interest is transferred annually to the other reserves. Administrative expenses of the System are paid from the Reserve for Administrative Expenses, which is credited with amounts from the Reserve for Undistributed Investment Income to cover the expenses. For ease of reporting and understanding, the two reserves are presented as one reserve in the supporting schedules. Public Act 143 of 1997 established a stabilization subaccount within the Reserve for Undistributed Investment Income to which any over funding is credited. As of September 30, 2014, the balance in the subaccount was zero. At September 30, 2014, the balance in this reserve was \$18.6 billion.

Reserve for Health (OPEB) Related Benefits - This reserve is credited with employee and employer contributions for retirees' health, dental, and vision benefits. Starting in fiscal year 2013, the employer contribution is based on a prefunded basis and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. In addition, in fiscal year 2014, federal funding for Medicare Part D and Employer Group Waiver Plan (EGWP) was paid directly to a third party vendor. The third party vendor uses the EGWP funding for any claims submitted and bills the system for any remaining claims outstanding. Premiums for health, dental and vision benefits are paid from this reserve. At September 30, 2014, the balance in this reserve was \$3.5 billion.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reporting Entity

The System is a pension and other employee benefit trust fund of the State. As such, the System is considered part of the State and is included in the State's Comprehensive Annual Financial Report as a pension and other employee benefit trust fund. The System and its Board are not financially accountable for any other entities or other organizations.

Benefit Protection

Public Act 100 of 2002 was passed by the Michigan Legislature to protect pension benefits of public employees from alienation (being transferred). Alienation is attachment, garnishment, levy, execution, bankruptcy, or other legal process except for divorce orders or eligible domestic relation orders. The statutes governing the System contained an "antialienation" clause to provide for this protection; however, many smaller public pension systems did not have the benefit of this protection. Therefore, Public Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

Fair Value of Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on the net asset value reported in the financial statements of the respective investment entity. The net asset value is determined in accordance with governing documents of the investment entity, and is subject to an independent annual audit. Securities purchased with cash collateral under securities lending activities are recorded at estimated fair value. Other investments not having an established market are recorded at estimated fair value.

Investment Income

Dividend and interest income is recognized on the accrual basis. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date (the date upon which the transaction is initiated), except for purchase and sale of mortgages, real estate, and alternative investments which are recorded as of the settlement date (the date upon which the transaction is ultimately completed). The effect of recording such transactions as of the settlement date does not materially affect the System's financial statements.

Costs of Administering the System

Each year a restricted State general fund appropriation is requested to fund the on-going business operations of the System. These administrative costs are ultimately funded by the System through the regular transfer of funds from the System to the State's general fund based on either a direct cost or allocation basis depending on the nature of the expense. Costs of administering the System are financed by undistributed investment income of the System.

Cash

At September 30, 2014, the System had \$246.7 million in a common cash investment pool maintained for various State operating funds. The participating funds in the common cash pool earn interest at various rates depending upon prevailing short-term interest rates. Earnings from these activities amounted to (\$0.6) thousand for the year ended September 30, 2014.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

CONTRIBUTIONS AND FUNDING STATUS

The majority of the members currently participate on a contributory basis, as described above under "Benefits Provided". Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of the September 30, 2014 valuation will be amortized over a 22 year period for the 2014 fiscal year. The schedule below summarizes pension contribution rates in effect for the System's fiscal year 2014.

Pension Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0 %	18.34 - 19.61 %
Member Investment Plan	3.0 - 7.0	18.34 - 19.61
Pension Plus	3.0 - 6.4	18.11
Defined Contribution	0.0	15.44 - 16.61

The System may reconcile with actuarial requirements annually. If the System reconciles in a year, any funding excess or deficiency for pension benefits is smoothed over a maximum of 5 years, with at least one-fifth (20%) of the funding excess or deficiency included in the subsequent year's contribution. This payment is not recognized as a payable or receivable in the accounting records. If the System does not reconcile in a year, any funding excess or deficiency for pension benefits is accounted for in subsequent required contributions over the remaining amortization period. For fiscal year 2014, the System did not reconcile.

In May 1996, the Internal Revenue Service issued a private letter ruling allowing the System's members to purchase service credit and repay refunds using tax-deferred (pre-tax) dollars. The program was implemented in fiscal year 1998, and payments began in fiscal year 1999.

The program allows members to purchase service credit and repay refunds on a tax-deferred basis. Members sign an irrevocable agreement that identifies the contract duration, monthly payment, total contract amount, and years of service credit being purchased. The duration of the contract can range from 1 to 20 years. The amounts are withheld from members' paychecks and are treated as employer pick-up contributions pursuant to Internal Revenue Code Section 414(h). At September 30, 2014, there were 16,503 agreements. The agreements were discounted using the assumed actuarial rate of return of 8% for September 30, 2014. The average remaining length of a contract was approximately 6.0 years for 2014. The short-term receivable was \$29.7 million and the discounted long-term receivable was \$83.6 million at September 30, 2014.

Central Montcalm Public School
 NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY

Measurement of the MPSERS (the Plan) Net Pension Liability

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

MPSERS (Plan) Net Pension Liability - Non-University
 As of September 30, 2014

Total Pension Liability		\$ 65,160,887,182
Plan Fiduciary Net Position		43,134,384,072
Net Pension Liability		\$ 22,026,503,110
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		66.20%
Net Pension Liability as a percentage of Covered-Employee Payroll		250.11%

Year 1 MPSERS GASB 68 implementation recognizes a 0.00% change in the District's proportionate share between beginning net pension liability and ending net pension liability.

MPSERS (Plan) Net Pension Liability - Non-University
 As of October 1, 2013

Total Pension Liability		\$ 62,859,499,994
Plan Fiduciary Net Position		39,427,686,072
Net Pension Liability		\$ 23,431,813,922

Proportionate Share of Central Montcalm Public School's Net Pension Liability

At September 30, 2014, the Central Montcalm Public School reported a liability of \$ 19,070,313 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013, as of that date. The Central Montcalm Public School's proportionate share of the net pension liability was based on statutorily required contributions in relation to all reporting units' statutorily required contributions for the measurement period. At September 30, 2014, the Central Montcalm Public School's proportionate share percent was 0.08658 percent.

Central Montcalm Public School
 NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	4.8 %
% Alternative Investment Pools	18.0	8.5
International Equity	16.0	6.1
Fixed Income Pools	10.5	1.5
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	15.5	6.3
Short Term Investment Pools	2.0	-0.2
Total	100 %	

*Long term rate of return does not include 2.5% inflation

Rate of Return

For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 12.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 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.

Central Montcalm Public School
 NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

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

As required by GASB Statement No. 68, the following presents the District's proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease (Non-Hybrid/Hybrid) 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%
\$ 25,142,547	\$ 19,070,313	\$ 13,954,366

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every year. If the actuarial valuation is not calculated as of the Plan's fiscal year end, the total pension liability is required to be rolled forward from the actuarial valuation date to the Plan's fiscal year end.

The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions

Actuarial valuations for the Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

Actuarial Valuations and Assumptions - continued

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions

Wage Inflation Rate:	3.5%
Investment Rate of Return	
- MIP and Basic Plans (Non-Hybrid):	8.0%
- Pension Plus Plan (Hybrid):	7.0%
Projected Salary Increases:	3.5 - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Healthcare Cost Trend Rate:	8.5% Year 1 graded to 3.5% Year 12
Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For Retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

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

For the year ended June 30, 2015, the District recognized total pension expense of \$1,544,748. At June 30, 2015, the 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
Changes of assumptions	\$ 703,654	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,108,231
Changes in proportion and differences between Central Montcalm Public School's contributions and proportionate share of contributions	-	1
Central Montcalm Public School's contributions subsequent to the measurement date	1,138,176	-
Total	\$ 1,841,830	\$ 2,108,232

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, \$1,138,176, which will impact the net pension liability in fiscal year 2016, rather than pension expense.

Deferred (Inflows) and Deferred Outflows Of Resources By Year (To Be Recognized In Future Pension Expenses)

<u>Year Ended September 30,</u>	<u>Amount</u>
2015	\$ (344,087)
2016	(344,086)
2017	(344,086)
2018	(372,319)

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

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

Contribution rates for the year ended June 30, 2015, are as follows:

	<u>Health Contribution Rate</u>	
	<u>Basic/MIP</u>	<u>Pension Plus</u>
July 1, 2014 - September 30, 2014	5.52 - 6.45%	5.52 - 6.45%
October 1, 2014 - June 30, 2015	2.20 - 2.71%	2.20 - 2.71%

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE I: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

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

Fiscal Year Ending June 30,	Defined Benefit Plan	Defined Contribution Plan	
	Employer Health Contributions	Employer Contributions	Employee Contributions
2015	\$ 249,791	\$ 12,603	\$ 12,602
2014	750,220	2,161	4,039
2013	677,282	1,316	2,220

NOTE J: RISK MANAGEMENT

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

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

NOTE K: SHORT-TERM NOTES

On August 20, 2013, the District issued a short-term State School Aid Anticipation Note in the amount of \$3,700,000 for the purpose of funding operating expenditures until the 2013-2014 State Aid payments resumed. This short-term note, which had a net outstanding balance of \$3,723,577 (principal and accrued interest payable) at June 30, 2014, was reported in the General Fund under the caption short-term notes payable and the applicable accrued interest is included within accrued liabilities at June 30, 2014. The outstanding balance was paid August 20, 2014.

On August 20, 2014, the District issued a short-term State School Aid Anticipation Note in the amount of \$3,300,000 for the purpose of funding operating expenditures until the 2014-2015 State Aid payments resumed. This short-term note, which had a net outstanding balance of \$3,321,028 (principal and accrued interest payable) at June 30, 2015, is reported in the General Fund under the caption short-term notes payable and the applicable accrued interest is included within accrued liabilities. The outstanding balance was paid August 20, 2015.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE L: SUBSEQUENT EVENT

After the year ended June 30, 2015, the following subsequent event occurred:

On August 20, 2015, the District issued a State School Aid Anticipation Note in the amount of \$2,850,000 for the purpose of funding operating expenditures until the fiscal year 2015-2016 State Aid payments begin. This short-term note will be paid off when the District accumulates sufficient State Aid revenues in the next fiscal year. Future anticipated State Aid and other local funds are expected to be sufficient to cover this commitment.

NOTE M: DETAILS OF FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

Fund Balance Classification Policies and Procedures

For committed fund balance, Central Montcalm Public School's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through a formal action and approval by the Board of Education and committed fund balances do not lapse at year end.

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

For the classification of fund balances, Central Montcalm Public School considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, Central Montcalm Public School considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Central Montcalm Public School
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE N: RESTATEMENT OF BEGINNING NET POSITION

Beginning net position has been restated for governmental activities due to a change in accounting principles.

Ending net position as of June 30, 2014	\$ 8,336,728
Beginning net pension liability	(20,287,264)
Beginning deferred outflows for contributions subsequent to the measurement date	<u>1,072,520</u>
Restated net position as of June 30, 2014	<u><u>\$(10,878,016)</u></u>

NOTE O: CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented during the current year. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual cost of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, was implemented during the year as it is required to be applied simultaneously with the provisions of GASB Statement No. 68. The statement addresses an issue regarding the application of the transition provisions of GASB Statement No. 68 and amends paragraph 137 of GASB Statement No. 68 and requires that, at transition, the District recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

NOTE P: UPCOMING CHANGES IN ACCOUNTING PRINCIPLES

In March 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurement. The District is currently evaluating the impact this standard will have on the financial statements when adopted for the District's 2015-2016 fiscal year.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The District is currently evaluating the impact this standard will have on the financial statements when adopted. This statement will be effective for the District's 2016-2017 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District's 2017-2018 fiscal year.

Central Montcalm Public School

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE P: UPCOMING CHANGES IN ACCOUNTING PRINCIPLES - CONTINUED

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of General Accepted Accounting Principles for State and Local Governments*. The statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently evaluating the impact this standard will have on the financial statements when adopted. This statement will be effective for the District's 2015-2016 fiscal year.

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

REQUIRED SUPPLEMENTARY INFORMATION

Central Montcalm Public School

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Local sources	\$ 1,650,060	\$ 1,798,520	\$ 1,821,004	\$ 22,484
State sources	11,832,952	12,796,161	12,775,862	(20,299)
Federal sources	749,165	732,653	717,346	(15,307)
TOTAL REVENUES	14,232,177	15,327,334	15,314,212	(13,122)
EXPENDITURES				
CURRENT				
INSTRUCTION				
Basic programs	6,671,250	7,014,919	7,083,401	(68,482)
Added needs	2,407,045	2,556,300	2,164,396	391,904
TOTAL INSTRUCTION	9,078,295	9,571,219	9,247,797	323,422
SUPPORTING SERVICES				
Pupil	597,740	588,575	588,095	480
Instructional staff	422,250	483,082	440,591	42,491
General administration	444,320	472,600	439,300	33,300
School administration	827,950	819,520	795,903	23,617
Business and central services	184,960	200,120	191,489	8,631
Operations and maintenance	1,282,740	1,385,543	1,263,111	122,432
Transportation	885,555	967,546	871,742	95,804
Non-instructional training	15,000	9,229	2,048	7,181
Technology/data services	249,300	271,500	255,537	15,963
Athletics	209,190	209,190	214,261	(5,071)
TOTAL SUPPORTING SERVICES	5,119,005	5,406,905	5,062,077	344,828
COMMUNITY SERVICES	-	10,970	7,990	2,980
DEBT SERVICE	318,000	318,000	317,156	844
TOTAL EXPENDITURES	14,515,300	15,307,094	14,635,020	672,074
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(283,123)	20,240	679,192	658,952

Central Montcalm Public School

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OTHER FINANCING SOURCES (USES)				
Other transactions	\$ 209,000	\$ 271,222	\$ 311,812	\$ 40,590
Transfers from other funds	-	-	30,000	30,000
Transfers to other funds	(10,000)	(10,000)	(8,550)	1,450
TOTAL OTHER FINANCING SOURCES (USES)	199,000	261,222	333,262	72,040
NET CHANGE IN FUND BALANCE	(84,123)	281,462	1,012,454	730,992
Fund balance, beginning of year	1,037,135	1,037,135	1,037,135	-0-
Fund balance, end of year	\$ 953,012	\$ 1,318,597	\$ 2,049,589	\$ 730,992

Central Montcalm Public School

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Michigan Public School Employee Retirement Plan

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

	<u>2014</u>
Central Montcalm Public School's proportion of net pension liability (%)	0.08658%
Central Montcalm Public School proportionate share of net pension liability	\$ 19,070,313
Central Montcalm Public School's covered-employee payroll	\$ 7,055,881
Central Montcalm Public School's proportionate share of net pension liability as a percentage of its covered-employee payroll	270.28%
Plan fiduciary net position as a percentage of total pension liability	66.20%

Central Montcalm Public School

SCHEDULE OF CONTRIBUTIONS

Michigan Public School Employee Retirement Plan

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

	<u>2015</u>
Statutorily required contributions	\$ 1,588,054
Contributions in relation to statutorily required contributions	<u>1,588,054</u>
Contribution deficiency (excess)	<u>\$ -0-</u>
Central Montcalm Public School's covered employee payroll	\$ 6,922,934
Contributions as a percentage of covered-employee payroll	22.94%

Central Montcalm Public School

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2015

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

The approved budgets of the District have been adopted at the functional level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended June 30, 2015, the District incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Expenditures			
Instruction			
Basic needs	\$ 7,014,919	\$ 7,083,401	\$ 68,482
Supporting services			
Athletics	209,190	214,261	5,071

NOTE B: MICHIGAN PUBLIC SCHOOL EMPLOYEE RETIREMENT PLAN

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

Change of assumptions: There were no changes of benefit assumptions in 2015.

OTHER SUPPLEMENTARY INFORMATION

Central Montcalm Public School

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2015

	Special	Debt Service Funds			Total
	Revenue Fund	2005	2012 Bond	2015 Bond	
	Food	Debt	Refunding	Refunding	
	Service				
ASSETS					
Cash	\$ 208,529	\$ -	\$ 118,106	\$ 406,083	\$ 732,718
Due from other governmental units	5,061	-	-	-	5,061
Due from other funds	38,155	-	-	-	38,155
Inventories	16,290	-	-	-	16,290
TOTAL ASSETS	\$ 268,035	\$ -0-	\$ 118,106	\$ 406,083	\$ 792,224
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,497	\$ -	\$ -	\$ -	\$ 3,497
Accrued payroll	599	-	-	-	599
Due to other funds	-	-	342	-	342
TOTAL LIABILITIES	4,096	-0-	342	-0-	4,438
FUND BALANCES					
Restricted					
Debt service	-	-	117,764	406,083	523,847
Food and nutrition	263,939	-	-	-	263,939
TOTAL FUND BALANCES	263,939	-0-	117,764	406,083	787,786
TOTAL LIABILITIES AND FUND BALANCES	\$ 268,035	\$ -0-	\$ 118,106	\$ 406,083	\$ 792,224

Central Montcalm Public School

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2015

	Special	Debt Service Funds			Total
	Revenue Fund	2005	2012 Bond	2015 Bond	
	Food	Debt	Refunding	Refunding	
	Service				
REVENUES					
Local sources	\$ 186,956	\$ 1,098,741	\$ 467,708	\$ 405,468	\$ 2,158,873
State sources	39,247	-	-	-	39,247
Federal sources	622,938	-	-	-	622,938
TOTAL REVENUES	849,141	1,098,741	467,708	405,468	2,821,058
EXPENDITURES					
Current					
Food service	710,540	-	-	-	710,540
Debt service	-	1,246,007	390,828	135,294	1,772,129
TOTAL EXPENDITURES	710,540	1,246,007	390,828	135,294	2,482,669
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	138,601	(147,266)	76,880	270,174	338,389
OTHER FINANCING SOURCES (USES)					
Transfers in	8,550	-	-	299,250	307,800
Transfers out	(30,000)	(299,250)	-	-	(329,250)
Bond proceeds	-	-	-	10,460,000	10,460,000
Premium on refunding bonds issued	-	-	-	1,645,642	1,645,642
Transfer to escrow agent	-	-	-	(12,268,983)	(12,268,983)
TOTAL OTHER FINANCING SOURCES (USES)	(21,450)	(299,250)	-0-	135,909	(184,791)
NET CHANGE IN FUND BALANCES	117,151	(446,516)	76,880	406,083	153,598
Fund balances, beginning of year	146,788	446,516	40,884	-0-	634,188
Fund balances, end of year	\$ 263,939	\$ -0-	\$ 117,764	\$ 406,083	\$ 787,786