

Birmingham Public Schools

**Financial Report
with Supplemental Information
June 30, 2017**

Birmingham Public Schools

Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Fiduciary Fund - Statement of Fiduciary Assets and Liabilities	18
Notes to Financial Statements	19-42
Required Supplemental Information	43
Budgetary Comparison Schedule - General Fund	44
Schedule of Birmingham Public Schools' Proportionate Share of the Net Pension Liability	45
Schedule of Birmingham Public Schools' Contributions	46
Note to Pension Required Supplemental Information Schedules	47
Other Supplemental Information	48
General Fund:	
Combining Balance Sheet	49
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	50
Nonmajor Governmental Funds:	
Combining Balance Sheet	51-54
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	55-58
Schedule of Bonded Indebtedness	59
Schedule of Cash Receipts and Disbursements - Fiduciary Funds	60
Federal Awards Supplemental Information	Issued Under Separate Cover

Independent Auditor's Report

To the Board of Education
Birmingham Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Birmingham Public Schools (the "School District" or the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Birmingham Public Schools' 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.

To the Board of Education
Birmingham Public Schools

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 funds, and the aggregate remaining fund information of Birmingham Public Schools as of June 30, 2017 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedule, and the pension schedules of proportionate share 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, which 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 supplemental 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 Birmingham Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, except for the fiduciary funds schedule of cash receipts and disbursements, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, except for the fiduciary funds schedule of cash receipts and disbursements, is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Birmingham Public Schools

The fiduciary funds schedule of cash receipts and disbursements has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2017 on our consideration of Birmingham Public Schools' 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 the 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 Birmingham Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 3, 2017

Birmingham Public Schools

Management's Discussion and Analysis

This section of Birmingham Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2017. 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 Birmingham Public Schools financially as a whole. The government-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 government-wide financial statements by providing information about the School District's most significant funds - the General Fund and 2015 Building & Site Construction Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary 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.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)

Budgetary Information for Major Funds

Schedule of Birmingham Public Schools' Proportionate Share of the Net Pension Liability
as of the Plan Year Ended September 30

Schedule of Birmingham Public Schools' Contributions Determined
as of the Year Ended June 30

Note to the Pension Required Supplemental Information Schedules

Other Supplemental Information

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

Reporting the School District as a Whole - Government-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, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue 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 and liabilities/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 revenue 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 nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and 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, debt, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - 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 and Early Childhood Funds are examples) 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:

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 a reconciliation.

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

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

The School District is the trustee, or fiduciary, for its student activity and community organization funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. 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 I provides a summary of the School District's net position as of June 30, 2017 and 2016:

TABLE I	Governmental Activities	
	June 30	
	2017	2016
	(in millions)	
Assets		
Current and other assets	\$ 84.6	\$ 97.6
Capital assets	256.3	247.6
Total assets	340.9	345.2
Deferred Outflows of Resources	32.1	25.2
Total assets and deferred outflows of resources	373.0	370.4
Liabilities		
Current liabilities	23.1	17.9
Long-term liabilities	223.6	234.6
Net pension liability	193.0	184.9
Total liabilities	439.7	437.4
Deferred Inflows of Resources	7.0	5.6
Total liabilities and deferred inflows of resources	446.7	443.0
Net Position		
Net investment in capital assets	74.2	73.3
Restricted	0.9	1.0
Unrestricted	(148.8)	(146.9)
Total net position	<u>\$ (73.7)</u>	<u>\$ (72.6)</u>

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net deficit was \$73.7 million at June 30, 2017. Net investment in capital assets, totaling \$74.2 million, compares the original cost, less depreciation, of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of the net deficit, \$148.8 million, was unrestricted.

The \$148.8 million in unrestricted net deficit of governmental activities represents the accumulated results of all past years' operations as well as the net pension liability at June 30, 2017. Unrestricted net position would enable 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 and change in the pension liability will have a significant impact on the change in unrestricted net position (deficit) from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years ended June 30, 2017 and 2016.

TABLE 2

	Governmental Activities	
	Year Ended June 30	
	2017	2016
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 4.6	\$ 4.5
Operating grants and contributions	26.2	20.0
General revenue:		
Property taxes	69.0	67.1
State foundation allowance	46.4	46.2
Other	2.0	2.4
Total revenue	148.2	140.2

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental Activities	
	Year Ended June 30	
	2017	2016
	(in millions)	
Functions/Program Expenses		
Instruction	\$ 81.7	\$ 79.6
Support services	52.2	47.3
Athletics	1.8	1.7
Food services	2.2	2.1
Community services	3.7	3.7
Interest and debt costs	7.7	8.7
	<u>149.3</u>	<u>143.1</u>
Total functions/program expenses		
Decrease in Net Position	(1.1)	(2.9)
Net Position - Beginning of year	<u>(72.6)</u>	<u>(69.7)</u>
Net Position - End of year	<u><u>\$ (73.7)</u></u>	<u><u>\$ (72.6)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$149.3 million. Certain activities were partially funded from those who benefited from the programs (\$4.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$26.2 million). We paid for the remaining "public benefit" portion of our governmental activities with \$69 million in taxes, \$46.4 million in state foundation allowance, and with our other revenue, i.e., interest and general entitlements.

The School District experienced a decrease in net position of \$1.1 million.

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 \$62.7 million, which is a decrease of \$18.4 million from last year. The primary reason for the decrease is due to an increase in expenditures in the 2015 Building & Site Construction Fund in order to fund ongoing construction projects and project administrative costs.

In the General Fund, our principal operating fund, the fund balance remained at \$21.7 million. General Fund fund balance is available to fund costs related to allowable school operating purposes.

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

The change is mainly due to:

- A decrease in staff salary and benefit costs due to unfilled vacancies and terminations during the year, which was offset by increases in purchased services for third-party contracts and utility expenditures.

Our combined nonmajor governmental funds showed a net increase of approximately \$0.165 million, which is primarily related to the refinancing of our existing debt.

In our special revenue type funds, the Early Childhood Center Fund, High School Stadium Fund, Autistic Center Fund, and Cafeteria Fund had increases in fund balance of \$30,193, \$69,299, \$654,328, and \$62,794, respectively, to fund future capital expenditures. However, the Wee Care Fund has a fund balance of \$0 due to revenue not keeping pace with expenditures.

The Debt Service Funds combined showed a fund balance decrease of approximately \$0.189 million. Debt millage rates remained the same between fiscal year 2016 and 2017. Debt millage rates reduced to 3.8 for fiscal year 2018 due to rising property taxable values. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Funds fund balances are restricted since they can only be used to pay debt service obligations. The debt service funds combined have \$1.6 million in fund balance at June 30, 2017.

The combined Capital Projects Funds fund balance decreased as the School District continued construction related to the 2015 bond issue. The construction project is estimated to be approximately 51 percent complete at June 30, 2017. Capital Projects Funds fund balances increased in the 2015 year as the School District issued \$55 million in new voter-approved bonds. These bonds were issued in accordance with state law and will be used to fund specific capital projects allowed by the state law and approved by the voters.

General Fund Budgetary Highlights

Over the course of the year, Birmingham Public Schools revises its budget as it attempts to deal with unexpected changes in revenue 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 supplemental information of these financial statements.

There were some revisions made to the 2016-2017 General Fund original budget. Budgeted revenue was increased due primarily to an increase in MPSERS UAAL Rate Stabilization revenue in state school aid.

Budgeted expenditures were also increased to reflect the disbursement of MPSERS Section 147c costs billed by the Office of Retirement Services.

There was a variance of approximately \$0.66 million from final budget to actual amounts, which was primarily the result of a decrease in staff salary and benefit costs due to unfilled vacancies and terminations during the year as well as unspent supplies and textbooks.

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the School District had \$256.3 million (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$8.7 million, or 3.5 percent, from last year.

	<u>2017</u>	<u>2016</u>
Land	\$ 2,936,560	\$ 2,936,560
Construction in progress	13,855,702	1,751,414
Buildings and building improvements	230,138,598	236,439,106
Buses and other vehicles	405,381	361,654
Furniture and equipment	<u>8,930,632</u>	<u>6,132,184</u>
Total capital assets	<u>\$ 256,266,873</u>	<u>\$ 247,620,918</u>

This year's additions of approximately \$17.6 million were for construction in progress, building improvements, and furniture/equipment. This included building renovations and district-wide computer purchases and technology equipment funded from the 2015 Building & Site Construction bonds.

Several major capital projects are planned for the 2017-2018 fiscal year. We anticipate capital additions will be approximately \$23 million greater than the 2016-2017 fiscal year and will be funded by the 2015 Building & Site Construction Fund. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$199 million in bonds outstanding versus \$211.5 million in the previous year - a change of 5.88 percent. More information about the School District's outstanding bonds is included in the notes to the financial statements.

	<u>2017</u>	<u>2016</u>
General obligation bonds	<u>\$ 199,020,000</u>	<u>\$ 211,450,000</u>

The School District's general obligation bond rating is Aaa as rated by Moody's Investors Service. The State limits the amount of general obligation debt that schools can issue 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 unqualified general obligation debt of \$199 million is significantly below this \$742 million statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, and workers' compensation. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2017-2018 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2018 fiscal year is 10 percent and 90 percent of the February 2017 and October 2017 student counts, respectively. The 2017-2018 budget was adopted in June 2017, based on an estimate of students that will be enrolled in September 2017. Approximately 83 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2018 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2018 budget. The budget assumes an increase in 2018 of state aid at an amount of \$100 per pupil. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Prior to the end of the 2016-2017 fiscal year, the School District defeased \$10 million of existing 2006 Refunding Unlimited General Obligation bonds and \$9.5 million of existing 2007 Refunding Unlimited General Obligation bonds. The defeasance is expected to result in gross savings of \$2.9 million, or net present value savings of \$2.6 million for the taxpayers of Birmingham Public Schools. The School District will incur lower bond debt interest payments, which will result in lower bonded debt millage rates in the future.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School 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.

Birmingham Public Schools

Statement of Net Position June 30, 2017

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 31,930,692
Receivables:	
Accounts receivable - Net of allowance for uncollectibles of \$100,000	400,946
Due from other governmental units	11,861,484
Interest receivable	57,721
Inventories	23,608
Prepaid costs	27,083
Restricted assets (Notes 3 and 5)	40,185,916
Capital assets - Net (Note 6)	<u>256,266,873</u>
Total assets	340,754,323
Deferred Outflows of Resources	
Deferred charges on bond refunding	4,823,494
Deferred outflows related to pensions (Note 11)	<u>27,324,429</u>
Total deferred outflows of resources	<u>32,147,923</u>
Total assets and deferred outflows of resources	372,902,246
Liabilities	
Accounts payable	7,137,878
Accrued payroll - Related liabilities	12,124,193
Accrued interest	1,344,502
Accrued expenditures	1,508,028
Unearned revenue (Note 7)	1,037,815
Noncurrent liabilities (Note 9):	
Due within one year	12,310,564
Due in more than one year	211,288,774
Net pension liability (Note 11)	<u>192,979,970</u>
Total liabilities	439,731,724
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to measurement date (Note 11)	6,001,794
Deferred inflows related to pensions (Note 11)	<u>947,416</u>
Total deferred inflows of resources	<u>6,949,210</u>
Total liabilities and deferred inflows of resources	<u>446,680,934</u>
Net Position	
Net investment in capital assets	74,219,654
Restricted:	
Debt service	269,355
Capital projects	523,653
Food service	108,140
Unrestricted	<u>(148,899,490)</u>
Total net position	<u><u>\$ (73,778,688)</u></u>

The Notes to Financial Statements are an
Integral Part of this Statement.

Birmingham Public Schools

Statement of Activities Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Primary government - Governmental activities:				Governmental Activities
Instruction	\$ 81,735,953	\$ 880,235	\$ 26,049,157	\$ (54,806,561)
Support services	52,235,412	-	70,706	(52,164,706)
Athletics	1,787,655	112,130	-	(1,675,525)
Food services	2,231,621	1,521,861	114,351	(595,409)
Community services	3,684,237	2,105,470	-	(1,578,767)
Interest	7,530,459	-	-	(7,530,459)
Debt issuance costs	223,280	-	-	(223,280)
Total primary government	\$ 149,428,617	\$ 4,619,696	\$ 26,234,214	(118,574,707)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				50,515,636
Property taxes, levied for debt service				18,455,666
State aid not restricted to specific purposes				46,421,299
Interest and investment earnings				280,493
Other				1,766,696
				117,439,790
				Change in Net Position (1,134,917)
				Net Position - Beginning of year (72,643,771)
				Net Position - End of year \$(73,778,688)

Birmingham Public Schools

Governmental Funds Balance Sheet June 30, 2017

	General Fund	2015 Building & Site Construction Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 25,539,281	\$ -	\$ 6,391,411	\$ 31,930,692
Receivables:				
Accounts receivable - Net of allowance for uncollectibles of \$100,000	286,197	77,233	37,516	400,946
Interest receivable	57,721	-	-	57,721
Due from other governmental units	11,539,666	-	321,818	11,861,484
Due from other funds (Note 8)	-	325,266	-	325,266
Inventories	-	-	23,608	23,608
Prepaid costs	20,273	-	6,810	27,083
Restricted assets (Notes 3 and 5)	-	38,573,398	1,612,518	40,185,916
Total assets	\$ 37,443,138	\$ 38,975,897	\$ 8,393,681	\$ 84,812,716
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,384,012	\$ 5,583,772	\$ 170,094	\$ 7,137,878
Accrued payroll-related liabilities	11,685,720	-	438,473	12,124,193
Accrued expenditures	1,483,028	-	25,000	1,508,028
Due to other funds (Note 8)	325,266	-	-	325,266
Unearned revenue (Note 7)	824,007	-	213,808	1,037,815
Total liabilities	15,702,033	5,583,772	847,375	22,133,180
Fund Balances				
Nonspendable:				
Inventories	-	-	23,608	23,608
Prepaid costs	20,273	-	6,810	27,083
Restricted:				
2015 Building & Site construction	-	33,392,125	-	33,392,125
Debt service	-	-	1,613,857	1,613,857
Food service	-	-	77,722	77,722
Autistic center program operations	-	-	2,048,691	2,048,691
Committed:				
Building & Site and capital equipment	-	-	2,081,210	2,081,210
Cash flow stabilization	7,140,704	-	-	7,140,704
High school stadium operations	-	-	687,979	687,979
Early childhood center operations	-	-	1,006,429	1,006,429
Assigned - Budgeted use of fund balance in subsequent year	2,007,294	-	-	2,007,294
Unassigned	12,572,834	-	-	12,572,834
Total fund balances	21,741,105	33,392,125	7,546,306	62,679,536
Total liabilities and fund balances	\$ 37,443,138	\$ 38,975,897	\$ 8,393,681	\$ 84,812,716

Birmingham Public Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2017

Fund Balance Reported in Governmental Funds	\$	62,679,536
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of capital assets	\$	436,841,750
Accumulated depreciation	<u>(180,574,877)</u>	256,266,873
Deferred outflows related to pension payments made subsequent to the measurement date		15,001,598
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:		
Bonds payable including unamortized premiums	(219,739,185)	
Compensated absences	(3,637,797)	
Workers' compensation claims	<u>(222,356)</u>	(223,599,338)
Accrued interest payable is not included as a liability in governmental funds		(1,344,502)
Deferred charges on bond refundings		4,823,494
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position		(6,001,794)
Deferred outflows related to pensions		12,322,831
Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities		(192,979,970)
Deferred inflows related to pensions		<u>(947,416)</u>
Net Position of Governmental Activities	\$	<u>(73,778,688)</u>

Birmingham Public Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	2015 Building & Site Construction Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 53,597,260	\$ 113,661	\$ 22,030,485	\$ 75,741,406
State sources	60,750,407	325,266	1,862,036	62,937,709
Federal sources	2,204,175	-	353,406	2,557,581
Interdistrict sources	3,749,057	-	4,381,916	8,130,973
Total revenue	<u>120,300,899</u>	<u>438,927</u>	<u>28,627,843</u>	<u>149,367,669</u>
Expenditures				
Current:				
Instruction	72,421,796	-	3,261,247	75,683,043
Support services	44,657,955	-	1,856,740	46,514,695
Athletics	1,777,840	-	-	1,777,840
Food services	-	-	1,878,805	1,878,805
Community services	1,772,562	-	1,708,797	3,481,359
Debt service:				
Principal	-	-	9,940,000	9,940,000
Interest	-	-	8,192,564	8,192,564
Other	-	-	223,280	223,280
Capital outlay	42,788	19,038,728	644,849	19,726,365
Total expenditures	<u>120,672,941</u>	<u>19,038,728</u>	<u>27,706,282</u>	<u>167,417,951</u>
Excess of Revenue (Under) Over Expenditures	(372,042)	(18,599,801)	921,561	(18,050,282)
Other Financing (Uses) Sources				
Payment to escrow agent	-	-	(19,877,455)	(19,877,455)
Transfers in	374,857	-	901,704	1,276,561
Transfers out	-	-	(1,276,561)	(1,276,561)
Face value of debt issued	-	-	17,010,000	17,010,000
Premium on debt issued	-	-	2,486,533	2,486,533
Total other financing sources (uses)	<u>374,857</u>	<u>-</u>	<u>(755,779)</u>	<u>(380,922)</u>
Net Change in Fund Balances	2,815	(18,599,801)	165,782	(18,431,204)
Fund Balances - Beginning of year	<u>21,738,290</u>	<u>51,991,926</u>	<u>7,380,524</u>	<u>81,110,740</u>
Fund Balances - End of year	<u>\$ 21,741,105</u>	<u>\$ 33,392,125</u>	<u>\$ 7,546,306</u>	<u>\$ 62,679,536</u>

Birmingham Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (18,431,204)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	\$ (8,820,392)
Capitalized capital outlay	<u>17,569,566</u>
	8,749,174
Governmental funds report proceeds from the sale of assets as revenue; in the statement of activities, these are recorded net of carrying value of the disposed assets	(103,219)
Revenue in support of pension contributions made subsequent to the measurement date	(970,750)
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities	(17,010,000)
Underwriter's premiums reported as revenue in the funds and amortized in the statement of activities	(2,486,533)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	9,940,000
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	662,105
Payments to the escrow agent for bond refundings are treated as an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt/adds to the deferred outflow from refundings balance)	19,877,455
Change in pension expense related to deferred items	(1,309,260)
Compensated absences, as well as self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was earned/incurred than paid out	<u>(52,685)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,134,917)</u>

Birmingham Public Schools

Fiduciary Funds Statement of Fiduciary Assets and Liabilities June 30, 2017

	Student Activity and Community Service Organization Funds
Assets - Cash	<u>\$ 2,351,579</u>
Liabilities	
Due to student activities	\$ 1,197,658
Due to community service organizations	<u>1,153,921</u>
Total liabilities	<u>\$ 2,351,579</u>

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note I - Nature of Entity and Significant Accounting Policies

The accounting policies of Birmingham Public Schools (the “School District”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District’s reporting entity, and which organizations are legally separate component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

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

Note I - Nature of Entity and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note I - Nature of Entity and Significant Accounting Policies (Continued)

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

The School District reports the following major governmental funds:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund. The General Fund includes a cash flow stabilization provision which requires the School District to maintain adequate fund balance so when cash flow is at its lowest point during the year, the School District does not have to borrow from a financial institution. The amount, as determined on an annual basis, is classified as a component of committed fund balance in the General Fund. The General Fund also includes the athletics and federal programs activity.

2015 Building & Site Construction Fund - This fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the voter-approved capital projects associated with the 2015 bond projects. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's Special Revenue Funds include the Wee Care Fund, Early Childhood Center Fund, Cafeteria Fund, Autistic Center Fund, and the High School Stadium Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.

Debt Service Funds - The School District maintains nine governmental debt service funds, which are used to account for property tax and other revenue legally restricted for payment of long-term debt.

Capital Projects Funds - These funds are used to record bond proceeds or other revenue and the disbursements of monies specifically designated for acquiring new technology and for the maintenance, repair, and renovation of existing sites, buildings, and equipment. The funds are kept open until the purpose for which the fund was created has been accomplished.

Fiduciary Funds - The School District presently maintains the Student Activities Fund and the Community Service Organizations Fund to record the transactions of student and community service groups for school and school-related purposes. The funds are segregated and held in trust for the students and community service organizations.

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note I - Nature of Entity and Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds.” Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes become a lien on the first day of the levy year and are due on or before August 15 and December 1 for the remainder on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed except that United States Department of Agriculture Commodities inventory received by the Cafeteria Fund is recorded as inventory until used. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

Restricted Assets - The unspent bond proceeds and related interest of the 2015 Building & Site Construction Fund require amounts to be set aside for construction. In addition, the unspent property taxes levied in the debt service funds are required to be set aside for future bond principal and interest. These amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 to 50 years
Buses and other vehicles	8 years
Equipment and furniture	5 to 15 years

Note I - Nature of Entity and Significant Accounting Policies (Continued)

Compensated Absences - The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated annual and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports deferred outflows related to pensions and deferred charges on prior bond refundings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows at June 30, 2017 include amounts for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and amounts related to the pension plan.

Fund Balance - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact

Note 1 - Nature of Entity and Significant Accounting Policies (Continued)

- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed: Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- Assigned: Intent to spend resources on specific purposes expressed by the audit committee and recommended to the Board of Education. The Board of Education has granted the audit committee and superintendent the authority to assign funds.
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

The Board of Education has adopted a fund balance policy. The fund balance policy includes a cash flow stabilization provision which requires the School District to maintain adequate fund balance so when cash flow is at its lowest point during the year, the School District does not have to borrow from a financial institution. The amount, as determined on an annual basis, is classified as a component of committed fund balance in the General Fund.

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

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 1 - Nature of Entity and Significant Accounting Policies (Continued)

Pensions - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all Special Revenue Funds, with the following exception in the General Fund:

- The School District budgeted for federal program activity as federal program expense rather than by function. The actual amounts in the budget to actual schedule have been presented in the same classification format as the budget.

All annual appropriations lapse at fiscal year end.

The School District presents the budget to actual statement, as presented in the required supplemental information section of the financial statements, in greater level of detail as compared to the budget adopted by the Board of Education.

The General Fund budget includes the internally reported Cash Flow Stabilization Fund, Athletics Fund, and the Federal Programs Fund. Budgeted interfund transfers between these funds have been eliminated in the budget to actual schedule.

Capital outlay is budgeted in other expenditure categories, on a functional basis. The actual amounts in the budget to actual statement have been presented in the same classification format as the budget.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments or budget to actual deviations during the year.

Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated seven banks/credit unions for the deposit of its funds and 15 financial institutions have been designated for the holding of the School District's investments.

There are no limitations or restrictions on participant withdrawals for the investment pools in the Michigan Liquid Asset Fund that are recorded at amortized cost except that there is a one-day minimum investment period and investments may not be redeemed for at least 14 calendar days with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the end of the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$16,944,778 had \$16,178,813 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District did not invest in uninsured and unregistered investment securities.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan Liquid Asset Fund - Investment Pools	\$ 17,750,431	N/A	AAAm	S&P
Michigan Liquid Asset Fund - Term Series Sep 2018	3,636,878	8/28/2017	AAAKF	Other
Michigan Liquid Asset Fund - Term Series Sep 2018	3,000,000	10/27/2017	AAAKF	Other
U.S. agency note	2,188,798	8/28/2017	AA+	S & P
U.S. agency note	2,000,638	9/28/2017	AA+	S & P
U.S. agency note	1,860,629	6/13/2018	AA+	S & P
U.S. agency note	1,237,680	9/18/2018	AA+	S & P
Commercial paper	4,969,550	10/24/2017	AI/PIFI	S & P
Total investments	<u>\$ 36,644,604</u>			

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. At June 30, 2017, the School District's investment in LMA Americas LLC commercial paper exceeds 5 percent of total investments. This investment is 8.8 percent of the School District's total investments.

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

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

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	\$ 19,974,563	\$ -	\$ 19,974,563	\$ -
Federal agency securities	7,287,745	-	7,287,745	-
Total investments by fair value level	<u>\$ 27,262,308</u>	<u>\$ -</u>	<u>\$ 27,262,308</u>	<u>\$ -</u>

Investments Measured at Net Asset Value (NAV)

Michigan Liquid Asset Fund - Term Series	<u>\$ 6,636,878</u>
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Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 4 - Fair Value Measurements (Continued)

The fair values of U.S. Treasuries and federal agency securities at June 30, 2017 were determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Investments that Calculate Net Asset Value per Share

The School District holds shares in the Michigan Liquid Asset Fund (MILAF), Term Series where the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the School District's investment in the MILAF Term Series was \$6,636,878. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted but an early redemption fee would apply.

The investment pool includes investments which the School District does not control. The investment pool invests primarily in high-quality money market instruments, including certificate of deposits, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

Note 5 - Restricted Assets

The balances for the restricted asset accounts are as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$ 38,573,398
Property tax collections for repayment of bonded indebtedness	<u>1,612,518</u>
Total restricted assets	<u>\$ 40,185,916</u>

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

Governmental Activities	Balance July 1, 2016	Reclassifications	Additions	Disposals	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 2,936,560	\$ -	\$ -	\$ -	\$ 2,936,560
Construction in progress	1,751,414	(1,676,975)	13,855,702	74,439	13,855,702
Subtotal	4,687,974	(1,676,975)	13,855,702	74,439	16,792,262
Capital assets being depreciated:					
Buildings and improvements	393,604,396	1,537,250	-	-	395,141,646
Furniture and equipment	18,327,123	139,725	3,622,835	-	22,089,683
Buses and other vehicles	3,014,932	-	91,029	287,802	2,818,159
Subtotal	414,946,451	1,676,975	3,713,864	287,802	420,049,488
Accumulated depreciation:					
Buildings and improvements	157,165,290	-	7,837,758	-	165,003,048
Furniture and equipment	12,194,939	-	964,112	-	13,159,051
Buses and other vehicles	2,653,278	-	18,522	259,022	2,412,778
Subtotal	172,013,507	-	8,820,392	259,022	180,574,877
Net capital assets being depreciated	242,932,944	1,676,975	(5,106,528)	28,780	239,474,611
Net capital assets	\$ 247,620,918	\$ -	\$ 8,749,174	\$ 103,219	\$ 256,266,873

Depreciation expense was charged to activities of the School District as follows:

Governmental activities:

Instruction	\$ 5,115,827
Support services	3,175,341
Community services	176,408
Food services	352,816
Total governmental activities	<u>\$ 8,820,392</u>

During May 2017, the School District entered into a purchase agreement to sell a parcel of land which includes a building. The sale is anticipated to close in June 2018 and the School District expects that proceeds, net of seller's obligations, will be approximately \$1,755,000.

Construction Commitments - The School District has active construction projects at year end. The projects include the 2015 Building & Site Bond issue. At year end, the School District's commitments on open contracts with contractors are as follows:

	Spent to Date	Remaining Commitment
2015 Building & Site Bond activity	<u>\$ 4,144,587</u>	<u>\$ 13,686,597</u>

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 7 - Unearned Revenue

Governmental funds report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, substantially all of the balance of unearned revenue is comprised of payments received in advance of the related services being rendered such as tuition, summer program fees, and prepaid lunch fees.

Note 8 - Interfund Transfers

The composition of interfund transfers is as follows:

<u>Transfers In</u>	<u>Transfers Out</u> Nonmajor Governmental Funds
General Fund	\$ 374,857
Nonmajor governmental funds	901,704
Total	<u>\$ 1,276,561</u>

Transfers to the General Fund were to reimburse the General Fund for other funds' shares of indirect costs. The 2006, 2007, and 2014 Refunding Debt Service Funds transferred a combined total of \$661,221 and \$238,074 to the 2016 and 2017 Refunding Debt Service Funds, respectively, for the refunding of the 2006 and 2007 Refunding Bonds. The Early Childhood Center transferred \$2,409 to the Wee Care fund during the year to fund operations.

At June 30, 2017 the General Fund owed the 2015 Building & Site Construction Fund \$325,266 related to a cash receipt intended for the 2015 Building & Site Fund but for which the original deposit was recorded in the General Fund. The cash was transferred to the 2015 Building & Site Construction Fund in August 2017.

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 9 - Long-term Debt

The School District issues bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences and certain risk liabilities related to workers' compensation claims.

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds	\$211,450,000	\$ 17,010,000	\$ 29,440,000	\$199,020,000	\$ 10,805,000
Premium on bonds	19,376,953	2,486,533	1,144,301	20,719,185	1,266,622
Total bonds payable	230,826,953	19,496,533	30,584,301	219,739,185	12,071,622
Compensated absences	3,571,287	219,822	153,312	3,637,797	150,000
Workers' compensation claims	236,181	111,015	124,840	222,356	88,942
Total governmental activities	<u>\$234,634,421</u>	<u>\$ 19,827,370</u>	<u>\$ 30,862,453</u>	<u>\$223,599,338</u>	<u>\$ 12,310,564</u>

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 10,805,000	\$ 8,067,013	\$ 18,872,013
2019	10,670,000	7,595,525	18,265,525
2020	11,160,000	7,163,150	18,323,150
2021	11,655,000	6,635,900	18,290,900
2022	11,690,000	6,141,144	17,831,144
2023-2027	57,725,000	23,205,471	80,930,471
2028-2032	56,315,000	12,013,091	68,328,091
2033-2035	29,000,000	1,750,032	30,750,032
Total	<u>\$ 199,020,000</u>	<u>\$ 72,571,326</u>	<u>\$ 271,591,326</u>

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 9 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following:

\$7,060,000 refunding bonds due in annual installments of \$115,000 to \$4,500,000 through May 2024; interest at 3.375% to 4.50%	\$ 7,060,000
\$112,060,000 refunding bonds due in annual installments of \$4,190,000 to \$7,575,000 through May 2034; interest at 3.00% to 5.00%	103,290,000
\$8,485,000 refunding bonds due in one final installment of \$4,635,000 in November 2018; interest at 1.37%	4,635,000
\$50,000,000 serial bonds due in annual installments of \$575,000 to \$4,775,000 through May 2035; interest at 2.00% to 5.00%	47,850,000
\$24,030,000 refunding bonds due in annual installments of \$905,000 to \$5,970,000 through November 2021; interest at 5.00%	19,175,000
\$8,540,000 refunding bonds due in annual installments of \$455,000 to \$2,900,000 through November 2024; interest at 2.00% to 4.00%	8,540,000
\$8,470,000 refunding bonds due in two installments of \$4,050,000 and \$4,420,000 in November 2023 and November 2024, respectively; interest at 4.00%	<u>8,470,000</u>
Total bonded debt	<u>\$ 199,020,000</u>

Current Refundings - During August 2016, the School District issued \$8,540,000 in 2016 Refunding Bonds with an average interest rate of 3.98 percent. The proceeds of these bonds were used to refund \$10,000,000 of outstanding 2006 Refunding Bonds with an average interest rate of 3.99 percent. The net proceeds of \$10,194,765 (after payment of \$115,264 in underwriting fees, insurance, premiums on issuance, and other issuance costs) plus an additional \$398,000 of 2006 Refunding Debt Service Fund monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the School District's long-term obligations. During the year ended June 30, 2017, the refunded bonds were called and paid in full by the escrow agent. The current refunding reduced total debt service payments by approximately \$1,693,006, which represents an economic gain of approximately \$1,521,245.

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 9 - Long-term Debt (Continued)

During March 2017, the School District issued \$8,470,000 in 2017 Refunding Bonds with an average interest rate of 4 percent. The proceeds of these bonds were used to refund \$9,500,000 of outstanding 2007 Refunding Bonds with an average interest rate of 4 percent. The net proceeds of \$9,682,690 (after payment of \$108,814 in underwriting fees, insurance, issuance premiums, and other issuance costs) plus an additional \$207,000 of 2007 Refunding Debt Service Fund monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the School District's long-term obligations. During the year ended June 30, 2017, the refunded bonds were called and paid in full by the escrow agent. The current refunding reduced total debt service payments by approximately \$1,245,062, which represents an economic gain of approximately \$1,090,108.

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical benefit claims and participates in the SET-SEG (risk pool) for claims relating to property loss, torts, and error and omissions; the School District is partially uninsured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements. The change in the estimated liability is as follows:

	2017	2016
Estimated liability - Beginning of year	\$ 236,181	\$ 337,701
Estimated claims incurred - Including changes in estimates	111,015	88,057
Claim payments	(124,840)	(189,577)
Unpaid claims - End of year	<u>\$ 222,356</u>	<u>\$ 236,181</u>

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 11 - Michigan Public School Employees' Retirement System

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain School District employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Contributions - Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

The School District's contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by ORS.

The range of rates is as follows:

School District

October 1, 2015 - September 30, 2016	14.56% - 18.95%
October 1, 2016 - June 30, 2017	15.27% - 19.03%

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School District's required and actual contributions to the plan for the year ended June 30, 2017 was \$18,101,842, of which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual contributions include an allocation of \$6,001,794 revenue received from the State of Michigan, and remitted to the System, to fund the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2017.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Benefits Provided - Benefit provisions of the defined benefit pension plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members who do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2017, the School District reported a liability of \$192,979,970 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015, which used updated procedures to roll forward the estimated liability to September 30, 2016. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016, the School District's proportion was 0.7735 percent.

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 11 - Michigan Public School Employees' Retirement System (Continued)

For the year ended June 30, 2017, the School District recognized pension expense of \$19,332,468, inclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,405,040	\$ (457,367)
Changes of assumptions	3,017,091	-
Net difference between projected and actual earnings on pension plan assets	3,207,326	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	3,693,374	(490,049)
The School District's contributions subsequent to the measurement date	<u>15,001,598</u>	<u>-</u>
Total	<u>\$ 27,324,429</u>	<u>\$ (947,416)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 2,458,771
2019	2,206,555
2020	5,517,678
2021	<u>1,192,411</u>
Total	<u>\$ 11,375,415</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions - The total pension liability as of September 30, 2016 is based on the results of an actuarial valuation date of September 30, 2015 and rolled forward:

Actuarial cost method	Entry age normal cost actuarial cost method
Investment rate of return	7.00 to 8.00 percent, net of investment expenses based on the groups
Salary increases	3.50 - 12.3 percent, including wage inflation of 3.5 percent
Mortality basis	RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost-of-living pension adjustments	3 percent annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 - 8.00 percent depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. 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.

Birmingham Public Schools

Notes to Financial Statements June 30, 2017

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.0 %	5.9 %
Private equity pools	18.0	9.2
International equity pools	16.0	7.2
Fixed-income pools	10.5	0.9
Real estate and infrastructure pools	10.0	4.3
Real return, opportunistic, and absolute pool	15.5	6.0
Short-term investment pools	2.0	-
Total	100.0 %	

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent. As a result, the actuarial computed employer contributions and the net pension liability will increase for the measurement period ending September 30, 2017.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the School District calculated using the discount rate of 7.00 - 8.00 percent, depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.0 - 7.0 percent) or 1.00 percentage point higher (8.0 - 9.0 percent) than the current rate:

1.00 Percent Decrease (6.0 - 7.0 Percent)	Current Discount Rate (7.0 - 8.0 Percent)	1.00 Percent Increase (8.0 - 9.0 Percent)
\$ 248,509,627	\$ 192,979,970	\$ 146,163,130

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Payable to the Pension Plan - At June 30, 2017, the School District reported a payable of \$3,373,470 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Postemployment Benefits Other Than Pensions (OPEB) - Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 6.4 percent to 6.83 percent of covered payroll for the period from July 1, 2016 to September 30, 2016 and from 5.69 percent to 5.91 percent of covered payroll for the period from October 1, 2016 through June 30, 2017 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403(b) account.

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2017, 2016, and 2015 were \$3,808,000, \$3,495,000, and \$2,812,000, respectively. In addition, a portion ranging from 35-100 percent of the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

Note 12 - Tax Abatements

The School District receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2017, the School District's property tax revenue was reduced by approximately \$200,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$175,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Note 13 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2018.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2020.

Note 13 - Upcoming Accounting Pronouncements (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2021.

Required Supplemental Information

Birmingham Public Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Under) Over <u>Final Budget</u>
Revenue				
Local sources	\$ 54,362,587	\$ 53,681,921	\$ 53,597,260	\$ (84,661)
State sources	56,980,120	60,752,259	60,750,407	(1,852)
Federal sources	2,426,353	2,493,839	2,204,175	(289,664)
Interdistrict sources	3,554,554	3,759,832	3,749,057	(10,775)
Total revenue	117,323,614	120,687,851	120,300,899	(386,952)
Expenditures - Current				
Instruction:				
Basic program	58,420,333	58,948,421	58,392,961	(555,460)
Added needs	12,512,630	12,887,836	12,827,340	(60,496)
Adult and continuing education	123,270	141,557	123,946	(17,611)
Total instruction	71,056,233	71,977,814	71,344,247	(633,567)
Support services:				
Pupil	7,219,925	7,384,458	7,451,664	67,206
Instructional staff	7,998,552	8,148,050	7,790,558	(357,492)
General administration	1,590,616	1,494,119	1,405,212	(88,907)
School administration	7,673,423	7,671,845	7,657,323	(14,522)
Business	1,769,416	1,879,553	1,788,780	(90,773)
Operations, maintenance, and security	6,876,094	6,873,737	7,062,815	189,078
Pupil transportation services	4,494,505	4,561,917	4,788,403	226,486
Central	2,919,947	3,260,718	3,212,294	(48,424)
Utilities	2,453,785	2,587,017	2,576,254	(10,763)
Total support services	42,996,263	43,861,414	43,733,303	(128,111)
Athletics	1,805,855	1,854,080	1,843,787	(10,293)
Community services	1,537,940	1,590,337	1,611,342	21,005
Federal expenditures	2,393,935	2,451,974	2,140,262	(311,712)
Total expenditures	119,790,226	121,735,619	120,672,941	(1,062,678)
Excess of Revenue Under Expenditures	(2,466,612)	(1,047,768)	(372,042)	675,726
Other Financing Sources - Transfers in	446,217	395,328	374,857	(20,471)
Net Change in Fund Balance	(2,020,395)	(652,440)	2,815	655,255
Fund Balance - Beginning of year	21,738,290	21,738,290	21,738,290	-
Fund Balance - End of year	<u>\$ 19,717,895</u>	<u>\$ 21,085,850</u>	<u>\$ 21,741,105</u>	<u>\$ 655,255</u>

See Note 2 for additional information.

Birmingham Public Schools

Required Supplemental Information Birmingham Public Schools' Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System Determined as of the Plan Year Ended September 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.77349 %	0.75693 %	0.75248 %
School District's proportionate share of the net pension liability	\$ 192,979,970	\$ 184,880,406	\$ 165,745,026
School District's covered employee payroll	65,816,447	62,749,746	63,869,107
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	293.21 %	294.63 %	259.51 %
Plan fiduciary net position as a percentage of the total pension liability	63.01 %	62.92 %	66.15 %

Birmingham Public Schools

Required Supplemental Information Birmingham Public Schools' Contributions Michigan Public School Employees' Retirement System Determined as of the Year Ended June 30

	2017	2016	2015
Statutorily required contribution	\$ 17,985,848	\$ 17,474,057	\$ 14,014,074
Contributions in relation to the statutorily required contribution	17,985,848	17,474,057	14,014,074
Contribution deficiency	-	-	-
School District's covered employee payroll	63,663,446	62,688,674	63,426,732
Contributions as a percentage of covered employee payroll	28.25 %	27.87 %	22.09 %

Birmingham Public Schools

Note to Pension Required Supplemental Information Schedules Year Ended June 30, 2017

Benefit Changes - There were no changes of benefit terms for the plan year ended September 30, 2016.

Changes in Assumptions - There were no changes of benefit assumptions for the plan year ended September 30, 2016.

Changes in Size or Composition of the Covered Population - There were no significant changes in size or composition of the covered population in 2016.

Other Supplemental Information

Birmingham Public Schools

Other Supplemental Information Combining Balance Sheet General Fund June 30, 2017

	General Fund	Athletic Fund	Federal Programs	Cash Flow Stabilization Fund	Eliminations	Total Combined General Fund
Assets						
Cash and investments	\$ 18,424,883	\$ -	\$ -	\$ 7,114,398	\$ -	\$ 25,539,281
Receivables:						
Accounts receivable - Net of allowance for uncollectibles of \$100,000	286,197	-	-	-	-	286,197
Interest receivable	31,415	-	-	26,306	-	57,721
Due from other governmental units	10,920,571	-	619,095	-	-	11,539,666
Due from other funds	183,560	14,301	-	-	(197,861)	-
Prepaid costs	8,211	12,062	-	-	-	20,273
Total assets	\$ 29,854,837	\$ 26,363	\$ 619,095	\$ 7,140,704	\$ (197,861)	\$ 37,443,138
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 1,376,302	\$ 3,337	\$ 4,373	\$ -	\$ -	\$ 1,384,012
Accrued payroll-related liabilities	11,571,099	23,026	91,595	-	-	11,685,720
Accrued expenditures	1,483,028	-	-	-	-	1,483,028
Due to other funds	-	-	523,127	-	(197,861)	325,266
Unearned revenue	824,007	-	-	-	-	824,007
Total liabilities	15,254,436	26,363	619,095	-	(197,861)	15,702,033
Fund Balances						
Nonspendable - Prepaid costs	8,211	12,062	-	-	-	20,273
Committed - Cash flow stabilization	-	-	-	7,140,704	-	7,140,704
Assigned - Budgeted use of fund balance in subsequent year	2,007,294	-	-	-	-	2,007,294
Unassigned	12,584,896	(12,062)	-	-	-	12,572,834
Total fund balances	14,600,401	-	-	7,140,704	-	21,741,105
Total liabilities and fund balances	\$ 29,854,837	\$ 26,363	\$ 619,095	\$ 7,140,704	\$ (197,861)	\$ 37,443,138

Birmingham Public Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances General Fund Year Ended June 30, 2017

	General Fund	Athletic Fund	Federal Programs	Cash Flow Stabilization Fund	Eliminations	Total Combined General Fund
Revenue						
Local sources	\$ 52,962,777	\$ 592,184	\$ -	\$ 42,299	\$ -	\$ 53,597,260
State sources	60,750,407	-	-	-	-	60,750,407
Federal sources	10,773	-	2,193,402	-	-	2,204,175
Interdistrict sources	3,749,057	-	-	-	-	3,749,057
Total revenue	117,473,014	592,184	2,193,402	42,299	-	120,300,899
Expenditures						
Current:						
Instruction	71,338,363	-	1,083,433	-	-	72,421,796
Support services	43,696,399	65,947	895,609	-	-	44,657,955
Athletics	-	1,777,840	-	-	-	1,777,840
Community services	1,611,342	-	161,220	-	-	1,772,562
Capital outlay	42,788	-	-	-	-	42,788
Total expenditures	116,688,892	1,843,787	2,140,262	-	-	120,672,941
Excess of Revenue Over (Under) Expenditures						
	784,122	(1,251,603)	53,140	42,299	-	(372,042)
Other Financing Sources (Uses)						
Transfers in	427,997	1,251,603	-	-	(1,304,743)	374,857
Transfers out	(1,251,603)	-	(53,140)	-	1,304,743	-
Total other financing (uses) sources	(823,606)	1,251,603	(53,140)	-	-	374,857
Net Change in Fund Balances						
	(39,484)	-	-	42,299	-	2,815
Fund Balances - Beginning of year						
	14,639,885	-	-	7,098,405	-	21,738,290
Fund Balances - End of year						
	<u>\$ 14,600,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,140,704</u>	<u>\$ -</u>	<u>\$ 21,741,105</u>

Birmingham Public Schools

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

	Special Revenue Funds					Total
	Wee Care	Early	Cafeteria	Autistic Center	High School Stadium	
		Childhood Center				
Assets						
Cash and investments	\$ 4,659	\$ 1,114,285	\$ 249,206	\$ 2,159,124	\$ 696,075	\$ 4,223,349
Receivables:						
Accounts receivable	-	-	19,552	-	-	19,552
Due from other governmental units	-	-	-	321,818	-	321,818
Inventories	-	-	23,608	-	-	23,608
Prepaid costs	-	-	6,810	-	-	6,810
Restricted assets	-	-	-	-	-	-
Total assets	\$ 4,659	\$ 1,114,285	\$ 299,176	\$ 2,480,942	\$ 696,075	\$ 4,595,137
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 896	\$ 98,534	\$ 412	\$ -	\$ 99,842
Accrued payroll-related liabilities	57	11,082	-	427,334	-	438,473
Accrued expenditures	-	-	-	-	-	-
Unearned revenue	4,602	95,878	92,502	4,505	8,096	205,583
Total liabilities	4,659	107,856	191,036	432,251	8,096	743,898
Fund Balances						
Nonspendable:						
Inventories	-	-	23,608	-	-	23,608
Prepaid costs	-	-	6,810	-	-	6,810
Restricted:						
Debt service	-	-	-	-	-	-
Food service	-	-	77,722	-	-	77,722
Autistic center program operations	-	-	-	2,048,691	-	2,048,691
Committed:						
Building & Site and capital equipment	-	-	-	-	-	-
High school stadium operations	-	-	-	-	687,979	687,979
Early childhood center operations	-	1,006,429	-	-	-	1,006,429
Total fund balances	-	1,006,429	108,140	2,048,691	687,979	3,851,239
Total liabilities and fund balances	\$ 4,659	\$ 1,114,285	\$ 299,176	\$ 2,480,942	\$ 696,075	\$ 4,595,137

Birmingham Public Schools

Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds June 30, 2017

	Debt Service Funds					
	2006	2007	2010	2013	2014	2015
	Refunding	Refunding	Refunding	Refunding	Refunding	Refunding
Assets						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:						
Accounts receivable	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-
Restricted assets	-	-	38,495	701,594	113,039	430,328
	<u>-</u>	<u>-</u>	<u>38,495</u>	<u>701,594</u>	<u>113,039</u>	<u>430,328</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,495</u>	<u>\$ 701,594</u>	<u>\$ 113,039</u>	<u>\$ 430,328</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll-related liabilities	-	-	-	-	-	-
Accrued expenditures	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-	-	-	-
Fund Balances						
Nonspendable:						
Inventories	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-
Restricted:						
Debt service	-	-	38,495	701,594	113,039	430,328
Food service	-	-	-	-	-	-
Autistic center program operations	-	-	-	-	-	-
Committed:						
Building & Site and capital equipment	-	-	-	-	-	-
High school stadium operations	-	-	-	-	-	-
Early childhood center operations	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>38,495</u>	<u>701,594</u>	<u>113,039</u>	<u>430,328</u>
Total fund balances	-	-	38,495	701,594	113,039	430,328
	<u>-</u>	<u>-</u>	<u>38,495</u>	<u>701,594</u>	<u>113,039</u>	<u>430,328</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,495</u>	<u>\$ 701,594</u>	<u>\$ 113,039</u>	<u>\$ 430,328</u>

Birmingham Public Schools

Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds June 30, 2017

	Debt Service Funds			
	2015			
	Building and Site	2016 Refunding	2017 Refunding	Total
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts receivable	-	-	1,339	1,339
Due from other governmental units	-	-	-	-
Inventories	-	-	-	-
Prepaid costs	-	-	-	-
Restricted assets	<u>253,198</u>	<u>44,790</u>	<u>31,074</u>	<u>1,612,518</u>
Total assets	<u>\$ 253,198</u>	<u>\$ 44,790</u>	<u>\$ 32,413</u>	<u>\$ 1,613,857</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll-related liabilities	-	-	-	-
Accrued expenditures	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances				
Nonspendable:				
Inventories	-	-	-	-
Prepaid costs	-	-	-	-
Restricted:				
Debt service	253,198	44,790	32,413	1,613,857
Food service	-	-	-	-
Autistic center program operations	-	-	-	-
Committed:				
Building & Site and capital equipment	-	-	-	-
High school stadium operations	-	-	-	-
Early childhood center operations	-	-	-	-
Total fund balances	<u>253,198</u>	<u>44,790</u>	<u>32,413</u>	<u>1,613,857</u>
Total liabilities and fund balances	<u>\$ 253,198</u>	<u>\$ 44,790</u>	<u>\$ 32,413</u>	<u>\$ 1,613,857</u>

Birmingham Public Schools

Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds June 30, 2017

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Building and Site Projects	Capital Equipment	Total	
Assets				
Cash and investments	\$ 1,164,220	\$ 1,003,842	\$ 2,168,062	\$ 6,391,411
Receivables:				
Accounts receivable	-	16,625	16,625	37,516
Due from other governmental units	-	-	-	321,818
Inventories	-	-	-	23,608
Prepaid costs	-	-	-	6,810
Restricted assets	-	-	-	1,612,518
	<u>\$ 1,164,220</u>	<u>\$ 1,020,467</u>	<u>\$ 2,184,687</u>	<u>\$ 8,393,681</u>
Total assets				
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 65,761	\$ 4,491	\$ 70,252	\$ 170,094
Accrued payroll-related liabilities	-	-	-	438,473
Accrued expenditures	25,000	-	25,000	25,000
Unearned revenue	8,225	-	8,225	213,808
	<u>98,986</u>	<u>4,491</u>	<u>103,477</u>	<u>847,375</u>
Total liabilities				
Fund Balances				
Nonspendable:				
Inventories	-	-	-	23,608
Prepaid costs	-	-	-	6,810
Restricted:				
Debt service	-	-	-	1,613,857
Food service	-	-	-	77,722
Autistic center program operations	-	-	-	2,048,691
Committed:				
Building & Site and capital equipment	1,065,234	1,015,976	2,081,210	2,081,210
High school stadium operations	-	-	-	687,979
Early childhood center operations	-	-	-	1,006,429
	<u>1,065,234</u>	<u>1,015,976</u>	<u>2,081,210</u>	<u>7,546,306</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 1,164,220</u>	<u>\$ 1,020,467</u>	<u>\$ 2,184,687</u>	<u>\$ 8,393,681</u>

Birmingham Public Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2017

	Special Revenue Funds					Total
	Early Childhood		Cafeteria	Autistic Center	High School Stadium	
	Wee Care	Center				
Revenue						
Local sources	\$ 395,333	\$ 1,331,232	\$ 1,553,348	\$ -	\$ 83,242	\$ 3,363,155
State sources	-	-	56,939	1,769,205	-	1,826,144
Federal sources	-	-	353,406	-	-	353,406
Interdistrict sources	-	-	-	4,381,916	-	4,381,916
Total revenue	395,333	1,331,232	1,963,693	6,151,121	83,242	9,924,621
Expenditures						
Current:						
Instruction	-	-	-	3,261,247	-	3,261,247
Support services	-	-	-	1,855,222	1,518	1,856,740
Food services	-	-	1,878,805	-	-	1,878,805
Community services	397,742	1,298,630	-	-	12,425	1,708,797
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	22,094	5,467	-	27,561
Total expenditures	397,742	1,298,630	1,900,899	5,121,936	13,943	8,733,150
Excess of Revenue (Under) Over Expenditures	(2,409)	32,602	62,794	1,029,185	69,299	1,191,471
Other Financing Sources (Uses)						
Payment to escrow agent	-	-	-	-	-	-
Transfers in	2,409	-	-	-	-	2,409
Transfers out	-	(2,409)	-	(374,857)	-	(377,266)
Face value of debt issued	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-
Total other financing sources (uses)	2,409	(2,409)	-	(374,857)	-	(374,857)
Net Change in Fund Balances	-	30,193	62,794	654,328	69,299	816,614
Fund Balances - Beginning of year	-	976,236	45,346	1,394,363	618,680	3,034,625
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 1,006,429</u>	<u>\$ 108,140</u>	<u>\$ 2,048,691</u>	<u>\$ 687,979</u>	<u>\$ 3,851,239</u>

Birmingham Public Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended June 30, 2017

	Debt Service Funds				
	2006	2007	2010	2013	2014
	Refunding	Refunding	Refunding	Refunding	Refunding
Revenue					
Local sources	\$ 427,192	\$ 403,458	\$ 284,795	\$ 8,401,446	\$ 47,466
State sources	828	782	552	16,290	92
Federal sources	-	-	-	-	-
Interdistrict sources	-	-	-	-	-
Total revenue	428,020	404,240	285,347	8,417,736	47,558
Expenditures					
Current:					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Food services	-	-	-	-	-
Community services	-	-	-	-	-
Debt service:					
Principal	-	-	-	4,085,000	-
Interest	-	190,000	258,980	4,419,150	63,500
Other	-	750	1,250	700	500
Capital outlay	-	-	-	-	-
Total expenditures	-	190,750	260,230	8,504,850	64,000
Excess of Revenue (Under) Over Expenditures	428,020	213,490	25,117	(87,114)	(16,442)
Other Financing Sources (Uses)					
Payment to escrow agent	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(458,221)	(238,074)	-	-	(203,000)
Face value of debt issued	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Total other financing sources (uses)	(458,221)	(238,074)	-	-	(203,000)
Net Change in Fund Balances	(30,201)	(24,584)	25,117	(87,114)	(219,442)
Fund Balances - Beginning of year	30,201	24,584	13,378	788,708	332,481
Fund Balances - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,495</u>	<u>\$ 701,594</u>	<u>\$ 113,039</u>

Birmingham Public Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended June 30, 2017

	Debt Service Funds				
	2015		2016	2017	Total
	2015	Building and			
	Refunding	Site	Refunding	Refunding	
Revenue					
Local sources	\$ 5,980,690	\$ 2,966,613	\$ -	\$ -	\$18,511,660
State sources	11,596	5,752	-	-	35,892
Federal sources	-	-	-	-	-
Interdistrict sources	-	-	-	-	-
Total revenue	<u>5,992,286</u>	<u>2,972,365</u>	<u>-</u>	<u>-</u>	<u>18,547,552</u>
Expenditures					
Current:					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Food services	-	-	-	-	-
Community services	-	-	-	-	-
Debt service:					
Principal	4,855,000	1,000,000	-	-	9,940,000
Interest	1,080,125	1,958,219	222,590	-	8,192,564
Other	500	1,000	111,105	107,475	223,280
Capital outlay	-	-	-	-	-
Total expenditures	<u>5,935,625</u>	<u>2,959,219</u>	<u>333,695</u>	<u>107,475</u>	<u>18,355,844</u>
Excess of Revenue (Under) Over Expenditures	56,661	13,146	(333,695)	(107,475)	191,708
Other Financing Sources (Uses)					
Payment to escrow agent	-	-	10,194,765)	(9,682,690)	19,877,455)
Transfers in	-	-	661,221	238,074	899,295
Transfers out	-	-	-	-	(899,295)
Face value of debt issued	-	-	8,540,000	8,470,000	17,010,000
Premium on debt issued	-	-	1,372,029	1,114,504	2,486,533
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>378,485</u>	<u>139,888</u>	<u>(380,922)</u>
Net Change in Fund Balances	56,661	13,146	44,790	32,413	(189,214)
Fund Balances - Beginning of year	<u>373,667</u>	<u>240,052</u>	<u>-</u>	<u>-</u>	<u>1,803,071</u>
Fund Balances - End of year	<u>\$ 430,328</u>	<u>\$ 253,198</u>	<u>\$ 44,790</u>	<u>\$ 32,413</u>	<u>\$1,613,857</u>

Birmingham Public Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended June 30, 2017

	Capital Projects Fund			Total Nonmajor Governmental Funds
	Building and Site Projects	Capital Equipment	Total	
Revenue				
Local sources	\$ -	\$ 155,670	\$ 155,670	\$ 22,030,485
State sources	-	-	-	1,862,036
Federal sources	-	-	-	353,406
Interdistrict sources	-	-	-	4,381,916
Total revenue	-	155,670	155,670	28,627,843
Expenditures				
Current:				
Instruction	-	-	-	3,261,247
Support services	-	-	-	1,856,740
Food services	-	-	-	1,878,805
Community services	-	-	-	1,708,797
Debt service:				
Principal	-	-	-	9,940,000
Interest	-	-	-	8,192,564
Other	-	-	-	223,280
Capital outlay	387,740	229,548	617,288	644,849
Total expenditures	387,740	229,548	617,288	27,706,282
Excess of Revenue (Under) Over Expenditures	(387,740)	(73,878)	(461,618)	921,561
Other Financing Sources (Uses)				
Payment to escrow agent	-	-	-	(19,877,455)
Transfers in	-	-	-	901,704
Transfers out	-	-	-	(1,276,561)
Face value of debt issued	-	-	-	17,010,000
Premium on debt issued	-	-	-	2,486,533
Total other financing sources (uses)	-	-	-	(755,779)
Net Change in Fund Balances	(387,740)	(73,878)	(461,618)	165,782
Fund Balances - Beginning of year	1,452,974	1,089,854	2,542,828	7,380,524
Fund Balances - End of year	<u>\$ 1,065,234</u>	<u>\$ 1,015,976</u>	<u>\$ 2,081,210</u>	<u>\$ 7,546,306</u>

Birmingham Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2017

June 30	2015 Building &							Total
	2010 Refunding Principal	2013 Refunding Principal	2014 Refunding Principal	Site Principal	2015 Refunding Principal	2016 Refunding Principal	2017 Refunding Principal	
2018	\$ -	\$ 4,395,000	\$ -	\$ 1,000,000	\$ 4,955,000	\$ 455,000	\$ -	\$ 10,805,000
2019	-	4,205,000	4,635,000	925,000	905,000	-	-	10,670,000
2020	-	4,190,000	-	1,000,000	5,970,000	-	-	11,160,000
2021	115,000	4,575,000	-	1,025,000	5,940,000	-	-	11,655,000
2022	1,805,000	4,555,000	-	1,025,000	1,405,000	2,900,000	-	11,690,000
2023	4,500,000	5,495,000	-	575,000	-	1,605,000	-	12,175,000
2024	640,000	5,455,000	-	600,000	-	1,760,000	4,050,000	12,505,000
2025	-	5,930,000	-	625,000	-	1,820,000	4,420,000	12,795,000
2026	-	6,545,000	-	3,425,000	-	-	-	9,970,000
2027	-	6,705,000	-	3,575,000	-	-	-	10,280,000
2028	-	6,890,000	-	3,700,000	-	-	-	10,590,000
2029	-	7,090,000	-	3,850,000	-	-	-	10,940,000
2030	-	7,265,000	-	4,000,000	-	-	-	11,265,000
2031	-	7,440,000	-	4,175,000	-	-	-	11,615,000
2032	-	7,555,000	-	4,350,000	-	-	-	11,905,000
2033	-	7,575,000	-	4,525,000	-	-	-	12,100,000
2034	-	7,425,000	-	4,700,000	-	-	-	12,125,000
2035	-	-	-	4,775,000	-	-	-	4,775,000
Total	\$ 7,060,000	\$ 103,290,000	\$ 4,635,000	\$ 47,850,000	\$ 19,175,000	\$ 8,540,000	\$ 8,470,000	\$ 199,020,000
Principal payments due	May	May	November	May	November	November	November	
Interest payments due	May and November	May and November	May and November	May and November	May and November	May and November	May and November	
Interest rate	3.375% - 4.50%	3.00% - 5.00%	1.37%	2.00% - 5.00%	5.00%	2.00% - 4.00%	4.00%	
Original issue	\$ 7,060,000	\$ 112,060,000	\$ 8,485,000	\$ 50,000,000	\$ 24,030,000	\$ 8,540,000	\$ 8,470,000	\$ 218,645,000

Birmingham Public Schools

Other Supplemental Information Schedule of Cash Receipts and Disbursements Fiduciary Funds Year Ended June 30, 2017

	Balance <u>June 30, 2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2017</u>
Student activities	\$ 1,115,613	\$ 2,961,527	\$ (2,879,482)	\$ 1,197,658
Community service organizations	<u>1,208,442</u>	<u>1,768,802</u>	<u>(1,823,323)</u>	<u>1,153,921</u>
Total	<u>\$ 2,324,055</u>	<u>\$ 4,730,329</u>	<u>\$ (4,702,805)</u>	<u>\$ 2,351,579</u>