Avondale School District

Financial Statements

June 30, 2015

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Avondale School District
Members of the Board of Education and Administration
June 30, 2015

YEO & YEO
CPAs & BUSINESS CONSULTANTS

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Independent Auditors' Report

Management and the Board of Education
Avondale School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2015, the District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

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

Other Information

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

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

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Avondale School District's basic financial statements as of and for the year ended June 30, 2014, which are not presented with the accompanying basic financial statements. In our report dated November 14, 2014, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Avondale School District's basic financial statements as a whole. The 2014 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 2014 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, on our consideration of Avondale School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avondale School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, MI
November 2, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Avondale School District financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and 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 fund - the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net position, 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 General Fund

Other Supplemental Information

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 and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

The School District as a Whole

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

Table 1	Governmental Activities 2015	Governmental Activities 2014
Assets		
Current and other assets	$ 7,609,907	$ 8,403,240
Capital assets	112,441,453	114,785,097
Total Assets	120,051,360	123,188,337
Deferred Outflows of Resources	6,170,905	492,172
Liabilities		
Current Liabilities	6,333,629	6,172,099
Long-term liabilities	149,775,416	106,462,308
Total Liabilities	156,109,045	112,634,407
Deferred Outflows of Resources	5,417,129	-
Net Position		
Net investment in capital assets	13,302,836	11,699,355
Restricted	759,275	1,566,510
Unrestricted	(49,366,020)	(2,219,763)
Total net position	(35,303,909)	$ 11,046,102

The School District's net position was ($35.3 million) and $11 million at June 30, 2015 and 2014, respectively. Net investment in capital assets totaling $13.3 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. Net position restrictions are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use net position for day-to-day operations. The remaining amount of net position is an unrestricted deficit and totals $49.4 million.

The ($49.4 million) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations. A positive unrestricted net position balance would enable the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The School District's unrestricted net position balance is currently in deficit position, which signals we will experience difficulties with cash flow. There are minimal reserves available to handle large unexpected uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

During the year the School District implemented GASB 68 which resulted in a restatement of beginning net position. Beginning net position in the statement of activities was reduced by $48.9 million, restating it from $11 million to negative $37.9 million. As of June 30, 2015, the estimated net pension liability for the school district is $49 million. Additionally deferred inflows relating to net pension liability are $5.4 million and deferred outflows relating to the net pension liability are $5.7 million. These deferrals will be amortized through the plan year 2018.

The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years 2015 and 2014 (see Table 2).

Table 2	Governmental Activities	
	2015	**2014**
Revenues		
Program revenues		
Charges for services	$ 1,486,839	$ 1,663,464
Operating grants and contributions	8,636,477	7,781,253
Capital grants and contributions	681,257	680,005
General revenues		
Property taxes	15,685,761	15,618,501
State aid-unrestricted	22,437,616	22,236,375
Other	384,918	342,388
Total revenues	49,312,868	48,321,986
Expenditures		
Instruction	26,763,237	26,204,675
Supporting services	13,886,478	13,429,218
Food services	1,165,586	1,095,249
Community services	973,760	995,858
Interest on long-term debt	3,920,637	4,446,176
Total expenditures	46,709,698	46,171,176
Change in net position	$ 2,603,170	$ 2,150,810

As reported in the statement of activities, the cost of all of our governmental activities this year was $46.7 million. Certain activities were partially funded from those who benefited from the programs ($1.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($9.3 million). We paid for the remaining "public benefit" portion of our governmental activities with $15.7 million in taxes, $22.4 million in state foundation allowance, and $.38 million with our other revenues, i.e., interest income and general entitlements.

The School District experienced an increase in net position of $2.6 million, and total net position increased from ($37.9 million) as restated, to ($35.3 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 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 $1.7 million.

Our Special Revenue Funds (Food Services and Community Services Funds) had a combined decrease in fund equity of approximately $109,000. Food Services fund equity increased approximately $41,000 mainly due to lower food costs and higher participation in the lunch program. Community Services fund equity decreased approximately $109,000 primarily due to reduced student enrollment in our early learning program.

Combined, the Debt Service Funds showed a planned fund balance decrease of approximately $16,000. This decrease was used to forestall borrowing from the School Bond Loan Program (discussed below).

The Sinking Fund's fund balance decreased by approximately $36,000. This increase was planned to provide financing for projects scheduled in fiscal year 2015-16.

General Fund Budgetary Highlights

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

There were revisions made to the original 2014-2015 General Fund budget. Total budgeted revenues were increased approximately $1.3 million due mainly to an increase in student enrollment compared with the original adopted budget and the resultant increase in total foundation based revenues (state & local composite). An additional increase in state sources of $1.3 million consisted of state aid categorical payments not anticipated in the original budget. The variance from budget to actual for revenues was approximately 0.1 percent.

Budgeted expenditures were increased approximately $2 million. $1.6 million of this increase was in basic instruction due to increase retirement costs and expenditures related to the addition of an added shared time program at the secondary level. Added needs increased $0.5 million due to student caseloads and operations and maintenance increased $0.045 million primarily due to lower utility costs. The remainders of the expenditure variances were for other assorted known increases to expenditures. The variance from budget to actual for expenditures was approximately 0.8 percent.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2015, the School District had $112.4 million invested in a broad range of capital assets, including land, construction in progress, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of ($2.4 million). This decrease was driven primarily by depreciation of buildings.

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 $98.7 million in bonds outstanding versus $103.8 million in the previous year (an increase of 29.6 percent). The decrease is due principal maturities occurring during 2014-15. The outstanding bonds consisted of the following:

2005 Refunding Bonds	$7,345,000
2006 Refunding Bonds	9,265,000
2007 Refunding Bonds	17,775,000
2009 Refunding Bonds	9,600,000
2010 Building and Site Series A	4,000,000
2010 Building and Site Series B	22,300,000
2014 Refunding Series A Bonds	28,060,000
2014 Building and Site Series B	400,000

The School District's general obligation bonds are qualified for participation by the State in the Michigan School Bond Loan Program. 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 ($164 million). 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. All of the School District's outstanding general obligation debt of $98.7 million is qualified by the State.

Other obligations include accrued vacation pay, sick leave, early separation agreements, and accreted interest on capital appreciation bonds. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets

Our elected officials and administration consider many factors when setting the School District's 2015-16 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 2015-16 fiscal year is 90 percent and 10 percent of October 2015 and February 2016 student counts, respectively. The 2015-2016 budget was adopted in June 2015, based on an estimate of students that will be enrolled in October 2015 Approximately 85 percent of total General Fund revenue is from the foundation allowance another 4.35 percent of revenues is derived from other state sources. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. The state's ability to adequately fund public education continues to diminish.

Based on the initial fall student count, the blended count to formulate the 2015-2016 budget is below the projected target. Once the final student count and related per pupil funding is validated, the School District will amend the budget to more accurately reflect the resources available and adjust original appropriations to reflect known changes in its operating obligations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. It is anticipated with the 2016 budget adoption the foundation allowance will be slightly higher as compared against the 2014-15 foundation. Although the base foundation allowance will increase, elimination of state aide categorical funding by the Michigan legislature will effectively nullify this gain. During the summer of 2015, the legislature also enacted legislation requiring school districts to achieve a minimum 5 percent General Fund fund equity to avoid state oversight. The District's fund equity at June 30, 2015 is approximately 1.9 percent of expenditures. It is evident that additional budget reductions will continue to be necessary for the District to maintain financial stability and independence. Inevitably these budget reductions will impact the instructional programs and services that are presently offered.

If the State's revenue budget falls short of projections, the legislature must then revise the appropriation or proration of state aid will occur. We received a proration of state aid in earlier fiscal years, it is not known at this time whether a mid-year proration will occur in 2015-16 and what the impact will be on revenues.

Contacting the School District's Administration

This report is designed to give an overview of the financial condition of the Avondale School District. If there are additional questions or information needed, please contact the business office at (248) 537-6000.

BASIC FINANCIAL STATEMENTS

Avondale School District
Statement of Net Position
June 30, 2015

		Governmental Activities
Assets		
Cash	$	1,696,338
Taxes receivable		10,752
Accounts receivable		98,293
Due from other governmental units		5,154,995
Interest receivable		233,267
Inventory		28,965
Investments		371,010
Prepaid items		16,287
Capital assets not being depreciated		3,467,033
Capital assets - net of accumulated depreciation		108,974,420
Total assets		120,051,360
Deferred Outflows of Resources		
Deferred amount on pension expense related to net pension liability		5,724,532
Deferred amount on debt refunding		446,373
Total deferred outflows of resources		6,170,905
Total assets and deferred outflows of resources		126,222,265

See Accompanying Notes to the Financial Statements

Avondale School District
Statement of Net Position
June 30, 2015

	Governmental Activities
Liabilities	
Accounts payable	$ 883,733
State aid anticipation note payable	328,678
Due to other governmental units	942,195
Due to agency fund activities	2,523
Payroll deductions and withholdings	21,700
Accrued expenditures	628,570
Accrued salaries payable	3,502,349
Deferred revenue	23,881
Noncurrent liabilities	
Net pension liability	49,001,443
Debt due within one year	5,490,000
Debt due in more than one year	95,283,973
Total liabilities	156,109,045
Deferred Inflows of Resources	
Deferred amount on net pension liability	5,417,129
Total liabilities and deferred inflows of resources	161,526,174
Net Position	
Net investment in capital assets	13,302,836
Restricted for	
Food service	279,647
Capital projects	479,628
Unrestricted (deficit)	(49,366,020)
Total net position	$ (35,303,909)

See Accompanying Notes to the Financial Statements

Avondale School District
Statement of Activities
For the Year Ended June 30, 2015

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs					
Governmental activities					
Instruction	$ 26,758,809	$ 162,080	$ 4,799,238	$ -	$ (21,797,491)
Supporting services	13,886,478	162,798	3,139,039	-	(10,584,641)
Food services	1,165,586	417,518	698,200	-	(49,868)
Community services	978,188	744,443	-	-	(233,745)
Interest on long-term debt	3,920,637	-	-	681,257	(3,239,380)
Total governmental activities	$ 46,709,698	$ 1,486,839	$ 8,636,477	$ 681,257	(35,905,125)
General revenues					
Property taxes, levied for general purposes					6,779,500
Property taxes, levied for debt service					8,234,705
Property taxes, levied for sinking fund					671,556
State aid - unrestricted					22,437,616
Interest and investment earnings					3,950
Other					380,968
Total general revenues					38,508,295
Change in net position					2,603,170
Net position - beginning, as restated					(37,907,079)
Net position - ending					$ (35,303,909)

See Accompanying Notes to the Financial Statements

Avondale School District
Governmental Funds
Balance Sheet
June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	$ 1,402,568	$ 293,770	$ 1,696,338
Taxes receivable	7,472	3,280	10,752
Accounts receivable	97,411	882	98,293
Due from other funds	27,492	359,402	386,894
Due from other governmental units	5,143,280	11,715	5,154,995
Inventory	-	28,965	28,965
Investments	-	371,010	371,010
Prepaid items	15,181	1,106	16,287
Total assets	$ 6,693,404	$ 1,070,130	$ 7,763,534
Liabilities and fund balance			
Liabilities			
Accounts payable	$ 802,176	$ 81,557	$ 883,733
State aid anticipation note payable	328,678	-	328,678
Due to other funds	358,028	28,866	386,894
Due to other governmental units	942,182	13	942,195
Due to agency fund activities	2,523	-	2,523
Payroll deductions and withholdings	21,700	-	21,700
Accrued salaries payable	3,496,268	6,081	3,502,349
Unearned revenue	-	23,881	23,881
Total liabilities	5,951,555	140,398	6,091,953

Avondale School District
Governmental Funds
Balance Sheet
June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balance			
Nonspendable			
Inventory	$ -	$ 28,965	$ 28,965
Prepaid items	15,181	1,106	16,287
Restricted for			
Food service	-	250,682	250,682
Debt service	-	131,549	131,549
Capital projects	-	479,128	479,128
Committed for future dental claims	78,980	-	78,980
Assigned for			
Community services	-	38,302	38,302
Unassigned	647,688	-	647,688
Total fund balance	741,849	929,732	1,671,581
Total liabilities and fund balance	$ 6,693,404	$ 1,070,130	$ 7,763,534

Avondale School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015

Total fund balances for governmental funds	$ 1,671,581
Total net assets for governmental activities in the statement of net assets is different because	
Receivables related to interest subsidy to offset the accrued interest payable	233,267
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	3,467,033
Capital assets - net of accumulated depreciation	108,974,420
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	446,373
Deferred inflows of resources resulting from net pension liability	(5,417,129)
Deferred outflows of resources from subsequent pension expense from measurement date	5,724,532
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(622,778)
Unemployment claims	(5,792)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(49,001,443)
Compensated absences	(46,356)
Employee severance pay	(1,589,000)
Bonds payable	(99,138,617)
Net assets of governmental activities	$ (35,303,909)

See Accompanying Notes to the Financial Statements

Avondale School District

Year Ended June 30, 2015

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	$ 7,488,434	$ 10,007,517	$ 17,495,951
State sources	27,154,377	101,911	27,256,288
Federal sources	1,074,957	1,339,113	2,414,070
Interdistrict sources	2,146,559	-	2,146,559
Total revenues	37,864,327	11,448,541	49,312,868
Expenditures			
Current			
Education			
Instruction	25,056,511	-	25,056,511
Supporting services	12,800,400	-	12,800,400
Food services	-	1,074,424	1,074,424
Community services	6,482	895,201	901,683
Capital outlay	6,000	1,520,472	1,526,472
Debt service			
Principal	-	5,005,000	5,005,000
Interest and other expenditures	-	3,927,497	3,927,497
Total expenditures	37,869,393	12,422,594	50,291,987
Excess (deficiency) of revenues over expenditures	(5,066)	(974,053)	(979,119)

See Accompanying Notes to the Financial Statements

Avondale School District

Year Ended June 30, 2015

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)			
Transfers in	$ -	$ 32,541	$ 32,541
Transfers out	-	(32,541)	(32,541)
Total other financing sources (uses)	-	-	-
Net change in fund balance	(5,066)	(974,053)	(979,119)
Fund balance - beginning	746,915	1,903,785	2,650,700
Fund balance - ending	$ 741,849	$ 929,732	$ 1,671,581

See Accompanying Notes to the Financial Statements

Avondale School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2015

Net change in fund balances - Total governmental funds	$ (979,119)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(3,379,719)
Capital outlay	1,036,075
Expenses are recorded when incurred in the statement of activities.	
Interest	24,256
Special termination benefits	659,000
Compensated absences	(4,068)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded in the governmental funds equals actual pension contributions.	
Net change in net pension liability	3,127,313
Net change in the deferred inflows of resources related to the net pension liability	(5,417,129)
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	2,548,957
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	5,005,000
Amortization of premiums	51,144
Amortization of amount on refunding	(45,799)
Amortization of bond discount	(22,741)
Change in net position of governmental activities	$ 2,603,170

See Accompanying Notes to the Financial Statements

Avondale School District
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	$ 12,270	$ 528,122
Due from other governmental units	2,523	-
Total assets	14,793	$ 528,122
Liabilities		
Accounts payable	-	$ 33,547
Due to agency fund activities	-	494,575
Total liabilities	-	$ 528,122
Net position		
Assets held for scholarships and loans	$ 14,793	

See Accompanying Notes to the Financial Statements

Avondale School District
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Private Purpose Trust Funds
Additions	$ 523
Deductions	-
Change in net position	523
Net Position - beginning	14,270
Net Position - ending	$ 14,793

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

Fund Financial Statements

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

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

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

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

The School District reports the following major governmental fund:

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

Additionally, the School District reports the following fund types:

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

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

Sinking Fund – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction or repair of school buildings.

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

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

Assets, Liabilities and Net Position or Equity

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

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2015, the rates are as follows per $1,000 of assessed value.

General Fund	
Non principal residence	18.0000
Commercial personal property	6.0000
Debt Service Funds	
All property	7.3000
Sinking Fund	
All property	0.6000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 100% of the School District's tax roll lies within Oakland County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed, although significant amounts of inventory are capitalized at year end.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

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

Buildings and additions	50 years
Furniture	20 years
Equipment	10 years
Buses and other vehicles	8 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consist of earned by unused accumulated vacation day balances. A liability for these amounts is reported in the 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 and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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

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

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

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

> Non-spendable – amounts that are not available in a spendable form.
>
> Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.
>
> Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.
>
> Assigned – amounts intended to be used for specific purposes, as determined by the Superintendent. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.
>
> Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

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

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

The Board of Education recognizes that sound fiscal management comprises the foundational support of the entire School District. To make that support as effective as possible the Board shall establish, by its second meeting of November, a fund equity goal not lower than five percent (5%) nor higher than fifteen percent (15%) for use during the annual budget development process for the subsequent school year. The purpose of fund equity is to protect the cash flow position of the School District, reduce the need to borrow funds, and ensure adequate financial resources are being applied to educational programs. The rationale for any fund equity goal outside of this range will be documented and recorded in the minutes of a regular Board meeting.

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards
The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability will be recorded on the government-wide statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. The School District is evaluating the impact these standards will have on its financial reporting. Statements 68 and 71 are effective for the year ending June 30, 2015.

Upcoming Accounting and Reporting Changes
The Governmental Accounting Standards Board ("The GASB") has also issued Statement 72*, Fair Value Measurements and Applications.* Statement 72 provides guidance for accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value. The School District is evaluating the impact GASB 72 will have on the School District's financial statements and disclosures. Statement 72 is effective for the year ending June 30, 2016.

In addition, the Governmental Accounting Standards Board has released the following three Statements.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68.* The first objective of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The second objective of this Statement is to improve the information about financial support provided by certain non-employer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending June 30, 2017. The third objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and to clarify the application of certain provisions of Statement No. 67 and 68. These requirements are effective for the fiscal year ending June 30, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

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

The School District is evaluating the impact GASB 72 through 75 will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	$ 20,138,053	$ 20,167,810	$ 29,757
Pupil	2,837,034	2,960,763	123,729
Operations and maintenance	2,964,649	2,968,515	3,866
Food Service Fund	1,025,158	1,074,424	49,266
Community Service Fund	888,453	895,201	6,748

District-Wide Deficits

The School District has an unrestricted net position deficit for District-Wide activities in the amount of ($49,366,020) as of June 30, 2015. There are no other governmental funds with a deficit.

Compliance - Bond Proceeds

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the 2014 Series B Capital Project Fund from the inception of the funds through the current fiscal year:

	2014B Building and Site Fund
Revenues	$ 408,864
Expenditures	135,031

Compliance - Sinking Funds
The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

Note 3 - Deposits and Investments

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	$ 1,696,338	$ 540,392	$ 2,236,730
Investments	371,010	-	371,010
	$ 2,067,348	$ 540,392	$ 2,607,740

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 282,210
Investments in securities, mutual funds, and similar vehicles	2,324,345
Petty cash and cash on hand	1,185
Total	$ 2,607,740

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

Investment	Fair Value	Maturities	Rating	Rating Organization
Fidelity Institutional Money Market	$ 140,756	N/A	AAAm	Standard & Poor's
Bank of America Public Funds Interest checking	1,941,065	N/A	N/A	N/A
Bank of America Money Market	242,524	Daily	AAAm	Standard & Poor's
	$ 2,324,345			

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 structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk – 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 an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The District has no policy that would limit the amount that may be invested with any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year-end, $2,421,209 of the School District's bank balance of $2,921,209 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 3,467,033	$ -	$ -	$ 3,467,033
Construction in progress	118,310	-	118,310	-
Total capital assets not being depreciated	3,585,343	-	118,310	3,467,033
Capital assets being depreciated				
Buildings and additions	148,527,627	1,068,728	-	149,596,355
Equipment and furniture	3,424,757	85,657	-	3,510,414
Buses and other vehicles	591,872	-	-	591,872
Total capital assets being depreciated	152,544,256	1,154,385	-	153,698,641
Less accumulated depreciation for				
Buildings and additions	38,143,406	3,219,975	-	41,363,381
Equipment and furniture	2,662,913	137,120	-	2,800,033
Buses and other vehicles	538,183	22,624	-	560,807
Total accumulated depreciation	41,344,502	3,379,719	-	44,724,221
Net capital assets being depreciated	111,199,754	(2,225,334)	-	108,974,420
Net capital assets	$ 114,785,097	$ (2,225,334)	$ 118,310	$ 112,441,453

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

Governmental activities	
Instruction	$ 2,126,320
Support services	1,086,078
Food services	91,162
Community services	76,159
Total governmental activities	$ 3,379,719

Note 5 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 358,028
Nonmajor Governmental Funds	General Fund	27,492
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,374
		$ 386,894

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

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

An interfund transfer was made during the year, between the 2003 and 2005 Debt Service Funds totaling $32,541. This transfer was made to close out the 2003 Debt Service Fund.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the unearned revenue was $23,881.

Note 7 - Due to Other Governments

Due to other governments is made up of the following as of June 30, 2015:

Unfunded Accrued Actuarial Liability	$ 294,581
Recapture of TIFA	217,909
Other payables	429,705
	$ 942,195

During fiscal year 2013, the School District was notified that an audit of tax years 1994 through 2001 was conducted and it was found that the City of Auburn Hills had reported that it was keeping 100% of the captures under a Taxable Increment Financing Authority, when it was actually sharing 50% of the capture to affected districts. This resulted in an overstatement of the capture and an overpayment of State School Aid for those years to the affected districts. Based on the changes in captured value, a liability was recorded as of June 30, 2012 in the amount of $499,374 and the amount still outstanding was $217,909 as of June 30, 2015. Avondale has entered into a repayment agreement where amounts will be repaid during the following fiscal years:

2016	$ 99,875
2017	99,875
2018	18,159
	$ 217,909

Note 8 - Leases

Operating Leases

The School District leases buses under non-cancelable operating leases. The total costs for such leases were $222,079 for the year. The future minimum lease payments for these leases are as follows:

2016	$ 96,932
2017	96,932
	$ 193,864

Note 9 - State Aid Anticipation Note

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

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 275,582	$ 2,300,000	$ 2,246,904	$ 328,678

The state aid anticipation note agreement includes an irrevocable set-aside of $1,977,769 at year end that is considered defeased debt and not included in the ending balance.

Note 10 - Long-Term Debt

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	$ 103,750,000	$ -	$ 5,005,000	$ 98,745,000	$ 5,490,000
Compensated absences	42,288	4,068	-	46,356	-
Employee severance pay	2,248,000	-	659,000	1,589,000	-
Premium on bonds	666,399	-	51,144	615,255	-
Discount on bonds	(244,379)	-	(22,741)	(221,638)	-
Total	$ 106,462,308	$ 4,068	$ 5,692,403	$ 100,773,973	$ 5,490,000

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

General obligation bonds payable at year end, consist of the following:

2005 Refunding Bonds - $7,960,000 issued, due in annual installments of $30,000 to $2,435,000 through May 1, 2022, interest at 4.00%	$	7,345,000
2006 Refunding Bonds - $9,835,000 issued, due in annual installments of $130,000 to $2,330,000 through May 1, 2019, interest at 3.70% to 4.00%		9,265,000
2007 Refunding Bonds - $18,240,000 issued, due in annual installments of $70,000 to $2,500,000 through May 1, 2029, interest at 4.00% to 4.25%		17,775,000
2009 Refunding Bonds - $18,470,000 issued, due in annual installments of $1,340,000 to $1,535,000 through May 1, 2022, interest at 3.00% to 4.50%		9,600,000
2010 Building and Site Series A Bonds - $4,000,000 issued, due in annual installments of $1,325,000 to $1,340,000 through May 1, 2029, interest at 5.50%		4,000,000
2010 Building and Site Series B Bonds - $23,270,000 issued, due in annual installments of $500,000 to $1,950,000 through May 1, 2035, interest at 2.30% to 5.875%		22,300,000
2014 Refunding Series A Bonds - $28,610,000 issued, due in annual installments of $550,000 to $11,730,000 through May 1, 2018, interest at .50% to 2.35%		28,060,000
2014 Building and Site Series B Bonds - $400,000 issued, due in one installment of $400,000 on November 1, 2017 with interest payable annually at 2.00%		400,000
Total general obligation bonded debt	$	98,745,000

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

Year Ending June 30,	Principal	Interest	Total
2016	$ 5,490,000	$ 3,732,430	$ 9,222,430
2017	18,340,000	3,555,171	21,895,171
2018	18,120,000	3,142,975	21,262,975
2019	4,620,000	2,667,108	7,287,108
2020	4,785,000	2,481,107	7,266,107
2021-2025	21,240,000	9,411,466	30,651,466
2026-2030	16,900,000	4,951,787	21,851,787
2031-2035	9,250,000	1,653,000	10,903,000
Total	$ 98,745,000	$ 31,595,043	$ 130,340,043

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of $ 132,049 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences
Accrued compensated absences at year end, consist of $46,356 of vacation hours earned and vested. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

Employee Severance Pay
The School District's employee severance pay liability recorded on the district-wide financial statements at June 30, 2015 was approximately $1,589,000.

Note 11 - Risk Management

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

The School District is self-insured for dental insurance. The School District has contracted with an independent administrator to process the dental claims and perform other administrative duties. According to the provisions of this program, the School District is limited to the contractual amount of $220,000 for dental claims.

No accrual has been recorded as of the end of the pay three fiscal years, due to the School District reaching the maximum contractual amounts. The year end claims liability and activity for the year is a follows:

	2015	2014	2013
Claims incurred	$ 205,423	$ 213,503	$ 200,500
Claim payments	(205,423)	(213,503)	(200,500)
Liability end of year	$ -	$ -	$ -

Note 12 - Pension Plans and Post-Employment Benefits

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

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

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

MPSERS issues a publicly-available Comprehensive Annual Financial Report. That report may be obtained by writing to ORS at P.O. Box 30171, Lansing, Michigan 48909-7671, or on the Internet at http://www.michigan.gov/orsschools.

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

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	181,489
Survivor benefits	16,855
Disability benefits	6,168
Total	204,512
Inactive plan members entitled to, but not yet receiving benefits:	16,979
Active plan members:	
Vested	108,934
Non-vested	101,843
Total	210,777
Total plan members	432,268

Benefits Provided – Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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

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

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

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

Summary of Significant Accounting Policies
Basis of Accounting and Presentation – The System's financial statements are prepared using the accrual basis of accounting. Contributions from the employers are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. The reserves are described below and details are provided in the supporting schedules.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

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

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

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

Property and Equipment – Office space is leased from the State on a year to year basis. Office equipment is capitalized if the value exceeds $5,000. These assets are recorded at cost and are reported net of depreciation in the Statement of Pension Plan and Other Post-employment Benefit Plan Fiduciary Net Position. Such assets are depreciated on a straight-line basis over 10 years. As of September 30, 1998, all capitalized equipment was fully depreciated. No additional equipment has been capitalized for the System since that date.

Related Party Transactions – Leases and Services - The System leases operating space and purchases certain administrative, data processing, legal and investment services from the State. The space and services are not otherwise available by competitive bid. The schedule below summarizes costs incurred by the System for such services.

Building rentals	$	789,000
Technological support		10,420,000
Attorney general		417,000
Investment services		12,846,000
Personnel services		9,922,000

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

Contributions and Funding Status

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

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

Pension Contribution Rates

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

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

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

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

Net Pension Liability

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

MPSERS (Plan) Net Pension Liability – As of September 30, 2014:

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

Year one MPSERS implementation of GASB Statement No. 68 recognizes a 0.00% change in the employers' proportionate share between beginning net pension liability and ending net pension liability.

MPSERS (Plan) Net Pension Liability – As of October 1, 2013

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

Proportionate Share of Reporting Unit's Net Pension Liability – At September 30, 2014, the School District reported a liability of $49,001,443 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013. The School District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2014, the School District's proportionate share percent was .22247 percent, which is unchanged since the prior measurement date.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	4.8%
Alternative Investment Pools	18.0	8.5
International Equity	16.0	6.1
Fixed Income Pools	10.5	1.5
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	15.5	6.3
Short Term Investment Pools	2.0	(0.2)
	100.0%	

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

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

Discount Rate – A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long- term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

1% Decrease (Non-Hybrid/Hybrid)* 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0% / 8.0%
$ 64,604,136	$ 49,001,443	$ 35,855,944

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

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

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

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

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

Additional information as of the latest actuarial valuation follows:

Actuarial Assumptions:

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

Notes:

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

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.8457
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the MPSERS Comprehensive Annual Financial Report.

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended June 30, 2015, the School District recognized total pension expense of $3,969,255. At June 30, 2015, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 1,808,048	$ -
Net difference between projected and actual earnings on pension plan investments	-	5,417,129
Changes in proportion and differences between employer contributions and proportionate share of contributions	2	-
Employer contributions subsequent to the measurement date	3,916,482	-
	$ 5,724,532	$ 5,417,129

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

Deferred (Inflows) and Deferred Outflows of Resources by Year

Plan Year Ending September 30	Amount:
2015	$ 3,032,349
2016	(884,133)
2017	(884,134)
2018	(956,679)
Total	$ 307,403

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

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

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

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

For the periods July 1, 2014 through September 30, 2014, and October 1, 2014 through June 30, 2015, the employer contribution rate ranged from 5.52% to 6.45% and 2.20% to 2.71%, respectively.

The School District's actual contributions match the required contributions for the years ended June 30, 2015, 2014, and 2013 and were approximately $642,000, $1,435,000, and $1,777,000, respectively.

Unfunded Accrued Liability

During the year ending June 30, 2015, the School District had contributions in the amount of $1,657,341 to the MPSERS. This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 7.63% for the year.

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2015.

The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Note 14 - Change in Accounting Principle

As indicated in Note 1, the School District has adopted Government Accounting Standards Board Statements 68 and 71. These statements require the School District to record their proportionate share of the net pension liability and pension expense. Previously these amounts were not recorded on the School District's statements. The standards require this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2014, by $48,953,181, restating it from $11,046,102 to ($37,907,079).

REQUIRED SUPPLEMENTARY INFORMATION

Avondale School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Over (Under) Budget
Revenues				
Local sources	$ 7,154,993	$ 7,337,121	$ 7,488,434	$ 151,313
State sources	25,908,720	26,878,688	27,154,377	275,689
Federal sources	1,237,200	1,320,299	1,074,957	(245,342)
Interdistrict sources	2,002,000	2,068,391	2,146,559	78,168
Total revenues	36,302,913	37,604,499	37,864,327	259,828
Expenditures				
Instruction				
Basic programs	18,526,264	20,138,053	20,163,728	25,675
Added needs	4,672,213	5,143,717	4,892,783	(250,934)
Supporting services				
Pupil	2,763,382	2,837,034	2,960,763	123,729
Instructional staff	920,063	840,650	746,956	(93,694)
General administration	549,506	546,858	523,994	(22,864)
School administration	2,156,527	2,285,302	2,250,930	(34,372)
Business	967,486	619,543	596,653	(22,890)
Operations and maintenance	3,005,253	2,964,649	2,968,515	3,866
Pupil transportation services	1,188,692	1,238,707	1,224,414	(14,293)
Central	942,384	966,843	939,900	(26,943)
Athletic activities	529,381	589,462	588,275	(1,187)
Community services	4,000	6,007	6,482	475
Intergovernmental payments	2,000	2,315	-	(2,315)
Facilities acquisition	-	10,000	6,000	(4,000)
Total expenditures	36,227,151	38,189,140	37,869,393	(319,747)
Excess of revenues over expenditures	75,762	(584,641)	(5,066)	579,575

Avondale School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Over (Under) Budget
Other financing sources (uses)				
Proceeds from sale of capital assets	$ 3,000	$ -	$ -	$ -
Transfers in	5,000	5,000	-	(5,000)
Total other financing sources (uses)	8,000	5,000	-	(5,000)
Net change in fund balance	83,762	(579,641)	(5,066)	574,575
Fund balance (deficit)- beginning	746,915	746,915	746,915	-
Fund balance - ending	$ 830,677	$ 167,274	$ 741,849	$ 574,575

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

	June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
A. School District's proportion of net pension liability (%)	0.22247%									
B. School District's proportionate share of net pension liability	$ 49,001,443									
C. School District's covered-employee payroll	19,735,345									
D. School District's proportionate share of net pension liability as a percentage of its covered- employee payroll	248.29%									
E. Plan fiduciary net position as a percentage of total pension liability	66.20%									

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

	For the Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
A. Statutorily required contributions	$ 4,201,269									
B. Contributions in relation to statutorily required contributions	4,201,269									
C. Contribution deficiency (excess)	-									
D. School District's covered-employee payroll	19,498,632									
E. Contributions as a percentage of covered-employee payroll	21.55%									

OTHER SUPPLEMENTARY INFORMATION

Avondale School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds		Debt Service Funds					
	Food Service	Community Services	2003	2005	2006	2007	2009	2010 Series A
Assets								
Cash	$ -	$ 40	$ -	$ -	$ -	$ -	$ -	$ -
Taxes receivable	-	-	804	106	173	290	671	70
Accounts receivable	-	482	-	-	-	-	-	-
Due from other funds	283,304	72,962	12	1,353	2	2	9	22
Due from other governmental units	11,715	-	-	-	-	-	-	-
Inventory	28,965	-	-	-	-	-	-	-
Investments	-	-	536	13,406	17,855	21,293	30,017	5,094
Prepaid items	-	106	-	-	-	-	-	-
Total assets	$ 323,984	$ 73,590	$ 1,352	$ 14,865	$ 18,030	$ 21,585	$ 30,697	$ 5,186
Liabilities and fund balance								
Liabilities								
Accounts payable	$ 44,324	$ 5,220	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	1,352	-	-	22	-	-
Due to other governmental units	13	-	-	-	-	-	-	-
Accrued salaries payable	-	6,081	-	-	-	-	-	-
Unearned revenue	-	23,881	-	-	-	-	-	-
Total liabilities	44,337	35,182	1,352	-	-	22	-	-
Fund balance								
Nonspendable								
Inventory	28,965	-	-	-	-	-	-	-
Prepaid items	-	106	-	-	-	-	-	-
Restricted for								
Food service	250,682	-	-	-	-	-	-	-
Debt service	-	-	-	14,865	18,030	21,563	30,697	5,186
Capital projects	-	-	-	-	-	-	-	-
Assigned for								
Community services	-	38,302	-	-	-	-	-	-
Total fund balance	279,647	38,408	-	14,865	18,030	21,563	30,697	5,186
Total liabilities and fund balance	$ 323,984	$ 73,590	$ 1,352	$ 14,865	$ 18,030	$ 21,585	$ 30,697	$ 5,186

Avondale School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Debt Service Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	2010 Series B	2014 Series A	2014 Series B	Sinking	2010 Series B	2014 Series B	
Assets							
Cash	$ -	$ -	$ -	$ -	$ -	$ 293,730	$ 293,770
Taxes receivable	618	295	4	249	-	-	3,280
Accounts receivable	-	-	-	-	400	-	882
Due from other funds	5	1	-	-	1,730	-	359,402
Due from other governmental units	-	-	-	-	-	-	11,715
Inventory	-	-	-	-	-	-	28,965
Investments	26,302	6,729	7,254	242,524	-	-	371,010
Prepaid items	-	500	-	-	-	500	1,106
Total assets	$ 26,925	$ 7,525	$ 7,258	$ 242,773	$ 2,130	$ 294,230	$ 1,070,130
Liabilities and fund balance							
Liabilities							
Accounts payable	$ -	$ -	$ -	$ 15,366	$ 2,130	$ 14,517	$ 81,557
Due to other funds	-	-	-	21,612	-	5,880	28,866
Due to other governmental units	-	-	-	-	-	-	13
Accrued salaries payable	-	-	-	-	-	-	6,081
Unearned revenue	-	-	-	-	-	-	23,881
Total liabilities	-	-	-	36,978	2,130	20,397	140,398
Fund balance							
Nonspendable							
Inventory	-	-	-	-	-	-	28,965
Prepaid items	-	500	-	-	-	500	1,106
Restricted for							
Food service	-	-	-	-	-	-	250,682
Debt service	26,925	7,025	7,258	-	-	-	131,549
Capital projects	-	-	-	205,795	-	273,333	479,128
Assigned for							
Community services	-	-	-	-	-	-	38,302
Total fund balance	26,925	7,525	7,258	205,795	-	273,833	929,732
Total liabilities and fund balance	$ 26,925	$ 7,525	$ 7,258	$ 242,773	$ 2,130	$ 294,230	$ 1,070,130

Avondale School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	Special Revenue Funds		Debt Service Funds					
	Food Service	Community Services	2003	2005	2006	2007	2009	2010 Series A
Revenues								
Local sources	$ 417,518	$ 744,443	$ 2,268,164	$ 268,754	$ 514,854	$ 823,923	$ 1,858,244	$ 38,635
State sources	40,344	-	17,084	2,026	3,880	6,209	13,815	287
Federal sources	657,856	-	-	-	-	-	-	182,804
Total revenues	1,115,718	744,443	2,285,248	270,780	518,734	830,132	1,872,059	221,726
Expenditures								
Current								
Education								
Food services	1,074,424	-	-	-	-	-	-	-
Community services	-	895,201	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	2,200,000	-	130,000	75,000	1,450,000	-
Interest and other expenditures	-	-	95,044	295,159	377,159	747,542	428,540	223,302
Total expenditures	1,074,424	895,201	2,295,044	295,159	507,159	822,542	1,878,540	223,302
Excess (deficiency) of revenues over expenditures	41,294	(150,758)	(9,796)	(24,379)	11,575	7,590	(6,481)	(1,576)
Other financing sources (uses)								
Transfers in	-	-	-	32,541	-	-	-	-
Transfers out	-	-	(32,541)	-	-	-	-	-
Total other financing sources (uses)	-	-	(32,541)	32,541	-	-	-	-
Net change in fund balance	41,294	(150,758)	(42,337)	8,162	11,575	7,590	(6,481)	(1,576)
Fund balance - beginning	238,353	189,166	42,337	6,703	6,455	13,973	37,178	6,762
Fund balance - ending	$ 279,647	$ 38,408	$ -	$ 14,865	$ 18,030	$ 21,563	$ 30,697	$ 5,186

Avondale School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	Debt Service Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	2010 Series B	2014 Series A	2014 Series B	Sinking	2010 Series B	2014 Series B	
Revenues							
Local sources	$ 1,290,981	$ 1,094,221	$ 15,662	$ 672,041	$ 77	$ -	$ 10,007,517
State sources	9,716	8,432	118	-	-	-	101,911
Federal sources	498,453	-	-	-	-	-	1,339,113
Total revenues	1,799,150	1,102,653	15,780	672,041	77	-	11,448,541
Expenditures							
Current							
Education							
Food services	-	-	-	-	-	-	1,074,424
Community services	-	-	-	-	-	-	895,201
Capital outlay	-	-	-	708,125	695,711	116,636	1,520,472
Debt service							
Principal	600,000	550,000	-	-	-	-	5,005,000
Interest and other expenditures	1,204,673	547,381	8,522	-	-	175	3,927,497
Total expenditures	1,804,673	1,097,381	8,522	708,125	695,711	116,811	12,422,594
Excess (deficiency) of revenues over expenditures	(5,523)	5,272	7,258	(36,084)	(695,634)	(116,811)	(974,053)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	32,541
Transfers out	-	-	-	-	-	-	(32,541)
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balance	(5,523)	5,272	7,258	(36,084)	(695,634)	(116,811)	(974,053)
Fund balance - beginning	32,448	2,253	-	241,879	695,634	390,644	1,903,785
Fund balance - ending	$ 26,925	$ 7,525	$ 7,258	$ 205,795	$ -	$ 273,833	$ 929,732

Avondale School District
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2015

	2015	2014
Assets		
Cash	$ 1,402,568	$ 1,256,913
Taxes receivable	7,472	8,447
Accounts receivable	97,411	173,796
Due from other funds	27,492	11,196
Due from other governmental units	5,143,280	5,134,290
Prepaid items	15,181	7,904
Total assets	$ 6,693,404	$ 6,592,546
Liabilities and fund balance		
Liabilities		
Accounts payable	$ 802,176	$ 1,113,325
State aid anticipation note payable	328,678	275,582
Due to other funds	358,028	467,481
Due to other governmental units	942,182	845,365
Due to agency fund activities	2,523	-
Payroll deductions and withholdings	21,700	360,820
Accrued salaries payable and payroll related liabilities	3,496,268	2,783,058
Total liabilities	5,951,555	5,845,631
Fund balance		
Nonspendable		
Prepaid items	15,181	7,904
Committed for future dental claims	78,980	-
Unassigned	647,688	739,011
Total fund balance	741,849	746,915
Total liabilities and fund balance	$ 6,693,404	$ 6,592,546

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2005 Refunding Bonds					
2016	4.00	$ 146,900	$ 146,900	$ 30,000	$ 323,800
2017	4.00	146,300	146,300	30,000	322,600
2018	4.00	145,700	145,700	30,000	321,400
2019	4.00	145,100	145,100	35,000	325,200
2020	4.00	144,400	144,400	2,435,000	2,723,800
2021	4.00	95,700	95,700	2,405,000	2,596,400
2022	4.00	47,600	47,600	2,380,000	2,475,200
		$ 871,700	$ 871,700	$ 7,345,000	$ 9,088,400
2006 Refunding Bonds					
2016	4.00	$ 185,300	$ 185,300	$ 2,300,000	$ 2,670,600
2017	4.00	139,300	139,300	2,330,000	2,608,600
2018	4.00	92,700	92,700	2,305,000	2,490,400
2019	4.00	46,600	46,600	2,330,000	2,423,200
		$ 463,900	$ 463,900	$ 9,265,000	$ 10,192,800

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2007 Refunding Bonds					
2016	4.00	$ 370,743	$ 370,744	$ 75,000	$ 816,487
2017	4.00	369,244	369,244	80,000	818,488
2018	4.00	367,643	367,644	80,000	815,287
2019	4.00	366,044	366,044	85,000	817,088
2020	4.00	364,343	364,344	90,000	818,687
2021	4.00	362,544	362,544	90,000	815,088
2022	4.00	360,743	360,744	95,000	816,487
2023	4.00	358,844	358,844	2,500,000	3,217,688
2024	4.00	308,843	308,844	2,485,000	3,102,687
2025	4.25	259,144	259,144	2,470,000	2,988,288
2026	4.25	206,656	206,656	2,455,000	2,868,312
2027	4.25	154,487	154,488	2,440,000	2,748,975
2028	4.25	102,637	102,638	2,425,000	2,630,275
2029	4.25	51,106	51,106	2,405,000	2,507,212
		$ 4,003,021	$ 4,003,028	$ 17,775,000	$ 25,781,049

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2009 Refunding Bonds					
2016	3.20	$ 189,598	$ 189,597	$ 1,425,000	$ 1,804,195
2017	3.50	166,798	166,797	1,390,000	1,723,595
2018	4.50	142,473	142,472	1,365,000	1,649,945
2019	4.00	111,760	111,760	1,370,000	1,593,520
2020	4.00	84,360	84,360	1,360,000	1,528,720
2021	4.20	57,160	57,160	1,350,000	1,464,320
2022	4.30	28,810	28,810	1,340,000	1,397,620
		$ 780,959	$ 780,956	$ 9,600,000	$ 11,161,915
2010 Building & Site Series A Bonds					
2016	5.50	$ 110,000	$ 110,000	$ -	$ 220,000
2017	5.50	110,000	110,000	-	220,000
2018	5.50	110,000	110,000	-	220,000
2019	5.50	110,000	110,000	-	220,000
2020	5.50	110,000	110,000	-	220,000
2021	5.50	110,000	110,000	-	220,000
2022	5.50	110,000	110,000	-	220,000
2023	5.50	110,000	110,000	-	220,000
2024	5.50	110,000	110,000	-	220,000
2025	5.50	110,000	110,000	-	220,000
2026	5.50	110,000	110,000	-	220,000
2027	5.50	110,000	110,000	1,325,000	1,545,000
2028	5.50	73,563	73,563	1,335,000	1,482,125
2029	5.50	36,850	36,850	1,340,000	1,413,700
		$ 1,430,413	$ 1,430,413	$ 4,000,000	$ 6,860,825

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2010 Building & Site Series B Bonds					
2016	2.95	$ 589,800	$ 589,800	$ 600,000	$ 1,779,600
2017	3.40	580,950	580,950	700,000	1,861,900
2018	4.00	569,050	569,050	750,000	1,888,100
2019	4.15	554,050	554,050	800,000	1,908,100
2020	4.35	537,450	537,450	900,000	1,974,900
2021	5.25	517,875	517,875	1,175,000	2,210,750
2022	5.25	487,031	487,031	1,175,000	2,149,063
2023	5.25	456,188	456,188	1,225,000	2,137,375
2024	5.25	424,031	424,031	1,250,000	2,098,063
2025	5.25	391,219	391,219	1,300,000	2,082,438
2026	5.25	357,094	357,094	1,475,000	2,189,188
2027	5.75	318,375	318,375	-	636,750
2028	5.75	318,375	318,375	-	636,750
2029	5.75	318,375	318,375	-	636,750
2030	5.75	318,375	318,375	1,700,000	2,336,750
2031	5.75	269,500	269,500	1,750,000	2,289,000
2032	5.75	219,188	219,188	1,800,000	2,238,375
2033	5.875	167,438	167,438	1,850,000	2,184,875
2034	5.875	113,094	113,094	1,900,000	2,126,188
2035	5.875	57,281	57,281	1,950,000	2,064,563
		$ 7,564,738	$ 7,564,738	$ 22,300,000	$ 37,429,475

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2014 Refunding Series A Bonds					
2016	1.30	$ 271,994	$ 267,754	$ 1,060,000	$ 1,599,748
2017	1.75	267,754	254,234	13,810,000	14,331,988
2018	2.35	151,596	132,246	13,190,000	13,473,843
		$ 691,344	$ 654,234	$ 28,060,000	$ 29,405,578
2014 Building & Site Series B Bonds					
2016		$ 4,000	$ 4,000	$ -	$ 8,000
2017		4,000	4,000		8,000
2018	2.00	4,000	-	400,000	404,000
		$ 12,000	$ 8,000	$ 400,000	$ 420,000