

**CHARLEVOIX PUBLIC SCHOOLS**

**CHARLEVOIX, MICHIGAN**

**JUNE 30, 2017**



**Baird, Cotter & Bishop, P.C.**  
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS  
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CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2017

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www.bcbcpa.com

July 27, 2017

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Charlevoix Public Schools  
Charlevoix, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charlevoix Public Schools, Charlevoix, Michigan as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charlevoix Public Schools, Charlevoix, Michigan as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of proportionate share of the net pension liability, schedule of contributions and notes to required supplementary information on pages iii through ix and 35 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charlevoix Public Schools, Michigan's basic financial statements. The Other Information section on pages 40 through 42 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2017, on our consideration of Charlevoix Public Schools, Michigan'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 Charlevoix Public Schools, Michigan's internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

This section of Charlevoix Public Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of the following three components: the government-wide financial statements, fund financial statements, and the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**A. Government-Wide Financial Statements**

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents the information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide statements distinguish functions of the District that are principally supported by state aid and property taxes (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, food service activities, athletic activities, community services, interest and other transactions.

**B. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories, governmental funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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CHARLEVOIX, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Fiduciary Funds** – The District is a trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to Financial Statements**

The Notes to Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**C. Summary of Net Position**

The following schedule summarizes the net position at fiscal years ended June 30.

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets	\$ 6,627,399	\$ 8,493,971
Non Current Assets		
Capital Assets	36,605,076	35,571,888
Less Accumulated Depreciation	<u>(14,352,626)</u>	<u>(13,421,658)</u>
Total Non Current Assets	<u>22,252,450</u>	<u>22,150,230</u>
Total Assets	<u>28,879,849</u>	<u>30,644,201</u>



CHARLEVOIX PUBLIC SCHOOLS  
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
<b>Deferred Outflows of Resources</b>	<u>3,013,460</u>	<u>2,200,983</u>
<b>Liabilities</b>		
Current Liabilities	4,469,857	4,464,711
Non Current Liabilities	<u>24,407,857</u>	<u>25,519,579</u>
Total Liabilities	<u>28,877,714</u>	<u>29,984,290</u>
<b>Deferred Inflows of Resources</b>	<u>578,028</u>	<u>458,514</u>
<b>Net Position</b>		
Net Investment in Capital Assets	15,287,351	14,453,189
Restricted for Specific Purposes	0	381,259
Unrestricted (Deficit)	<u>(12,849,784)</u>	<u>(12,432,068)</u>
Total Net Position	<u>\$ 2,437,567</u>	<u>\$ 2,402,380</u>

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2017, the District's net position increased by \$35,187. A few of the more significant factors affecting net position during the year are discussed below:

**1. Depreciation Expense**

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2017, \$930,968 was recorded for depreciation expense.

**2. Capital Outlay Acquisitions**

For the fiscal year ended June 30, 2017, \$1,033,188 of expenditures were capitalized and recorded as assets of the District. The additions included an auxiliary gym (\$899,293), CAT2 Stacking Modules (\$117,695), and a new playground (\$16,200). These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is an increase to capital assets in the amount of \$102,220 for the fiscal year ended June 30, 2017.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

**3. Pension Expense**

GASB 68 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension liability increases or decreases in any given year. For the year ended June 30, 2017, the District reported a decrease in net position of \$167,287 related to GASB 68.

**E. Change in Net Position**

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30.

	<u>2017</u>	<u>2016</u>
<b>General Revenues</b>		
Property Taxes	\$ 9,167,418	\$ 9,797,548
Investment Earnings	32,923	14,996
State Sources	543,160	834,726
Other	239,138	144,932
Total General Revenues	<u>9,982,639</u>	<u>10,792,202</u>
<b>Program Revenues</b>		
Charges for Services	415,446	481,174
Operating Grants	2,592,464	2,191,304
Total Program Revenues	<u>3,007,910</u>	<u>2,672,478</u>
Total Revenues	<u>12,990,549</u>	<u>13,464,680</u>
<b>Expenses</b>		
Instruction	7,396,086	7,231,329
Supporting Services	3,826,855	3,755,635
Food Service Activities	396,717	412,384
Community Services	3,896	1,277
Community Activities	9,401	5,511
Custody and Care of Children	30,667	72,705
Facilities Acquisition, Construction and Improvements	0	74,667
Non-Public School Pupils	57,088	51,213
Prior Period Adjustments	6,578	0
Interest on Long-Term Debt	297,106	317,191
Unallocated Depreciation	930,968	909,842
Total Expenses	<u>12,955,362</u>	<u>12,831,754</u>
Change in Net Position	<u>\$ 35,187</u>	<u>\$ 632,926</u>

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

**F. Financial Analysis of the District's Funds**

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
<b>Major Funds</b>			
General Fund	\$ 1,398,931	\$ 1,601,777	\$ (202,846)
Food Service Fund	139,644	120,415	19,229
2011 Debt Service Fund	1	403,885	(403,884)
2012 Debt Service Fund	0	33	(33)
2015 Debt Service Fund	1,998	27,023	(25,025)
2015 Capital Projects Fund	<u>2,648,545</u>	<u>3,865,809</u>	<u>(1,217,264)</u>
Total Governmental Funds	<u>\$ 4,189,119</u>	<u>\$ 6,018,942</u>	<u>\$ (1,829,823)</u>

In 2016/2017 fiscal year, the General Fund balance decreased its fund balance primarily due to a decrease of state shared revenues due to the student count trending downward in the fiscal year, while costs of operations increased.

The Food Service fund increased its fund balance due to revenues from local sources, as well as state and federal aid exceeding the costs of operations.

The 2011 Debt Service Fund decreased its fund balance due to debt payments exceeding taxes levied.

The 2012 Debt Service Fund debt payments outweighed the taxes levied and transfer in, leading to the decrease in fund balance.

The 2015 Debt Service Fund decreased its fund balance because the debt service payments exceeded the taxes levied for the year.

The 2015 Capital Projects Fund decreased its fund balance due to the construction of the new auxiliary gym and other capital projects.

**G. General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

For the 2016-2017 fiscal year, the District amended the general fund budget throughout the year, with the Board adopting the changes in June 2017. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>	\$ 10,934,153	\$ 10,939,435	\$ 10,912,597
<u>EXPENDITURES</u>			
Instruction	\$ 7,062,584	\$ 7,391,604	\$ 7,348,951
Supporting Services	3,817,604	3,724,392	3,656,778
Community Services	1,300	2,948	2,870
Community Activities	6,107	9,851	9,401
Custody and Care of Children	66,109	32,744	30,667
Non-Public School Pupils	60,289	63,509	57,088
Prior Period Adjustments	0	6,578	6,578
Total Expenditures	<u>\$ 11,013,993</u>	<u>\$ 11,231,626</u>	<u>\$ 11,112,333</u>

There are no significant revenue variances between original budget, final budget and actual results. Original budgeted expenditures were amended and increased for instructional costs. Actual expenditures were slightly less than final budgeted figures primarily relating to supporting services and instruction expenditures.

## **H. Capital Asset and Debt Administration**

### ***1. Capital Assets***

At June 30, 2017, the District has \$36,605,076 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to \$930,968 bringing the accumulated depreciation to \$14,352,626 as of June 30, 2017.

### ***2. Long-Term Debt***

At June 30, 2017, the District had \$9,540,000 in bonded debt outstanding. This represents a decrease of \$1,940,000 over the amount outstanding at the close of the prior fiscal year. Other long-term debt includes compensated absences of \$880,010 and a net pension liability of \$15,904,203.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

**I. Factors Bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- Lawmakers continue to work to determine the amount of per pupil funding that each District would receive, leaving uncertainty surrounding one of the largest revenue streams of the District.
- The District, like many in the State, continues to monitor its student count and search for ways to increase the student count to avoid the loss of students.
- The District continues to spend down the bond funds from the 2015 bond sale, which includes finishing the auxiliary gym in-process.

**J. Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Director of Finance and Administrative Service, Charlevoix Public Schools, 104 East St. Mary's Drive, Charlevoix, Michigan 49720.

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CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 536,980
Restricted Cash	3,592,463
Receivable	
Accounts Receivable	1,544
Due from Other Governments	426,550
Due from External Parties (Fiduciary Funds)	49,996
Inventories	1,311
Prepaid Expenses	343
Investments	<u>2,018,212</u>
 Total Current Assets	 <u>6,627,399</u>

NON CURRENT ASSETS

Capital Assets	36,605,076
Less Accumulated Depreciation	<u>(14,352,626)</u>
 Total Non Current Assets	 <u>22,252,450</u>

TOTAL ASSETS

28,879,849

DEFERRED OUTFLOWS OF RESOURCES

Related to Pensions	<u>3,013,460</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts Payable	461,087
Retainage Payable	74,909
Due to Other Governments	522,592
Accrued Expenses	401,897
Accrued Interest Payable	41,577
Salaries Payable	605,595
Unearned Revenue	372,200
Current Portion of Non Current Liabilities	<u>1,990,000</u>
 Total Current Liabilities	 <u>4,469,857</u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2017

<u>NON CURRENT LIABILITIES</u>	
Bonds Payable - Net	9,613,644
Compensated Absences	880,010
Net Pension Liability	15,904,203
Less Current Portion of Non Current Liabilities	<u>(1,990,000)</u>
 Total Non Current Liabilities	 <u>24,407,857</u>
 TOTAL LIABILITIES	 <u>28,877,714</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Pensions	<u>578,028</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	15,287,351
Unrestricted (Deficit)	<u>(12,849,784)</u>
 TOTAL NET POSITION	 <u><u>\$ 2,437,567</u></u>

The notes to the financial statements are an integral part of this statement.



CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction	\$ 7,396,086	\$ 129,749	\$ 1,989,329	\$ (5,277,008)
Supporting Services	3,826,855	132,355	331,265	(3,363,235)
Food Service Activities	396,717	153,342	271,870	28,495
Community Services	3,896	0	0	(3,896)
Community Activities	9,401	0	0	(9,401)
Custody and Care of Children	30,667	0	0	(30,667)
Non-Public School Pupils	57,088	0	0	(57,088)
Prior Period Adjustments	6,578	0	0	(6,578)
Interest on Long Term Debt	297,106	0	0	(297,106)
Unallocated Depreciation	930,968	0	0	(930,968)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,955,362	\$ 415,446	\$ 2,592,464	(9,947,452)
 <u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				7,545,478
Property Taxes - Debt Service				1,621,940
Investment Earnings				32,923
State Sources				543,160
Other				239,138
Total General Revenues				9,982,639
Change in Net Position				35,187
<u>NET POSITION</u> - Beginning of Year				2,402,380
<u>NET POSITION</u> - End of Year				\$ 2,437,567

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2017

	DEBT SERVICE FUNDS						TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	FOOD SERVICE FUND	2011 DEBT SERVICE FUND	2012 DEBT SERVICE FUND	2015 DEBT SERVICE FUND	2015 CAPITAL PROJECTS FUND	
<b><u>ASSETS</u></b>							
Cash	\$ 400,066	\$ 134,649	\$ 84	\$ 308	\$ 1,873	\$ 0	\$ 536,980
Restricted Cash	0	0	0	0	0	3,592,463	3,592,463
Accounts Receivable	1,544	0	0	0	0	0	1,544
Due from Other Governments	420,099	6,451	0	0	0	0	426,550
Due from Other Funds	467,850	6,148	105,042	68,440	125	0	647,605
Inventories	0	1,311	0	0	0	0	1,311
Prepaid Expenditures	343	0	0	0	0	0	343
Investments	2,018,212	0	0	0	0	0	2,018,212
<b>TOTAL ASSETS</b>	<b>\$ 3,308,114</b>	<b>\$ 148,559</b>	<b>\$ 105,126</b>	<b>\$ 68,748</b>	<b>\$ 1,998</b>	<b>\$ 3,592,463</b>	<b>\$ 7,225,008</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
<b><u>LIABILITIES</u></b>							
Accounts Payable	\$ 6,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 454,299	\$ 461,087
Retainage Payable	0	0	0	0	0	74,909	74,909
Due to Other Funds	9,026	0	105,125	68,748	0	414,710	597,609
Due to Other Governments	522,592	0	0	0	0	0	522,592
Accrued Expenses	398,666	3,231	0	0	0	0	401,897
Salaries Payable	605,595	0	0	0	0	0	605,595
Unearned Revenue	366,516	5,684	0	0	0	0	372,200
<b>Total Liabilities</b>	<b>1,909,183</b>	<b>8,915</b>	<b>105,125</b>	<b>68,748</b>	<b>0</b>	<b>943,918</b>	<b>3,035,889</b>
<b><u>FUND BALANCES</u></b>							
Nonspendable for Inventory	0	1,311	0	0	0	0	1,311
Nonspendable for Prepaid Expenditures	343	0	0	0	0	0	343
Restricted for Food Service	0	138,333	0	0	0	0	138,333
Restricted for Debt Service	0	0	1	0	1,998	0	1,999
Restricted for Capital Projects	0	0	0	0	0	2,648,545	2,648,545
Assigned for Subsequent Year Budget	63,917	0	0	0	0	0	63,917
Unassigned	1,334,671	0	0	0	0	0	1,334,671
<b>Total Fund Balances</b>	<b>1,398,931</b>	<b>139,644</b>	<b>1</b>	<b>0</b>	<b>1,998</b>	<b>2,648,545</b>	<b>4,189,119</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,308,114</b>	<b>\$ 148,559</b>	<b>\$ 105,126</b>	<b>\$ 68,748</b>	<b>\$ 1,998</b>	<b>\$ 3,592,463</b>	<b>\$ 7,225,008</b>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

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

JUNE 30, 2017

Total Governmental Fund Balances	\$ 4,189,119
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is	\$ 36,605,076
Accumulated depreciation is	<u>(14,352,626)</u>
	22,252,450
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Bonds Payable	(9,540,000)
Compensated Absences	(880,010)
Governmental funds expense 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.	(73,644)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net Pension Liability	(15,904,203)
Deferred outflows (and inflows) of resources related to pensions are to future periods and, therefore, are not reported in the funds.	
Deferred Outflow of Resources	3,013,460
Deferred Inflow of Resources	(578,028)
Accrued interest is not included as a liability in government funds, it is recorded when paid.	<u>(41,577)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,437,567</u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	<u>DEBT SERVICE FUNDS</u>					<u>2015 CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>	<u>2011 DEBT SERVICE FUND</u>	<u>2012 DEBT SERVICE FUND</u>	<u>2015 DEBT SERVICE FUND</u>		
<u>REVENUES</u>							
Local Sources	\$ 7,962,345	\$ 152,311	\$ 1,296,032	\$ 137,448	\$ 196,936	\$ 89,856	\$ 9,834,928
Non-Educational Sources	14,564	0	0	0	0	0	14,564
State Sources	2,057,318	35,178	12,958	6,911	1,728	0	2,114,093
Federal Sources	284,971	234,492	0	0	0	0	519,463
Other Transactions	593,399	0	0	0	0	0	593,399
Total Revenues	<u>10,912,597</u>	<u>421,981</u>	<u>1,308,990</u>	<u>144,359</u>	<u>198,664</u>	<u>89,856</u>	<u>13,076,447</u>
<u>EXPENDITURES</u>							
Instruction							
Basic Programs	5,663,175	0	0	0	0	0	5,663,175
Added Needs	1,685,776	0	0	0	0	0	1,685,776
Supporting Services							
Pupil	359,789	0	0	0	0	0	359,789
Instructional Staff	311,385	0	0	0	0	0	311,385
General Administration	294,270	0	0	0	0	0	294,270
School Administration	582,889	0	0	0	0	0	582,889
Business	153,636	0	20	0	0	150,201	303,857
Operation and Maintenance	1,122,731	0	0	0	0	2,534	1,125,265
Pupil Transportation Services	350,564	0	0	0	0	83,440	434,004
Central Services	173,217	0	0	0	0	148,372	321,589
Athletic Activities	308,297	0	0	0	0	0	308,297
Facilities Acquisition, Construction and Improvements	0	0	0	0	0	749,091	749,091
Food Service Activities	0	409,162	0	0	0	0	409,162
Community Services	2,870	0	0	0	0	0	2,870
Community Activities	9,401	0	0	0	0	0	9,401
Custody and Care of Children	30,667	0	0	0	0	0	30,667
Non-Public School Pupils	57,088	0	0	0	0	0	57,088
Prior Period Adjustments	6,578	0	0	0	0	0	6,578
Debt Service							
Principal	0	0	1,635,000	200,000	105,000	0	1,940,000
Interest and Fees	0	0	182,896	12,832	118,689	0	314,417
Total Expenditures	<u>11,112,333</u>	<u>409,162</u>	<u>1,817,916</u>	<u>212,832</u>	<u>223,689</u>	<u>1,133,638</u>	<u>14,909,570</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(199,736)</u>	<u>12,819</u>	<u>(508,926)</u>	<u>(68,473)</u>	<u>(25,025)</u>	<u>(1,043,782)</u>	<u>(1,833,123)</u>
<u>OTHER FINANCING SOURCES (USES)</u>							
Payments from Other Districts	0	3,300	0	0	0	0	3,300
Transfer In/(Out)	(3,110)	3,110	105,042	68,440	0	(173,482)	0
Total Other Financing Sources (Uses)	<u>(3,110)</u>	<u>6,410</u>	<u>105,042</u>	<u>68,440</u>	<u>0</u>	<u>(173,482)</u>	<u>3,300</u>
Net Change in Fund Balance	(202,846)	19,229	(403,884)	(33)	(25,025)	(1,217,264)	(1,829,823)
<u>FUND BALANCE - Beginning of Year</u>	<u>1,601,777</u>	<u>120,415</u>	<u>403,885</u>	<u>33</u>	<u>27,023</u>	<u>3,865,809</u>	<u>6,018,942</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 1,398,931</u>	<u>\$ 139,644</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 1,998</u>	<u>\$ 2,648,545</u>	<u>\$ 4,189,119</u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

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

YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances Total Governmental Funds \$ (1,829,823)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation. Additionally, the gain or loss on sale or disposal of capital assets is reported in the Statement of Activities:

Depreciation Expense	(930,968)
Capital Outlay	1,033,188

Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	49,682
Accrued Interest Payable - End of Year	(41,577)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resource. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

Repayment of Bond Principal	1,940,000
Amortization of Bond Premium	9,206

Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	852,776
Compensated Absences - End of Year	(880,010)

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

Change in Pension Related Items	(78,089)
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Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147c pension contributions subsequent to the measurement date.

Change in State Aid Funding of Pension	<u>(89,198)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 35,187</u>
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The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND

JUNE 30, 2017

	<u>AGENCY FUNDS STUDENT ACTIVITIES</u>
<u>ASSETS</u>	
Cash	\$ 268,164
Due from Other Funds	<u>3,393</u>
 TOTAL ASSETS	 <u>271,557</u>
 <u>LIABILITIES</u>	
Due to Other Funds	53,389
Due to Groups and Organizations	<u>218,168</u>
 TOTAL LIABILITIES	 <u>271,557</u>
 <u>NET POSITION</u>	 <u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The School District is located in Charlevoix and Antrim Counties with its administrative offices located in Charlevoix, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,003 students in elementary, middle school, high school, special education and adult education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

**B. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *DEBT SERVICE FUNDS*, including the 2011, 2012, and 2015 debt service funds, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2015 CAPITAL PROJECTS FUND* accounts for the acquisition of capital assets or construction of major capital projects.

The *FOOD SERVICE FUND*, a special revenue fund, accounts for revenue sources that are legally restricted to expenditures for specific purposes.

Additionally, the District reports the following fiduciary fund:

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (student activity funds).

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.



CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

**F. Budgetary Information**

***1. Budgetary Basis of Accounting***

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

- (a) The coordinator of business services submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted below.
- (d) The superintendent is charged with general supervision of the budgets and shall hold the budgets and shall hold the department heads responsible for performance of their responsibilities.
- (e) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- (f) Budgeted amounts are as originally adopted on June 20, 2016, or as amended by the School Board of Education throughout the year.

**2. *Excess of Expenditures Over Appropriations***

All expenditures were within appropriated amounts for the fiscal year ended June 30, 2017.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. *Cash and Cash Equivalents***

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

**2. *Investments***

Investments – Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term and duration the rate of return is fixed, and the District intends to hold the investment until maturity.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The Board policy on investment of funds authorizes the District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

**3. *Inventory and Prepaid Items***

Inventories are valued at cost using the first-in/first-out method. Inventory in the General Fund consists of land being held for future use by the Building Trades Program, when applicable. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

**4. *Capital Assets***

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at acquisition value on the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

	<u>YEARS</u>
Land Improvements	10-20
Buildings and Improvements	20-50
Vehicles and Buses	5-10
Furniture and Other Equipment	7-10

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

**5. *Unearned Revenue***

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned grant revenue in the general fund and unearned revenue in the food service fund related to student balances at the end of the fiscal year.

**6. *Compensated Absences***

The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which sick 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.

**7. *Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category which are related to the pension plan for its employees. Details can be found in footnote 2.D.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category, which are related to the pension plan for its employees. Details can be found in footnote 2.D.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

**9. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**11. Fund Balance Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**12. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board may also assign fund balance

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

***13. Use of Estimates***

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

***14. Restricted Assets***

Certain resources of the 2015 Capital Projects Fund that are set aside for capital outlay are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants.

**H. Revenues and Expenditures/Expenses**

***1. State Revenue***

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2017, the foundation allowance was based on pupil membership counts taken in February of 2016 and October of 2016. For fiscal year ended June 30, 2017, the per pupil foundation allowance was \$8,229 for Charlevoix Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2016 to August 2017. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

**2. Program Revenues**

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

**3. Property Taxes**

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and billed and due July 1. Unpaid taxes become delinquent as of September 14th and are subject to penalties and interest after that date.

For the year ended June 30, 2017, the District levied the following amounts per \$1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Principal Residence Exemption (PRE)	17.9838
General Fund - Commercial Personal Property	6.0000
2015 Debt Service Fund - PRE, Non-PRE, and Commercial Personal Property	0.2604
2012 Debt Service Fund - PRE, Non-PRE, and Commercial Personal Property	0.1806
2011 Debt Service Fund - PRE, Non-PRE, and Commercial Personal Property	1.7174

**NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. As of June 30, 2017, \$3,908,872 of the government’s bank balance of \$4,411,137 was exposed to custodial credit risk because it was uninsured and uncollateralized. Of the \$3,908,872 of uninsured funds, the majority of this was in the 2015 Capital Projects Fund (\$3,342,463), with the remaining spread between the general fund and food service fund. Although the District’s investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the deposits and investments.

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

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*Credit Risk* – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

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

*Foreign Currency Risk* - The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

*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. Although the District’s investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

As of June 30, 2017, the District had the following investments:

	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF+ External Investment Pool - MAX Class	\$ 2,018,212	0.0027	AAAm	100.00%
	<u>\$ 2,018,212</u>			<u>100.00%</u>
Portfolio Weighted Average Maturity		<u>0.0027</u>		

1 Day Maturity Equals 0.0027, One Year Equals 1.000

The District invests certain excess funds in external pooled investment funds which include money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund Plus (MILAF+). MILAF+ is a local government investment pool of “qualified” investments for Michigan school districts. MILAF+ is not regulated nor is it registered with the SEC. MILAF+ reports as of June 30, 2017, the fair value of the District’s investments is the same as the value of the pooled shares. MILAF, as defined by GASB, is recorded at amortized cost which approximates fair value. The MILAF+ portfolio offers three share classes which are: Cash Management Class, MAX Class, and GovMIC Class. The only class that has limitations or restrictions on withdrawals is MAX Class, which requires notification of redemptions prior to 14 days to avoid penalties. The MILAF+ portfolio is not subject to fair value disclosures.

**Fair Market Value Disclosure** - The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.



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Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

The District does not have any investments subject to the fair value measurement.

The carrying amount of deposits and investments is as follows:

	<u>Total</u>
Deposits – including Fiduciary Funds of \$268,164	\$ 4,397,607
Investments	<u>2,018,212</u>
	<u>\$ 6,415,819</u>

The above amounts are reported in the financial statements as follows:

	<u>Total</u>
Cash - Fiduciary Funds	\$ 268,164
Cash - District-Wide	536,980
Restricted Cash - District-Wide	3,592,463
Investments	<u>2,018,212</u>
	<u>\$ 6,415,819</u>

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**B. Receivables**

Receivables as of year-end for the government's individual major funds are as follows:

	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>	<u>TOTAL</u>
Receivables			
Accounts	\$ 1,544	\$ 0	\$ 1,544
Due from Other Governments	420,099	6,451	426,550
Total Receivables	<u>\$ 421,643</u>	<u>\$ 6,451</u>	<u>\$ 428,094</u>

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs. Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not year earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Food Service Student Balances	\$ 0	\$ 5,684
Grant Receipts Received, But Not Yet Utilized	0	366,516
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 0</u>	<u>\$ 372,200</u>

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2017, was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Assets Not Being Depreciated				
Land	\$ 466,745	\$ 0	\$ 0	\$ 466,745
Construction in Progress	0	899,293	0	899,293
Total Assets Not Being Depreciated	<u>466,745</u>	<u>899,293</u>	<u>0</u>	<u>1,366,038</u>

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	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Other Capital Assets				
Land Improvements	1,340,739	0	0	1,340,739
Buildings and Improvements	30,160,438	0	0	30,160,438
Machinery and Equipment	2,250,909	133,895	0	2,384,804
Textbooks and Library Books	83,718	0	0	83,718
Transportation Equipment	1,269,339	0	0	1,269,339
Subtotal	<u>35,105,143</u>	<u>133,895</u>	<u>0</u>	<u>35,239,038</u>
Less Accumulated Depreciation				
Land Improvements	452,338	39,002	0	491,340
Buildings and Improvements	10,654,052	667,202	0	11,321,254
Machinery and Equipment	1,435,620	142,420	0	1,578,040
Textbooks and Library Books	83,395	323	0	83,718
Transportation Equipment	796,253	82,021	0	878,274
Subtotal	<u>13,421,658</u>	<u>930,968</u>	<u>0</u>	<u>14,352,626</u>
Net Other Capital Assets	<u>21,683,485</u>	<u>(797,073)</u>	<u>0</u>	<u>20,886,412</u>
Net Capital Assets	<u>\$ 22,150,230</u>	<u>\$ 102,220</u>	<u>\$ 0</u>	<u>\$ 22,252,450</u>

Depreciation for the fiscal year ended June 30, 2017, amounted to \$930,968. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**D. Defined Benefit Plan and Post-Retirement Benefits**

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

The System’s separately issued financial statements are available at [www.michigan.gov/mpsers-cafr](http://www.michigan.gov/mpsers-cafr).

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**Benefit Provisions- Pension**

***Introduction***

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPSERS is as follows:

<b><u>Plan Name</u></b>	<b><u>Plan Type</u></b>	<b><u>Plan Status</u></b>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Prior to pension reform of 2010 there were two plans commonly referred to as Basic and Member Investment Plan (MIP). Basic plan member's contributions range from 0% to 4%. On January 1, 1987, 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. Members first hired January 1, 1990 or later, including Pension Plus plan members, contribute at various graduated permanently fixed contribution rates from 3.0% to 7.0%.

***Pension Reform 2010***

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

***Pension Reform 2012***

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months

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ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. Members who elected under option 1 to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP).

***Regular Retirement***

Eligibility – Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount – Total credited service as of the transition date times 1.5% of final average compensation.

***Pension Plus***

An amount determined by the member's election of Option 1, 2, 3, or 4 as described below:

Option 1: Credited service after the transition date times 1.5% times final average compensation.

Option 2: Credited service after the transition date (until total service reaches 30 years) times 1.5% times final average compensation, plus credited service after the transition date and over 30 years times 1.25% times final average compensation.

Option 3: Credited service after the transition date times 1.25% times final average compensation.

Option 4: None (Member will receive benefit through a defined contribution plan). As a Defined Contribution participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus Plan and the Defined Contribution Plan that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) – Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the transition date.

**Members Contributions**

Depending on the plan selected, member contributions range from 0% to 7%. Plan members electing the defined contribution plan are not required to make additional contributions.

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**Employers Contributions**

Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree other post-employment benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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

**Pension Contribution Rates**

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

The District's pension contributions for the year ended June 30, 2017 were equal to the required contribution total. Pension contributions were approximately \$1,521,097. These amounts include contributions funded from state revenue Section 147c restricted to fund MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (72.88% for pension and 27.12% for OPEB).

**E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Pension Liabilities**

At June 30, 2017, the District reported a liability of \$15,904,203 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2014 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016 and 2015, the District's proportion was 0.0637464% and .06159237%.

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**MPERS (Plan) Net Pension Liability – As of September 30, 2016 and September 30, 2015**

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Total Pension Liability	\$ 67,917,445,078	\$ 66,312,041,902
Plan Fiduciary Net Position	42,968,263,308	41,887,015,147
Net Pension Liability	<u>\$ 24,949,181,770</u>	<u>\$ 24,425,026,755</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.27%	63.17%
Net Pension Liability as a Percentage of Covered-Employee Payroll	295.81%	292.61%

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

For the year ended June 30, 2017, the District recognized total pension expense of \$1,101,303. This amount excludes contributions funded from state revenue Section 147c restricted to fund the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 198,208	\$ 37,693
Changes of assumptions	248,650	0
Net difference between projected and actual earnings on pension plan investments	264,328	0
Changes in proportion and differences between District contributions and proportionate share of contributions	915,959	42,453
Section 147 revenue related to District pension contributions subsequent to the measurement date	0	497,882
District contributions subsequent to the measurement date	1,386,315	0
<b>Total</b>	<u>\$ 3,013,460</u>	<u>\$ 578,028</u>

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\$1,386,315 reported as deferred outflows of resources and \$497,882 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2017	\$ 413,677
2018	392,888
2019	617,130
2020	123,304
	<u>\$ 1,546,999</u>

**F. Actuarial Valuations and Assumptions of the Pension Plan**

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.50%
Investment Rate of Return	
-MIP and Basic Plans (Non-Hybrid):	8.00%
-Pension Plus Plan (Hybrid):	7.00%
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

Mortality: RP-2000 Male and Female Combine Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. 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.



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*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 total pension liability as of September 30, 2016, is based on the results of an actuarial valuation date of September 30, 2015, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.6273.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2016 MPSERS Comprehensive Annual Financial Report.

***Long-Term Expected Rate of Return on Investments***

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

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Pools	28.00%	5.90%
Alternative Investment Pools	18.00%	9.20%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	0.90%
Real Estate & Infrastructure Pools	10.00%	4.30%
Absolute Return Pools	15.50%	6.00%
Short-Term Investment Pools	2.00%	0.00%
	<u>100%</u>	

\*Long-term rate does not include 2.1% inflation.

***Discount Rate***

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this

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discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

<b>1% Decrease (Non-Hybrid/Hybrid) 7.0% / 6.0%</b>	<b>Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 8.0% / 7.0%</b>	<b>1% Increase (Non-Hybrid/Hybrid) 9.0% / 8.0%</b>
\$ 20,480,610	\$ 15,904,203	\$ 12,045,851

**G. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2016 Comprehensive Annual Financial Report.

**H. Payables to the Pension Plan**

As of June 30, 2017, the District is current on all required pension plan payments. As of June 30, 2017, the District reported payables in the amount of \$206,752 to the pension plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

**I. Benefit Provisions – Other Post-Employment**

***Introduction***

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008,

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(Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus, plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

***Retiree Healthcare Reform of 2012***

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

***Employer Contributions***

The employer contribution rate ranged from 5.52% - 6.45% of covered payroll for the period October 1, 2013 to March 9, 2015; from 2.20% - 2.71% of covered payroll for the period from March 10, 2015 to September 30, 2015; from 6.40% - 6.83% of covered payroll for the period from October 1, 2015 through September 30, 2016; and 5.69% - 5.91% of covered payroll for the period from October 1, 2016 through September 30, 2017 dependent upon the employee's date of hire and plan election.

The District's contributions to MPSERS for post-employment healthcare contributions for the years ended June 30, 2017, 2016 and 2015 were approximately \$515,000, \$485,000 and \$130,000.

**J. Risk Management**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

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The District participates in a distinct pool of education institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

**K. Long-Term Liabilities**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2017:

	<u>Compensated</u>		<u>Net Pension</u>	
	<u>Absences</u>	<u>Bonds</u>	<u>Liability</u>	<u>Total</u>
Balance July 1, 2016	\$ 852,776	\$ 11,480,000	\$ 15,043,953	\$ 27,376,729
Additions	47,371	0	2,291,708	2,339,079
Deletions	20,137	1,940,000	1,431,458	3,391,595
Balance June 30, 2017	880,010	9,540,000	15,904,203	26,324,213
Less current portion	Unknown	1,990,000	Unknown	1,990,000
Total due after one year	\$ 880,010	\$ 7,550,000	\$ 15,904,203	\$ 24,334,213

Debt payable at June 30, 2017, is comprised of the following issues:

Bonds

2011 Refunding Bonds Due in Annual Installments of \$1,530,000 to \$1,600,000 Through May 1, 2020, Interest at 2.65%	\$ 4,695,000
2012 School Building and Site Bonds Due in Annual Installments of \$225,000 to \$250,000 through May 1, 2019, Interest at 1.80% to 2.00%	475,000
2015 School Building and Site Bonds Due in Annual Installments of \$165,000 to \$740,000 through May 1, 2025, Interest at 2.00% to 3.00%	4,370,000

Other Long Term Debt

Compensated Absences	880,010
Net Pension Liability	15,904,203
Total Debt	\$ 26,324,213

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The annual requirements to amortize debt outstanding as of June 30, 2017, including interest payments of \$911,357 are as follows:

Year Ending June 30,	Principal	Interest	Amounts Payable
2018	\$ 1,990,000	\$ 249,468	\$ 2,239,468
2019	2,045,000	199,718	2,244,718
2020	1,960,000	148,646	2,108,646
2021	675,000	99,500	774,500
2022	695,000	82,625	777,625
2023	710,000	65,250	775,250
2024	725,000	43,950	768,950
2025	740,000	22,200	762,200
	<hr/> 9,540,000	911,357	10,451,357
Compensated Absences	880,010	0	880,010
Net Pension Liability	15,904,203	0	15,904,203
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 26,324,213	\$ 911,357	\$ 27,235,570

The annual requirements to amortize the compensated absences and net pension liability are uncertain because it is unknown when the employees will use the sick leave or pension benefits.

Compensated absences and pension expense will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

**L. Interfund Receivables and Payables**

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2017, were:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 467,850	\$ 9,026
Food Service Fund	6,148	0
2011 Debt Service Fund	105,042	105,125
2012 Debt Service Fund	68,440	68,748
2015 Capital Projects Fund	125	414,710
Fiduciary Funds - Internal Service Funds	3,393	53,389
	<hr/> <hr/>	<hr/> <hr/>
	\$ 650,998	\$ 650,998

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2017, are expected to be repaid within one year.

**M. Interfund Transfers**

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 0	\$ 3,110
Food Service Fund	3,110	0
2011 Debt Service Fund	105,042	0
2012 Debt Service Fund	68,440	0
2015 Capital Projects Fund	0	173,482
	<u>\$ 176,592</u>	<u>\$ 176,592</u>

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**N. Leases**

The rental expense for the year ended June 30, 2017, totaled \$19,116.

The rental expense consists of a lease agreement on a building the District leases from the Charlevoix Children's House and leasing of a postage machine. The future minimum lease payments for these leases are as follows:

<u>YEAR ENDING</u>	
2018	\$ 5,383
2019	1,318
	<u>\$ 6,701</u>

**O. Tax Abatements**

Effective for the year ended June 30, 2017, the District is required to disclose significant tax abatements as required by GASB statement 77 (tax abatements). The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by Hayes Township, Charlevoix Township, Marion Township, Norwood Township and the City of Charlevoix, within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, acquisition of personal property or to rehabilitate historical facilities.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

The property taxes abated for the year ended June 30, 2017 (tax year 2016) from the Townships noted above under this program are as follows:

General Fund	\$ 38,665
Debt Funds	<u>5,758</u>
	<u>\$ 44,423</u>

The District is considered an “in-formula” District. The taxes abated for the general fund operating millage are considered by the State of Michigan when determining the District’s Section 22 funding of the State School Aid Act. The District received \$38,665 from the State of Michigan’s determination.

There are no significant abatements made by the District itself.

**P. Other Information**

***1. Commitments and Contingencies***

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

Commitments – Before the end of the year, the District signed a purchase agreement with Zaremba Equipment Inc. in the amount of \$83,478 for the purchase of a bus. The District also signed construction contract with Grand Traverse Construction for the Auxiliary Gym project in the Capital Projects fund, totaling \$2,587,178. A portion of this work was completed by year-end and expensed in the current year financial statements, while the remaining balance on the contract will be in the subsequent fiscal year. The balance the District has committed to complete the project at June 30, 2017 is \$1,912,996 (which includes retainage payable of \$74,607 already recorded in the financial statements as retainage payable). An additional contract signed for the design and architectural fees with Environment Architects is also in place, and the District is committed to an additional \$30,450 in the next fiscal year.

***2. Capital Projects Funds***

The 2015 Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

***3. Subsequent Events***

In July 2017, the Board approved the purchase of iPads for elementary students totaling \$46,053. The District also closed on the sale of property in the amount of \$80,000. There were no adjustments made in the financial statements for the year ended June 30, 2017.

CHARLEVOIX PUBLIC SCHOOLS

CHARLEVOIX, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

**Q. Upcoming Accounting Pronouncements**

The District is currently evaluating the impact these standards will have on the financial statements when adopted.

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year-end. The Statement requires governments that participate in defined postemployment benefit plans to report in their statement of net position a net postemployment benefit liability. The net postemployment benefit liability is the difference between the total postemployment benefit liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net postemployment benefit liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the postemployment benefit liabilities and expense.

Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*

GASB Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the District's 2020 fiscal year-end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.



CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2017

	GENERAL FUND			FOOD SERVICE FUND		
	ORIGINAL	FINAL	ACTUAL	ORIGINAL	FINAL	ACTUAL
	BUDGET	BUDGET		BUDGET	BUDGET	
<b>REVENUES</b>						
Local Sources	\$ 7,902,507	\$ 7,981,620	\$ 7,962,345	\$ 121,118	\$ 151,934	\$ 152,311
Non-Educational Sources	30,200	14,000	14,564	0	0	0
State Sources	2,170,509	2,069,701	2,057,318	13,850	33,019	35,178
Federal Sources	303,351	271,752	284,971	221,000	226,489	234,492
Other Transactions	527,586	602,362	593,399	0	0	0
Total Revenues	10,934,153	10,939,435	10,912,597	355,968	411,442	421,981
<b>EXPENDITURES</b>						
Instruction						
Basic Programs	5,510,845	5,684,097	5,663,175	0	0	0
Added Needs	1,551,739	1,707,507	1,685,776	0	0	0
Supporting Services						
Pupil	368,715	361,519	359,789	0	0	0
Instructional Staff	378,687	335,899	311,385	0	0	0
General Administration	322,230	301,569	294,270	0	0	0
School Administration	623,046	593,085	582,889	0	0	0
Business	148,790	153,695	153,636	0	0	0
Operation and Maintenance	1,127,311	1,139,431	1,122,731	0	0	0
Pupil Transportation Services	400,621	352,456	350,564	0	0	0
Central Services	140,414	173,793	173,217	0	0	0
Athletic Activities	307,790	312,945	308,297	0	0	0
Food Service Activities	0	0	0	380,428	426,283	409,162
Community Services	1,300	2,948	2,870	0	0	0
Community Activities	6,107	9,851	9,401	0	0	0
Custody and Care of Children	66,109	32,744	30,667	0	0	0
Non-Public School Pupils	60,289	63,509	57,088	0	0	0
Prior Period Adjustments	0	6,578	6,578	0	0	0
Total Expenditures	11,013,993	11,231,626	11,112,333	380,428	426,283	409,162
Excess (Deficiency) of Revenues Over (Under) Expenditures	(79,840)	(292,191)	(199,736)	(24,460)	(14,841)	12,819
<b>OTHER FINANCING SOURCES (USES)</b>						
Payments from Other Districts	0	0	0	26,693	0	3,300
Transfer In/(Out)	(3,540)	(3,110)	(3,110)	0	3,110	3,110
Total Other Financing Sources (Uses)	(3,540)	(3,110)	(3,110)	26,693	3,110	6,410
Net Change in Fund Balance	(83,380)	(295,301)	(202,846)	2,233	(11,731)	19,229
<b>FUND BALANCE - Beginning of Year</b>	1,085,408	1,601,777	1,601,777	52,800	120,415	120,415
<b>FUND BALANCE - End of Year</b>	\$ 1,002,028	\$ 1,306,476	\$ 1,398,931	\$ 55,033	\$ 108,684	\$ 139,644

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)  
JUNE 30, 2017

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)								0.63746%	0.06159%	0.05782%
District's proportionate share of net pension liability								\$ 15,904,203	\$ 15,043,953	\$ 12,735,198
District's covered-employee payroll								5,443,900	5,116,708	4,891,860
District's proportionate share of net pension liability as a percentage of its covered-employee payroll								292.15%	294.02%	260.33%
Plan fiduciary net position as a percentage of total pension liability								63.27%	63.17%	66.20%

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS

MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)  
JUNE 30, 2017

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions								\$ 1,521,097	\$ 1,188,197	\$ 1,169,414
Contributions in relation to statutorily required contributions *								1,521,097	1,188,197	1,169,414
Contribution deficiency (excess)								\$ 0	\$ 0	\$ 0
Covered-Employee Payroll								\$ 5,417,822	\$ 5,171,381	\$ 5,111,035
Contributions as a percentage of covered-employee payroll								28.08%	22.98%	22.88%

\* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2017

**A. Changes of Benefit Terms:**

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

**B. Changes of Assumptions:**

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

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2017

<u>TITLE OF ISSUE</u>	2011 Refunding Bonds		
<u>PURPOSE</u>	The Bonds are being issued for the purpose of advance refunding a portion of the District's outstanding 1999 School Building and Site Bonds dated December 1, 1999, which are due and payable May 1, 2010, through May 1, 2017, inclusive and May 1, 2020.		
<u>DATE OF ISSUE</u>	August 8, 2011		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of Each Year		
<u>AMOUNT OF ISSUE</u>		\$	14,725,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$	1,635,000
Prior Years		<u>8,395,000</u>	<u>10,030,000</u>
<u>BALANCE OUTSTANDING</u>	June 30, 2017		<u>\$ 4,695,000</u>
<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>	
		<u>TOTAL</u>	<u>INTEREST</u>
		<u>PRINCIPAL</u>	
November 1, 2017		\$ 62,209	\$ 62,209
May 1, 2018	2.65%	1,662,209	62,209
November 1, 2018		41,009	41,009
May 1, 2019	2.65%	1,606,009	41,009
November 1, 2019		20,273	20,273
May 1, 2020	2.65%	1,550,273	20,273
		<u>\$ 4,941,982</u>	<u>\$ 246,982</u>
			<u>\$ 4,695,000</u>

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2017

<u>TITLE OF ISSUE</u>	2012 School Building and Site Bonds		
<u>PURPOSE</u>	The Bonds are being issued for the purpose of partially remodeling, refurbishing and re-equipping the District's buildings, including educational technology improvements; constructing and equipping a bus maintenance facility; acquiring school buses and developing and improving sites.		
<u>DATE OF ISSUE</u>	May 10, 2012		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of Each Year		
<u>AMOUNT OF ISSUE</u>			\$ 1,000,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$ 200,000	
Prior Years		<u>325,000</u>	<u>525,000</u>
<u>BALANCE OUTSTANDING</u>	June 30, 2017		<u><u>\$ 475,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2017		\$ 4,525	\$ 4,525	
May 1, 2018	1.80%	229,525	4,525	\$ 225,000
November 1, 2018		2,500	2,500	
May 1, 2019	2.00%	<u>252,500</u>	<u>2,500</u>	<u>250,000</u>
		<u><u>\$ 489,050</u></u>	<u><u>\$ 14,050</u></u>	<u><u>\$ 475,000</u></u>

CHARLEVOIX PUBLIC SCHOOLS  
CHARLEVOIX, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2017

<u>TITLE OF ISSUE</u>	2015 School Building and Site Bonds		
<u>PURPOSE</u>	The Bonds are being issued for the purpose of partially remodeling, refurbishing and re-equipping the District's buildings, including educational technology improvements; constructing and equipping a bus maintenance facility; acquiring school buses and developing and improving sites.		
<u>DATE OF ISSUE</u>	June 25, 2015		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of Each Year		
<u>AMOUNT OF ISSUE</u>			\$ 4,500,000
<u>AMOUNT REDEEMED</u>			
Current Year		\$ 105,000	
Prior Years		<u>25,000</u>	<u>130,000</u>
<u>BALANCE OUTSTANDING</u>	June 30, 2017		<u><u>\$ 4,370,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2017		\$ 58,000	\$ 58,000	
May 1, 2018	2.00%	223,000	58,000	\$ 165,000
November 1, 2018		56,350	56,350	
May 1, 2019	2.00%	286,350	56,350	230,000
November 1, 2019		54,050	54,050	
May 1, 2020	2.00%	484,050	54,050	430,000
November 1, 2020		49,750	49,750	
May 1, 2021	2.50%	724,750	49,750	675,000
November 1, 2021		41,312	41,312	
May 1, 2022	2.50%	736,313	41,313	695,000
November 1, 2022		32,625	32,625	
May 1, 2023	3.00%	742,625	32,625	710,000
November 1, 2023		21,975	21,975	
May 1, 2024	3.00%	746,975	21,975	725,000
November 1, 2024		11,100	11,100	
May 1, 2025	3.00%	751,100	11,100	740,000
		<u><u>\$ 5,020,325</u></u>	<u><u>\$ 650,325</u></u>	<u><u>\$ 4,370,000</u></u>







