

**MARION PUBLIC SCHOOLS**

**MARION, MICHIGAN**

**JUNE 30, 2017**



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

CERTIFIED PUBLIC ACCOUNTANTS  
134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601 PHONE: (231) 775-9789 FAX: (231) 775-9749  
[www.bcbcpa.com](http://www.bcbcpa.com)



MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGES</u>
<b>Independent Auditor's Report</b>	i-iii
<b>Management's Discussion and Analysis</b>	iv-xii
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	1-2
Statement of Activities	3
Fund Financial Statements	
Balance Sheet – Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7-8
Fiduciary Funds	
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11-39
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule - General Fund	40-41
Schedule of Proportionate Share of Net Pension Liability – Michigan Public School Employees' Retirement System	42
Schedule of Contributions – Michigan Public School Employees' Retirement System	43
Notes to Required Supplementary Information	44
<b>Combining Fund Financial Statements</b>	
Nonmajor Governmental Fund Types	
Combining Balance Sheet	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	46
Fiduciary Fund Types	
Combining Statement of Fiduciary Net Position	47
Combining Statement of Changes in Fiduciary Net Position	48

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGES</u>
<b>Financial Statements of Individual Funds</b>	
Agency Fund	
Statement of Cash Receipts and Disbursements	49-50
<b>Other Information</b>	
Bond Payment Schedule	
2005 Energy Conservation Improvement Bonds	51-52
2010 Refunding Bonds	53-54
2012 School Bus Bonds	55
2015 Refunding Bonds	56-57
2016 Building and Site Bonds	58-59



# Baird, Cotter & Bishop, P.C.

SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601 PHONE: (231) 775-9789 FAX: (231) 775-9749

www.bcbcpa.com

July 21, 2017

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Marion Public Schools  
Marion, 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 Marion Public Schools, Marion, 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 Marion Public Schools, Marion, 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 and required supplementary information (as identified in the table of contents) on pages iv through xii and 40-44 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 Marion Public Schools, Michigan's basic financial statements. The Combining Financial Statements, Financial Statements of Individual Funds and Other Supplementary Information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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 21, 2017, on our consideration of Marion 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 solely to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marion Public Schools 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 Marion Public Schools, Michigan's internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

This section of Marion 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 statements provide short-term and long-term financial information about the District’s overall financial status. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District’s assets and liabilities. All of the year’s revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District’s net position and how they have changed. Net position – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health or position.

Over time, increases and decreases in the District’s net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District’s activities are all shown in one category titled “Governmental Activities”. These activities, including regular and special education, transportation, administration, food services, athletic activities, and community services, are primarily financed with state and federal aids and property taxes.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called “non-major” funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

**Governmental Funds** – The District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

**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 and a Statement of Changes in 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 provide additional information that is necessary to acquire a full understanding of the data 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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

**C. Summary of Net Position**

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

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets	\$ 3,646,295	\$ 1,939,341
Non Current Assets		
Capital Assets	10,515,568	9,952,893
Less Accumulated Depreciation	<u>(5,714,682)</u>	<u>(5,631,249)</u>
Total Non Current Assets	<u>4,800,886</u>	<u>4,321,644</u>
Total Assets	<u>8,447,181</u>	<u>6,260,985</u>
<b>Deferred Outflows of Resources</b>		
Deferred Loss on Refunding - Net	63,901	75,566
Deferred Outflows of Resources Related to Pensions	<u>1,074,273</u>	<u>850,554</u>
Total Deferred Outflows of Resources	<u>1,138,174</u>	<u>926,120</u>
<b>Liabilities</b>		
Current Liabilities	1,788,314	1,740,955
Non Current Liabilities	<u>13,123,761</u>	<u>10,751,763</u>
Total Liabilities	<u>14,912,075</u>	<u>12,492,718</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows of Resources Related to Pensions	<u>277,355</u>	<u>229,665</u>
<b>Net Position</b>		
Net Investment in Capital Assets	852,886	896,733
Restricted for Debt Retirement	113,341	31,828
Restricted for Millie Jones Expenses	4,540	4,540
Unrestricted (Deficit)	<u>(6,574,842)</u>	<u>(6,468,379)</u>
Total Net Position (Deficit)	<u>\$ (5,604,075)</u>	<u>\$ (5,535,278)</u>

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2017, the District's net position decreased by \$68,797. A few of the more significant factors affecting net position during the year are discussed below:

**1. Depreciation Expense**

The school district is required 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, \$416,259 was recorded for depreciation expense.

**2. Capital Outlay Acquisitions**

For the fiscal year ended June 30, 2017, \$895,501 of expenditures were capitalized and recorded as assets of the District. 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 \$479,242 for the 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 \$251,002 related to GASB 68, which indicates that the District's proportionate share of the net pension liability increased.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

**E. Change in Net Position**

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

	2017	2016
<b>General Revenues</b>		
Property Taxes	\$ 2,034,643	\$ 1,798,134
Investment Earnings	10,851	1,810
State Sources	2,970,210	2,922,995
Other	52,856	58,874
Total General Revenues	5,068,560	4,781,813
<b>Program Revenues</b>		
Charges for Services	69,385	60,128
Operating Grants	1,059,613	994,045
Total Program Revenues	1,128,998	1,054,173
Total Revenues	6,197,558	5,835,986
<b>Expenses</b>		
Instruction	3,780,282	3,634,095
Supporting Services	1,362,754	1,489,732
Community Activities	427	1,738
Non-Public School Pupils	1,066	0
Food Service Activities	389,386	364,237
Athletic Activities	115,969	90,488
Interest on Long-Term Debt	153,504	123,377
Bond Issuance Costs	44,958	0
Other Transactions	1,750	2,000
Unallocated Depreciation	416,259	373,717
Total Expenses	6,266,355	6,079,384
Change in Net Position	\$ (68,797)	\$ (243,398)

MARION PUBLIC SCHOOLS  
MARION, 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 Fund</b>			
General Fund	\$ 412,238	\$ 434,296	\$ (22,058)
2016 Building and Site Fund	1,756,241	0	1,756,241
<b>Nonmajor Funds</b>			
Food Service	78,632	93,666	(15,034)
2012 School Bus Bonds	0	11,006	(11,006)
2016 Debt Retirement Fund	70,018	0	70,018
2015 Debt Refunding	47,537	33,054	14,483
2010 Debt Refunding	14,215	7,903	6,312
2012 Debt Retirement	6,396	8,779	(2,383)
 Total Governmental Funds	 <u>\$ 2,385,277</u>	 <u>\$ 588,704</u>	 <u>\$ 1,796,573</u>

The School District increased its fund balance due to the addition of two new funds, 2016 Building and Site Fund and the 2016 Debt Retirement Fund. Other funds' changes were insignificant.

**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.

MARION PUBLIC SCHOOLS  
MARION, 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. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 5,108,637	\$ 5,193,104	\$ 5,203,470
<u>EXPENDITURES</u>			
Instruction	\$ 3,540,619	\$ 3,655,837	\$ 3,597,591
Supporting Services	1,524,431	1,593,105	1,586,089
Community Activities	0	500	427
Non-Public School Pupils	0	0	1,066
Debt Services	40,355	42,005	40,355
Total Expenditures	\$ 5,105,405	\$ 5,291,447	\$ 5,225,528

The change in the Total Revenue Original Budget to Final Budget was an increase of \$84,467 as a result of local grants and athletic revenue increasing. In addition, 147c (UAAL) increased approximately \$50,000 from the initial to final budget.

The change in the Total Expenditures Original Budget to Final Budget was an increase of \$186,042. This is due to budgeting for the purchase of textbooks, local grant expenditures, UAAL (retirement), legal expenses, increase in utilities, custodial services and bus parts.

The actual expenditures are lower than the final budget due to a personnel change during the year and other actual expenses being less than anticipated.

**H. Capital Asset and Debt Administration**

***1. Capital Assets***

At June 30, 2017, the District has \$10,515,568 in a broad range of capital assets, including school buildings and facilities, school buses, and various types of equipment. Depreciation expense for the year amounted to \$416,259, bringing the accumulated depreciation to \$5,714,682 as of June 30, 2017.

The addition to capital assets included:

- Sound System \$16,257
- Cameras, Lenses, Antennas \$24,194
- Track Clock System \$8,903

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

- Switches \$8,600
- Phone System \$2,537
- Scoreboard \$1,365
- Dishwasher \$3,165
- Bus #8 \$81,195
- Bus #9 Wheelchair Accessible \$88,134
- Desktops/Monitors & Memory Storage \$47,279
- Chromebooks/Laptops & Equipment \$121,397
- Projectors \$12,007
- Technology Improvements \$1,621
- Server \$5,391
- Construction in Progress \$473,456 related to the 2016 Bond Issue

Additional information on the District's capital assets can be found in the notes to this report.

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

At June 30, 2017, the District has \$5,640,000 in bonded debt outstanding. This represents an increase of \$2,270,000 from the amount outstanding at the close of the prior fiscal year. Other long-term debt includes compensated absences of \$88,745, a water connection loan in the amount of \$51,627 and net pension liability of \$7,769,345. The reason for the increase in bonded debt was the issuance of the 2016 Bonds.

Additional information on the District's long-term debt can be found in the notes to this report.

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

Due to decreasing enrollments, the District is able to take advantage of using a 3 year blended count for determining their state aid. In 2017-2018, the year that drops out of the blend is larger than the remaining ones. This loss alone will result in a decrease of 7 students. At an anticipated foundation allowance of \$7,631, this is a potential decrease in revenue of \$53,417.

All of the union contracts have wage and benefit reopeners. The District is trying to come up with a reasonable solution for all parties.

Retirement costs continue to be a concern for the District. In 2017/2018, the District anticipates spending approximately 16% of its total budget for employee retirement costs.

The cost of health care also continues to be a concern for the District. The staff recently changed to a less costly plan. However, the District still anticipates health insurance to cost approximately \$567,089 for 17/18. This is approximately 11% of the total budget.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2017

Marion Public Schools is fortunate to have a superintendent who has retired from a public school. The District recognizes a large savings from this arrangement because they do not pay retirement or health insurance on him. At the same time, he serves a dual role as an elementary principal. For that, he works for a third party. Again, at a significant savings to the District. The superintendent's secretary is also a retiree and the District sees a savings by employing her also. If one or both of these individuals leaves the District, it will be a challenge to replace them without a large expense to the District.

In May, 2016, the voters approved a bond issue to renovate existing buildings, purchase buses, and technology. The District started renovations on the existing school buildings in June and anticipate the project to be completed by the beginning of the 2017/18 school year.

Marion Public Schools is striving to meet the challenges facing them while remaining a "great small school".

**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 Wexford-Missaukee Intermediate School District, 9907 East 13<sup>th</sup> Street, Cadillac, Michigan 49601.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 513,159
Restricted Cash	1,928,563
Accounts Receivable	2,813
Due from Other Governmental Units	929,586
Prepays	14,361
Inventory	6,942
Investments	250,871

Total Current Assets 3,646,295

NON CURRENT ASSETS

Capital Assets	10,515,568
Less Accumulated Depreciation	<u>(5,714,682)</u>

Total Non Current Assets 4,800,886

TOTAL ASSETS 8,447,181

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding - Net	63,901
Related to Pensions	<u>1,074,273</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES 1,138,174

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	223,069
Accrued Interest Payable	24,825
Note Payable	547,803
Salaries and Fringe Benefits Payable	484,491
Unearned Revenue	4,845
Due to External Parties - Fiduciary Funds	810
Current Portion of Non Current Liabilities	<u>502,471</u>

Total Current Liabilities 1,788,314

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2017

NON CURRENT LIABILITIES

Bonds Payable (Net)	5,716,515
Water Connection Loan	51,627
Net Pension Liability	7,769,345
Compensated Absences	88,745
Less Current Portion of Non Current Liabilities	<u>(502,471)</u>

Total Non Current Liabilities 13,123,761

TOTAL LIABILITIES 14,912,075

DEFERRED INFLOWS OF RESOURCES

Related to Pensions	<u>277,355</u>
---------------------	----------------

NET POSITION

Net Investment in Capital Assets	852,886
Restricted for Debt Retirement	113,341
Restricted for Millie Jones Expenses	4,540
Unrestricted (Deficit)	<u>(6,574,842)</u>

TOTAL NET POSITION (Deficit) \$ (5,604,075)

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL ACTIVITIES NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction	\$ 3,780,282	\$ 0	\$ 656,289	\$ (3,123,993)
Supporting Services	1,362,754	14,400	84,285	(1,264,069)
Community Activities	427	0	426	(1)
Non-Public School Pupils	1,066	0	1,066	0
Food Service Activities	389,386	28,214	317,547	(43,625)
Athletic Activities	115,969	26,771	0	(89,198)
Interest on Long-Term Debt	153,504	0	0	(153,504)
Bond Issuance Costs	44,958	0	0	(44,958)
Other Transactions	1,750	0	0	(1,750)
Unallocated Depreciation	416,259	0	0	(416,259)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 6,266,355	\$ 69,385	\$ 1,059,613	(5,137,357)
 <u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				1,376,639
Property Taxes - Debt Service				658,004
Investment Earnings				10,851
State Sources				2,970,210
Other				52,856
Total General Revenues				5,068,560
Change in Net Position				(68,797)
<u>NET POSITION</u> - Beginning of Year (Deficit)				(5,535,278)
<u>NET POSITION</u> - End of Year (Deficit)				\$ (5,604,075)

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2017

	GENERAL FUND	2016 BUILDING AND SITE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 305,006	\$ 0	\$ 208,153	\$ 513,159
Restricted Cash	0	1,928,563	0	1,928,563
Accounts Receivable	2,813	0	0	2,813
Due from Other Funds	0	78	25	103
Due from Other Governmental Units	923,909	0	5,677	929,586
Prepaid Items	14,361	0	0	14,361
Inventory	0	0	6,942	6,942
Investments	250,820	0	51	250,871
<b>TOTAL ASSETS</b>	<b>\$ 1,496,909</b>	<b>\$ 1,928,641</b>	<b>\$ 220,848</b>	<b>\$ 3,646,398</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 47,191	\$ 172,400	\$ 3,478	\$ 223,069
Due to Other Funds	913	0	0	913
Note Payable	547,803	0	0	547,803
Salaries and Fringe Benefits Payable	484,491	0	0	484,491
Unearned Revenue	4,273	0	572	4,845
<b>Total Liabilities</b>	<b>1,084,671</b>	<b>172,400</b>	<b>4,050</b>	<b>1,261,121</b>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Items	14,361	0	0	14,361
Inventory	0	0	6,942	6,942
Restricted for:				
Food Service	0	0	71,690	71,690
Capital Projects	0	1,756,241	0	1,756,241
Debt Retirement	0	0	138,166	138,166
Millie Jones Expenditures	4,540	0	0	4,540
Assigned for Subsequent Year				
Budget Shortfall	130,629	0	0	130,629
Unassigned	262,708	0	0	262,708
<b>Total Fund Balances</b>	<b>412,238</b>	<b>1,756,241</b>	<b>216,798</b>	<b>2,385,277</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,496,909</b>	<b>\$ 1,928,641</b>	<b>\$ 220,848</b>	<b>\$ 3,646,398</b>

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

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

JUNE 30, 2017

Total Governmental Fund Balances		\$ 2,385,277
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	\$ 10,515,568	
Accumulated depreciation is	<u>(5,714,682)</u>	4,800,886
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable	(5,640,000)	
Water Connection Loan	(51,627)	
Compensated Absences	(88,745)	
Bond Discount (Premium)	(109,308)	
Amortization of Bond Premium (Discount)	32,793	
Bond Deferred Loss on Refunding	128,481	
Amortization of Bond Deferred Loss on Refunding	<u>(64,580)</u>	(5,792,986)
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		(7,769,345)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		1,074,273
Deferred Inflows of Resources Related to Pensions		(277,355)
Long-term accrued interest is not included as a liability in government funds, it is recorded when paid.		<u>(24,825)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (5,604,075)</u></u>

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GENERAL FUND	2016 BUILDING AND SITE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>REVENUES</u></b>				
Local Sources	\$ 1,478,866	\$ 25,767	\$ 686,390	\$ 2,191,023
State Sources	3,319,159	0	12,443	3,331,602
Federal Sources	303,497	0	305,104	608,601
Other Transactions	101,948	0	0	101,948
Total Revenues	<u>5,203,470</u>	<u>25,767</u>	<u>1,003,937</u>	<u>6,233,174</u>
<b><u>EXPENDITURES</u></b>				
Instruction				
Basic Programs	2,817,176	0	0	2,817,176
Added Needs	780,415	0	0	780,415
Supporting Services				
Pupil	23,276	0	0	23,276
General Administration	118,360	0	0	118,360
School Administration	368,426	0	0	368,426
Business	63,293	0	0	63,293
Operation and Maintenance	386,884	0	0	386,884
Pupil Transportation Services	388,430	158,323	11,007	557,760
Support Services - Central	121,451	260,933	0	382,384
Support Services - Athletics	115,969	0	0	115,969
Community Activities	427	0	0	427
Non-Public School Pupils	1,066	0	0	1,066
Food Service Activities	0	0	360,882	360,882
Facilities Acquisition				
Building Improvement Services	0	535,312	0	535,312
Debt Service				
Principal	32,410	0	430,000	462,410
Interest	7,945	0	137,908	145,853
Bond Issuance Costs	0	44,958	0	44,958
Other Transactions	0	0	1,750	1,750
Total Expenditures	<u>5,225,528</u>	<u>999,526</u>	<u>941,547</u>	<u>7,166,601</u>
Excess (Deficiency) of Revenues Over Expenditures	(22,058)	(973,759)	62,390	(933,427)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Face Value of Bonds Issued	0	2,730,000	0	2,730,000
Net Change in Fund Balance	(22,058)	1,756,241	62,390	1,796,573
<b><u>FUND BALANCE</u></b> - Beginning of Year	<u>434,296</u>	<u>0</u>	<u>154,408</u>	<u>588,704</u>
<b><u>FUND BALANCE</u></b> - End of Year	<u>\$ 412,238</u>	<u>\$ 1,756,241</u>	<u>\$ 216,798</u>	<u>\$ 2,385,277</u>

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

MARION PUBLIC SCHOOLS  
MARION, 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 \$ 1,796,573

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.

Depreciation Expense	(416,259)
Capital Outlay	895,501

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	17,908
Accrued Interest Payable - End of Year	(24,825)

Under the modified accrual basis of accounting used in the governmental funds, the issuance of long-term debt provides a current financial resource to governmental funds, and expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. 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.

Amortization of Deferred Charges	(734)
Repayment of Bond Principal	460,000
Repayment of Principal on Long-Term Debt	2,410
Issuance of Debt	(2,730,000)

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	(39,357)
---------------------------------	----------

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

MARION PUBLIC SCHOOLS  
MARION, 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

Change in restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to district pension contributions subsequent to measurement date.

State Aid Funding for Pensions	(35,616)
--------------------------------	----------

Employees 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	94,347
Compensated Absences - End of Year	<u>(88,745)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (68,797)</u></b>
--	---------------------------

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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

JUNE 30, 2017

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUND</u>
<u>ASSETS</u>		
Cash	\$ 300,978	\$ 47,677
Interest Receivable	5,045	0
Accounts Receivable	890	0
Due From General Fund	810	0
Scholarship Loans	20,224	0
	<u>327,947</u>	<u>47,677</u>
 <u>LIABILITIES</u>		
Accounts Payable	890	0
Due to Groups and Organizations	0	47,677
	<u>890</u>	<u>47,677</u>
 <u>NET POSITION</u>		
Restricted for:		
Endowments	289,687	0
Student Scholarships	37,370	0
	<u>\$ 327,057</u>	<u>\$ 0</u>

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2017

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS</u>	
Earnings on Investments and Deposits	\$ 4,149
<u>DEDUCTIONS</u>	
Scholarships	3,945
Refunds/Corrections	500
Total Deductions	4,445
Changes in Net Position	(296)
<u>NET POSITION</u> - Beginning of Year	327,353
<u>NET POSITION</u> - End of Year	\$ 327,057

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

The basic financial statements of the Marion 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 (the "District") is located in Osceola and Clare Counties with its administrative offices located in Marion, Michigan. The District operates under an elected 7-member board of education and provides services to its students in elementary, high school, special 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. However, 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 School 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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**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 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 *capital projects funds (2016 Building and Site Fund)* accounts for the acquisition of fixed assets or construction of major capital projects.

Other non-major funds:

The *special revenue (School Service) fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service activities in a special revenue fund.

The *capital projects funds (2012 School Bus Bonds Fund)* accounts for the acquisition of fixed assets or construction of major capital projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Additionally, the District reports the following fund type:

*Fiduciary funds* are accounted for using the accrual method of accounting. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following fiduciary funds:

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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

The *private purpose trust fund* is accounted for using the accrual method of accounting. Private purpose trust funds account for assets where the principal is considered to be either expendable or non-expendable and the earnings may be spent. These funds are not reported on the District's financial statements as they are not used to support District operations or programs.

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.

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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, value 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.

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

- a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
- b) A public hearing is conducted during June to obtain taxpayer comments.
- c) Prior to July 1, the budget is legally adopted by the 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 financial 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.
- d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

- e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g) Budgeted amounts are as originally adopted on June 24, 2016, or as amended by the School Board of Education on June 22, 2017.

**2. *Excess of Expenditures over Appropriations***

General Fund:

Instruction:

- a) Elementary expenditures of \$1,127,083 exceeded appropriations of \$1,105,933.
- b) Summer School expenditures of \$3, 641 exceeded appropriations of \$3,421.

Added Needs:

- a) Special Education expenditures of \$282,738 exceeded appropriations of \$279,536.

Supporting Services:

- a) Executive Administration expenditures of \$63,032 exceeded appropriations of \$62,651.
- b) Office of the Principal expenditures of \$368,426 exceeded appropriations of \$359,981.

Business:

- a) Other Business Services expenditures of \$22,124 exceeded appropriations of \$20,515.
- b) Pupil Transportation Services expenditures of \$388,430 exceeded appropriations of \$382,271.

Non-Public School Pupils expenditures of \$1,066 exceeded appropriations of \$0.

Food Service Fund expenditures of \$360,882 exceeded appropriations of \$357,234.

**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 duration the rate of return is fixed, and the District intends to hold the investment until maturity.

The District complies with State statutes regarding investment of funds.

MARION PUBLIC SCHOOLS  
MARION, 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.
- 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.
- e) United States government or federal agency obligation repurchase agreements.
- f) Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- h) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The District's deposits and investments are held separately by several of the District's funds.

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

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

**4. *Capital Assets***

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 capital assets.

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

Buildings and Additions	25 - 50 years
Furniture and Other Equipment	5 - 20 years

The District's capitalization policy is to capitalize individual amounts exceeding \$1,000.

**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, revenues is recognized. The District has unearned revenue in the General Fund and Food Service Fund that is related to state and local grants/donations, with restrictions on how they can be spent, being received but as of the year-end have not been spent.

**6. *Compensated Absences***

It is the District's policy to permit employees to accumulate earned but unused sick pay and vacation time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**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. Bonds payable are reported net of the applicable bond premium or discount.

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**8. 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.

**9. 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 two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide *Statement of Net Position*. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or funding debt. The other item is related to the pension plan for its employees. Details can be found in footnote 3.E.

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 one item that qualifies for reporting in this category, which is related to the pension plan for its employees. Details can be found in footnote 3.E.

**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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 governing board has authorized the superintendent to assign fund balance. The board may also assign fund balance 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.

**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 \$7,511 for Marion Public Schools.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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.

**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. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the School District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

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

<u>Fund</u>	<u>Mills</u>
General Fund – Non-Principal Residence Exemption (PRE)	18.0000
General Fund – Commercial Personal Property	6.0000
2010 Refunding Debt Retirement Fund – PRE, Non-PRE	0.8000
2015 Refunding Debt Retirement Fund – PRE, Non-PRE	1.9700
2012 Debt Retirement Fund – PRE, Non-PRE	0.4300
2016 Debt Retirement Fund – PRE, Non-PRE	1.4000

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Violations of Legal or Contractual Provisions**

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes budgetary violations that occurred for the year ended June 30, 2017.

**NOTE 3 – 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 District's deposits may not be returned to it. As of June 30, 2017, the District's bank balance was \$2,852,355 and \$2,352,355 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The risk is spread amongst the District's funds. 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.

*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.

*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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 - MIMAX	\$ 250,869	0.0027	AAAm	100.00%
MILAF+ External Investment Pool - Cash Mgmt	2	0.0027	AAAm	0.00%
	<u>\$ 250,871</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.

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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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:

	Total
Deposits – including Fiduciary Funds of \$348,655	\$ 2,790,377
Investments	250,871
	\$ 3,041,248

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

	Total
Cash - Fiduciary Funds	\$ 348,655
Cash - District-Wide	2,441,722
Investments	250,871
	\$ 3,041,248

**B. Receivables/Unearned Revenue**

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

	General	Nonmajor and Other Funds	Total
Receivables			
Accounts Receivable	\$ 2,813	\$ 0	\$ 2,813
Due from Other Governmental Units	923,909	5,677	929,586
	\$ 926,722	\$ 5,677	\$ 932,399

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenue of \$4,845, which is made up of grant receipts and other revenue that has been received, but not yet earned.

**C. Capital Assets**

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

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 56,817	\$ 0	\$ 0	\$ 56,817
Construction in Progress	0	473,456	0	473,456
<b>Total Capital Assets, Not Being Depreciated</b>	<b>56,817</b>	<b>473,456</b>	<b>0</b>	<b>530,273</b>
<b>Capital Assets, Being Depreciated:</b>				
Books	178,328	0	153,963	24,365
Buildings	3,436,495	0	0	3,436,495
Buses	576,039	169,329	0	745,368
Equipment and Furniture	1,717,326	252,716	142,777	1,827,265
Improvements	3,957,884	0	36,086	3,921,798
Other Vehicles	30,004	0	0	30,004
<b>Total Capital Assets, Being Depreciated</b>	<b>9,896,076</b>	<b>422,045</b>	<b>332,826</b>	<b>9,985,295</b>
<b>Less Accumulated Depreciation for:</b>				
Books	177,601	727	153,963	24,365
Buildings	1,605,805	39,688	0	1,645,493
Buses	332,982	62,577	0	395,559
Equipment and Furniture	1,381,219	116,360	142,777	1,354,802
Improvements	2,106,560	196,091	36,086	2,266,565
Other Vehicles	27,082	816	0	27,898
<b>Total Accumulated depreciation</b>	<b>5,631,249</b>	<b>416,259</b>	<b>332,826</b>	<b>5,714,682</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>4,264,827</b>	<b>5,786</b>	<b>0</b>	<b>4,270,613</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 4,321,644</b>	<b>\$ 479,242</b>	<b>\$ 0</b>	<b>\$ 4,800,886</b>

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

Depreciation for the fiscal year ended June 30, 2017 amounted to \$416,259. 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).

**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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 (MPERS) who became a member of MPERS 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 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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

***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.

**Member 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.

**Employer 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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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 Plus	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 \$689,957. 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 \$7,769,345 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, 2015 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 0.03114% and 0.03078%.

**MPSERS (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	<u>42,968,263,308</u>	<u>41,887,015,147</u>
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%

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**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 \$488,935. This amount excludes contributions funded from state revenue Section 147c restricted to fund the MPSERS 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,827	\$ 18,414
Changes of assumptions	121,468	0
Net difference between projected and actual earnings on pension plan investments	129,126	0
Changes in proportion and differences between District contributions and proportionate share of contributions	96,892	18,563
District section 147c revenue related to pension contributions subsequent to the measurement date	0	240,378
District contributions subsequent to the measurement date	629,960	0
<b>Total</b>	<b>\$ 1,074,273</b>	<b>\$ 277,355</b>

\$1,074,273 reported as deferred outflows of resources and \$277,355 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net 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	\$ 85,553
2018	75,398
2019	208,109
2020	38,276
	<b>\$ 407,336</b>

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**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.

***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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

***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>100.00%</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 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

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

1% Decrease (Non-Hybrid/Hybrid) 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid) 9.0% / 8.0%
\$ 10,004,961	\$ 7,769,345	\$ 5,884,506

**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 \$98,110 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, (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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

***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; and 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 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 \$235,000, \$240,000, and \$70,000.

**J. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered 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. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2017 or any of the prior three years.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**K. Lease Information**

The School District leases copy machines, digital duplicators, and a dishwasher. The total rental expense for the fiscal years ended June 30, 2017, and June 30, 2016, was \$15,735 and \$15,853 respectively. The future minimum payments are summarized below:

<u>YEAR-ENDING</u>	<u>AMOUNTS</u>
2018	\$ 15,830
2019	15,830
2020	14,805
2021	8,179
2022	3,402
	\$ 58,046

**L. 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 the governmental long-term liability transactions for the School District for the year ended June 30, 2017:

	General Obligation Serial Bonds	Water Connection Loan	Compensated Absences Payable	Net Pension Liability	Total
Balance June 30, 2016	\$ 3,370,000	\$ 54,037	\$ 94,347	\$ 7,518,343	\$11,036,727
Increases	2,730,000	0	0	950,282	3,680,282
Decreases	(460,000)	(2,410)	(5,602)	(699,280)	(1,167,292)
Balance June 30, 2017	5,640,000	51,627	88,745	7,769,345	13,549,717
Less current portion	(500,000)	(2,471)	unknown	unknown	(502,471)
Total due after one year	\$ 5,140,000	\$ 49,156	\$ 88,745	\$ 7,769,345	\$13,047,246

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

The District's liability obligations at June 30, 2017, are comprised of the following issues:

General Obligation Serial Bonds

2010 refunding bonds due in annual installments of \$80,000 to \$85,000 through May 1, 2021, interest at 4.00% to 4.50%. \$ 330,000

2005 energy conservation improvement bonds due in annual installments of \$35,000 through May 1, 2020, interest at 4.875% to 4.95%. 105,000

2015 refunding bonds due in annual installments of \$200,000 to \$385,000 through May 1, 2025, interest at 3.00%. 2,435,000

2012 school bus bonds due in annual installments of \$65,000 through May 1, 2019, interest at 2.050%. 130,000

2016 school building and site bonds due in annual installments of \$115,000 to \$435,000 through May 1, 2028, interest at 1.95%. 2,640,000

Water Connection Loan

\$78,734 loan from the Village of Marion dated March 1, 2005 to finance new water line connection at High School. Semi-annual payments of \$1,873 including interest at 2.5% due March 1 and August 31 each year through March 1, 2034. 51,627

Compensated Absences Payable

Accumulated Sick and Vacation Pay 88,745

Net Pension Liability

Proportionate Share of MPSERS Pension Liability 7,769,345

TOTAL LONG-TERM DEBT \$ 13,549,717

Annual debt service requirements to maturity for the above obligations except for compensated absences and net pension liability.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

The annual requirements to amortize debt outstanding as of June 30, 2017, including interest payments of \$809,097 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2018	\$ 502,471	\$ 147,634	\$ 650,105
2019	527,533	132,892	660,425
2020	542,597	117,373	659,970
2021	527,662	101,120	628,782
2022	542,729	85,939	628,668
2023-2027	2,589,710	213,360	2,803,070
2028-2032	451,656	10,556	462,212
2033-2034	7,269	223	7,492
	<u>\$ 5,691,627</u>	<u>\$ 809,097</u>	<u>\$ 6,500,724</u>

The annual requirements to amortize the accrued compensated absences and net pension liability are uncertain because it is unknown when the pension liability will be paid or when the employees will use the benefit.

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

**M. Short-Term Debt**

On August 22, 2016, the District issued a State Aid Anticipation Note in the amount of \$950,000. At June 30, 2017, the balance outstanding on this note was \$542,874, plus accrued interest of \$4,929. The District has approved a note payable in the amount of \$1,250,000 for the year ending June 30, 2018.

The following is a summary of the Short-Term Debt transactions for the School District for the year ended June 30, 2017:

Short-Term Debt at July 1, 2016	\$ 800,000
New Debt Issued	950,000
Debt Retired and Paid	<u>(1,202,197)</u>
Short-Term Debt at June 30, 2017	<u>\$ 547,803</u>

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**N. Interfund Receivables and Payables**

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 0	\$ 913
Debt Retirement Funds	25	0
2016 Building and Site Fund	78	0
Fiduciary Fund	810	0
	<u>\$ 913</u>	<u>\$ 913</u>

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.

**O. Interfund Transfers**

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. There were no interfund transfers.

**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.

At June 30, 2017, the District had contracts in place related to the 2016 bond issue totaling approximately \$2,181,000. The uncompleted portion of these contracts was approximately \$1,190,000 to be paid out of available bond proceeds.

**Q. 2012 School Bus Bonds Capital Projects Fund**

The 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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**R. 2016 Building and Site Bonds Capital Projects Fund**

The 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. Cash of \$1,928,563 is restricted to use specified by the bond provisions.

**S. Subsequent Events**

The District is in the process of borrowing short-term debt for cash flow purposes in the amount of \$1,250,000.

No adjustment was made to the financial statements for the year ending June 30, 2017 related to these subsequent events.

**T. 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 Marion Township within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, acquisition of personal property or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2017, (tax year 2016) the District's property tax revenues were reduced by approximately \$2,700 under these programs.

**NOTE 4 – 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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 1,449,658	\$ 1,479,920	\$ 1,478,866
State Sources	3,263,661	3,318,634	3,319,159
Federal Sources	293,426	292,507	303,497
Other Transactions	101,892	102,043	101,948
	<u>5,108,637</u>	<u>5,193,104</u>	<u>5,203,470</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	982,335	1,105,933	1,127,083
High School	1,745,158	1,733,510	1,686,452
Summer School	0	3,421	3,641
Added Needs			
Special Education	330,402	279,536	282,738
Compensatory Education	482,724	533,437	497,677
Supporting Services			
Pupil			
Guidance	22,433	22,433	22,066
Other Pupil Services	1,000	1,210	1,210
General Administration			
Board of Education	35,225	61,904	55,328
Executive Administration	66,006	62,651	63,032
School Administration			
Office of the Principal	366,511	359,981	368,426
Business			
Fiscal Services	41,866	41,567	41,169
Other Business Services	20,515	20,515	22,124
Operation and Maintenance	379,949	399,985	386,884
Pupil Transportation Services	334,585	382,271	388,430
Support Services - Central			
Non-Instructional Technology	123,021	124,605	121,451
Support Services - Athletics	133,320	115,983	115,969

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Community Activities	0	500	427
Non-Public School Pupils	0	0	1,066
Debt Service			
Principal	32,410	34,060	32,410
Interest	7,945	7,945	7,945
	<u>5,105,405</u>	<u>5,291,447</u>	<u>5,225,528</u>
Total Expenditures			
Net Change in Fund Balance	3,232	(98,343)	(22,058)
<u>FUND BALANCE</u> - Beginning of Year	<u>381,551</u>	<u>434,296</u>	<u>434,296</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 384,783</u>	<u>\$ 335,953</u>	<u>\$ 412,238</u>

MARION PUBLIC SCHOOLS  
MARION, 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 (%)								0.03114%	0.03078%	0.03056%
District's proportionate share of net pension liability								\$ 7,769,345	\$ 7,518,343	\$ 6,731,841
District's covered-employee payroll								2,636,322	2,563,593	2,600,783
District's proportionate share of net pension liability as a percentage of its covered-employee payroll								294.70%	293.27%	258.84%
Plan fiduciary net position as a percentage of total pension liability								63.27%	63.17%	66.20%

MARION PUBLIC SCHOOLS  
MARION, 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								\$ 689,957	\$ 702,070	\$ 590,067
Contributions in relation to statutorily required contributions *								689,957	702,070	590,067
Contribution deficiency (excess)								\$ 0	\$ 0	\$ 0
Covered-Employee Payroll								\$ 2,387,633	\$ 2,532,281	\$ 2,594,857
Contributions as a percentage of covered-employee payroll								28.90%	27.72%	22.74%

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

MARION PUBLIC SCHOOLS  
MARION, 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.

MARION PUBLIC SCHOOLS

MARION, MICHIGAN

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2017

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT RETIREMENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE FUND	2012 SCHOOL BUS BONDS FUND	2016 DEBT RETIREMENT FUND	2015 REFUNDING DEBT RETIREMENT FUND	2010 REFUNDING DEBT RETIREMENT FUND	2012 DEBT RETIREMENT FUND	
<u>ASSETS</u>							
Cash	\$ 70,012	\$ 0	\$ 70,010	\$ 47,526	\$ 14,211	\$ 6,394	\$ 208,153
Due from Other Funds	0	0	8	11	4	2	25
Due from Other Governmental Units	5,677	0	0	0	0	0	5,677
Inventory	6,942	0	0	0	0	0	6,942
Investments	51	0	0	0	0	0	51
TOTAL ASSETS	<u>\$ 82,682</u>	<u>\$ 0</u>	<u>\$ 70,018</u>	<u>\$ 47,537</u>	<u>\$ 14,215</u>	<u>\$ 6,396</u>	<u>\$ 220,848</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$ 3,478	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,478
Unearned Revenue	572	0	0	0	0	0	572
Total Liabilities	<u>4,050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,050</u>
<u>FUND BALANCE</u>							
Nonspendable							
Inventory	6,942	0	0	0	0	0	6,942
Restricted for:							
Food Service	71,690	0	0	0	0	0	71,690
Capital Projects	0	0	0	0	0	0	0
Debt Retirement	0	0	70,018	47,537	14,215	6,396	138,166
Total Fund Balances	<u>78,632</u>	<u>0</u>	<u>70,018</u>	<u>47,537</u>	<u>14,215</u>	<u>6,396</u>	<u>216,798</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 82,682</u>	<u>\$ 0</u>	<u>\$ 70,018</u>	<u>\$ 47,537</u>	<u>\$ 14,215</u>	<u>\$ 6,396</u>	<u>\$ 220,848</u>

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT RETIREMENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE FUND	2012 SCHOOL BUS BONDS FUND	2016 DEBT RETIREMENT FUND	2015 REFUNDING DEBT RETIREMENT FUND	2010 REFUNDING DEBT RETIREMENT FUND	2012 DEBT RETIREMENT FUND	
<b>REVENUES</b>							
Local Sources	\$ 28,301	\$ 1	\$ 200,296	\$ 281,833	\$ 114,447	\$ 61,512	\$ 686,390
State Sources	12,443	0	0	0	0	0	12,443
Federal Sources	305,104	0	0	0	0	0	305,104
Total Revenues	345,848	1	200,296	281,833	114,447	61,512	1,003,937
<b>EXPENDITURES</b>							
Food Service Activities	360,882	0	0	0	0	0	360,882
Pupil Transportation Services	0	11,007	0	0	0	0	11,007
Debt Service							
Principal	0	0	90,000	190,000	90,000	60,000	430,000
Interest	0	0	39,778	76,850	17,385	3,895	137,908
Other Transactions	0	0	500	500	750	0	1,750
Total Expenditures	360,882	11,007	130,278	267,350	108,135	63,895	941,547
Excess (Deficiency) of Revenues Over Expenditures	(15,034)	(11,006)	70,018	14,483	6,312	(2,383)	62,390
<b>FUND BALANCE - Beginning of Year</b>	93,666	11,006	0	33,054	7,903	8,779	154,408
<b>FUND BALANCE - End of Year</b>	\$ 78,632	\$ 0	\$ 70,018	\$ 47,537	\$ 14,215	\$ 6,396	\$ 216,798

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

	PRIVATE PURPOSE TRUST FUNDS				TOTALS	
	WHITE-HELFRICH CONTINUING EDUCATION SCHOLARSHIP	DORALD L. GIDDINGS SCHOLARSHIP TRUST	MILLIE JONES SCHOLARSHIP TRUST	JENNIE P. OPPER SCHOLARSHIP	2017	2016
<u>ASSETS</u>						
Cash	\$ 173,778	\$ 10,343	\$ 19,894	\$ 96,963	\$ 300,978	\$ 301,354
Interest Receivable	3,922	0	0	1,123	5,045	5,470
Accounts Receivable	0	0	0	890	890	890
Due From Other Funds	630	0	0	180	810	385
Scholarship Loans	12,224	0	0	8,000	20,224	20,224
Investments	0	0	0	0	0	3
<b>TOTAL ASSETS</b>	<b>190,554</b>	<b>10,343</b>	<b>19,894</b>	<b>107,156</b>	<b>327,947</b>	<b>328,326</b>
<u>LIABILITIES</u>						
Due to Other Funds	0	0	0	0	0	83
Accounts Payable	890	0	0	0	890	890
<b>TOTAL LIABILITIES</b>	<b>890</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>890</b>	<b>973</b>
<u>NET POSITION</u>						
Restricted for:						
Endowments	167,272	9,000	18,500	94,915	289,687	289,687
Student Scholarships	22,392	1,343	1,394	12,241	37,370	37,666
<b>TOTAL NET POSITION</b>	<b>\$ 189,664</b>	<b>\$ 10,343</b>	<b>\$ 19,894</b>	<b>\$ 107,156</b>	<b>\$ 327,057</b>	<b>\$ 327,353</b>

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2016

	PRIVATE PURPOSE TRUST FUNDS				TOTALS	
	WHITE-HELFRICH CONTINUING EDUCATION SCHOLARSHIP	DORALD L. GIDDINGS SCHOLARSHIP TRUST	MILLIE JONES SCHOLARSHIP TRUST	JENNIE P. OPPER SCHOLARSHIP	2017	2016
<u>ADDITIONS</u>						
Earnings on Investments and Deposits	\$ 2,580	\$ 0	\$ 94	\$ 1,475	\$ 4,149	\$ 4,042
<u>DEDUCTIONS</u>						
Scholarships	2,500	0	0	1,445	3,945	3,690
Refunds/Corrections	0	0	500	0	500	0
Total Deductions	2,500	0	500	1,445	4,445	3,690
Changes in Net Position	80	0	(406)	30	(296)	352
<u>NET POSITION</u> - Beginning of Year	189,584	10,343	20,300	107,126	327,353	327,001
<u>NET POSITION</u> - End of Year	\$ 189,664	\$ 10,343	\$ 19,894	\$ 107,156	\$ 327,057	\$ 327,353

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2017

	BALANCE 7/1/2016	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/2017
<u>Elementary and Administrative</u>				
Music Elementary	\$ 524	\$ 0	\$ 0	\$ 524
Book Store	288	0	288	0
Elementary Book Fair	531	0	531	0
Paper and Pencil	4,059	3,847	3,501	4,405
Elementary Pop Account	556	157	137	576
Girls on the Run	6	10	0	16
Field Trips	3,179	5,324	7,471	1,032
Interest Account	(244)	244	0	0
General Mills Grant	57	0	0	57
Library Book Donation	3,899	5,677	4,420	5,156
Osceola Community Foundation	2,379	5,125	3,955	3,549
Total Elementary and Administrative	15,234	20,384	20,303	15,315
<u>High School</u>				
Alex Harrison Memorial Scholarship	125	1,000	1,000	125
Art	118	0	118	0
Band	1,715	9,205	8,695	2,225
Board of Education	310	0	34	276
Chess	11	0	11	0
Choir	299	0	0	299
Class of 2011	195	0	195	0
Class of 2012	498	0	498	0
Class of 2013	26	0	26	0
Class of 2014	1,082	0	1,082	0
Class of 2015	1,029	0	1,029	0
Class of 2016	2,079	0	2,079	0
Class of 2017	961	120	587	494
Class of 2018	301	3,247	3,218	330
Class of 2019	71	685	230	526
Class of 2020	0	134	15	119
Class of 2022	649	0	0	649
Cross Country	1,385	4,221	5,072	534
Freedom Scholarship	1,530	0	600	930
General Mills Grant	936	0	0	936
HS Miscellaneous	671	0	531	140
HS Sunshine Fund	27	0	27	0
Inactive Accounts	0	2,446	1,981	465

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2017

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/1/2016	(Including Transfers)		6/30/2017
Junior High Girls' Basketball	163	0	163	0
Junior High Football	623	0	623	0
Library	706	11	0	717
Lowe's Grant / Chemistry	200	0	0	200
MASB MI Best	887	0	400	487
Middle School Student Council	141	0	141	0
MPACT	1,562	20,125	17,675	4,012
National Honor Society	263	5,979	5,684	558
Pencil and Paper HS	1,019	140	519	640
Shop/Art	4,354	1,903	1,663	4,594
Spanish Club	178	130	180	128
Stucco	0	0	0	0
SLS (Students Against Drunk Driving)	356	2,259	1,818	797
Yearbook	91	1,320	314	1,097
Varsity and Junior Varsity Boys' Basketball	809	0	124	685
Varsity and Junior Varsity Football	1,773	3,917	2,469	3,221
Varsity and Junior Varsity Girls' Basketball	4,474	208	902	3,780
Varsity and Junior Varsity Baseball	1,368	1,834	2,916	286
Varsity and Junior Varsity Softball	477	1,604	1,998	83
Varsity and Junior Varsity Track	(32)	1,266	1,234	0
Varsity and Junior Varsity Volleyball	405	1,568	0	1,973
Varsity Cheerleaders	1,677	7,060	7,681	1,056
Total High School	35,512	70,382	73,532	32,362
Total Elementary, Administrative and High School	\$ 50,746	\$ 90,766	\$ 93,835	\$ 47,677
Represented By				
Assets				
Elementary and Administrative				
Cash	\$ 15,234			\$ 15,315
High School				
Cash	35,512			32,362
	<u>\$ 50,746</u>			<u>\$ 47,677</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 50,746</u>			<u>\$ 47,677</u>



MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2005 ENERGY CONSERVATION IMPROVEMENT BONDS

JUNE 30, 2017

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after May 1, 2016 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2015, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied within the constitutional and statutory tax limitations of the District.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2010 REFUNDING BONDS

JUNE 30, 2017

<u>TITLE OF ISSUE</u>	2010 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	March 11, 2010		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>		\$	900,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$	480,000
During Current Year			90,000
			570,000
<u>BALANCE OUTSTANDING - June 30, 2017</u>		\$	330,000

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2017			\$ 7,005	\$ 7,005
May 1, 2018	4.000 %	\$ 85,000	7,005	92,005
November 1, 2018			5,305	5,305
May 1, 2019	4.200 %	85,000	5,305	90,305
November 1, 2019			3,520	3,520
May 1, 2020	4.300 %	80,000	3,520	83,520
November 1, 2020			1,800	1,800
May 1, 2021	4.500 %	80,000	1,800	81,800
		\$ 330,000	\$ 35,260	\$ 365,260

DENOMINATIONS \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2010 REFUNDING BONDS

JUNE 30, 2017

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after May 1, 2020 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2019, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the school District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2012 SCHOOL BUS BONDS

JUNE 30, 2017

<u>TITLE OF ISSUE</u>	2012 School Bus Bond		
<u>PURPOSE</u>	Purchasing school buses and radio equipment for the new school buses.		
<u>DATE OF ISSUE</u>	November 1, 2012		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>		\$	410,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$	220,000
During Current Year		60,000	280,000
		<u>        </u>	<u>        </u>
<u>BALANCE OUTSTANDING</u> - June 30, 2017		\$	<u>130,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2017			\$ 1,333	\$ 1,333
May 1, 2018	2.050 %	\$ 65,000	1,332	66,332
November 1, 2018			667	667
May 1, 2019	2.050 %	65,000	666	65,666
			<u>        </u>	<u>        </u>
		\$ 130,000	\$ 3,998	\$ 133,998

DENOMINATIONS \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY The bonds of this issue shall not be subject to redemption prior to maturity.

TAX LEVY FOR RETIREMENT OF BONDS The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2015 REFUNDING BONDS

JUNE 30, 2017

<u>TITLE OF ISSUE</u>	2015 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bonds		
<u>DATE OF ISSUE</u>	March 3, 2015		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>			\$ 2,800,000
Amount Redeemed Prior Years		\$ 175,000	
Amount Redeemed During Current Year		190,000	365,000
<u>BALANCE OUTSTANDING - June 30, 2017</u>			<u>\$ 2,435,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2017			\$ 36,525	\$ 36,525
May 1, 2018	3.000 %	\$ 200,000	36,525	236,525
November 1, 2018			33,525	33,525
May 1, 2019	3.000 %	210,000	33,525	243,525
November 1, 2019			30,375	30,375
May 1, 2020	3.000 %	260,000	30,375	290,375
November 1, 2020			26,475	26,475
May 1, 2021	3.000 %	270,000	26,475	296,475
November 1, 2021			22,425	22,425
May 1, 2022	3.000 %	360,000	22,425	382,425
November 1, 2022			17,025	17,025
May 1, 2023	3.000 %	370,000	17,025	387,025
November 1, 2023			11,475	11,475
May 1, 2024	3.000 %	380,000	11,475	391,475
November 1, 2024			5,775	5,775
May 1, 2025	3.000 %	385,000	5,775	390,775
		<u>\$ 2,435,000</u>	<u>\$ 367,200</u>	<u>\$ 2,802,200</u>

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2015 REFUNDING BONDS

JUNE 30, 2017

DENOMINATIONS

\$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTIONS PRIOR TO MATURITY

Bonds of this issue are not subject to redemption prior to maturity.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the school District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2016 BUILDING AND SITE BONDS

JUNE 30, 2017

<u>TITLE OF ISSUE</u>	2016 Building and Site Bonds		
<u>PURPOSE</u>	The bonds are issued for the purpose of acquiring, installing and equipping instructional technology for school facilities; partially remodeling, furnishing and refurbishing, equipping and re-equipping school facilities; constructing, equipping, developing and improving athletic facilities; purchasing and equipping school buses; and developing and improving sites.		
<u>DATE OF ISSUE</u>	August 2, 2016		
<u>INTEREST PAYABLE</u>	May 1 and November 1 of each year		
<u>AMOUNT OF ISSUE</u>		\$	2,730,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year		\$	0
During Current Year		90,000	90,000
			<hr/>
<u>BALANCE OUTSTANDING - June 30, 2017</u>		\$	<u>2,640,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2017			\$ 25,740	\$ 25,740
May 1, 2018	1.950 %	\$ 115,000	25,740	140,740
November 1, 2018			24,619	24,619
May 1, 2019	1.950 %	130,000	24,619	154,619
November 1, 2019			23,351	23,351
May 1, 2020	1.950 %	165,000	23,351	188,351
November 1, 2020			21,743	21,743
May 1, 2021	1.950 %	175,000	21,743	196,743
November 1, 2021			20,036	20,036
May 1, 2022	1.950 %	180,000	20,036	200,036
November 1, 2022			18,281	18,281
May 1, 2023	1.950 %	185,000	18,281	203,281
November 1, 2023			16,478	16,478
May 1, 2024	1.950 %	195,000	16,478	211,478

MARION PUBLIC SCHOOLS  
MARION, MICHIGAN

BOND PAYMENT SCHEDULE  
2016 BUILDING AND SITE BONDS

JUNE 30, 2017

November 1, 2024			14,576	14,576
May 1, 2025	1.950 %	205,000	14,576	219,576
November 1, 2025			12,578	12,578
May 1, 2026	1.950 %	420,000	12,577	432,577
November 1, 2026			8,483	8,483
May 1, 2027	1.950 %	435,000	8,482	443,482
November 1, 2027			4,241	4,241
May 1, 2028	1.950 %	435,000	4,241	439,241
			<u>\$ 2,640,000</u>	<u>\$ 380,250</u>
			<u>\$ 3,020,250</u>	

DENOMINATIONS

\$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after May 1, 2027 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2026, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied within the constitutional and statutory tax limitations of the District.



