

BIG BAY DE NOC SCHOOL DISTRICT
Garden, Michigan

FINANCIAL STATEMENTS

June 30, 2015

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
 <u>Basic Financial Statements</u>	
District-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Governmental Funds Balance Sheet	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	14
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Fiduciary Funds:	
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to Financial Statements	19
 <u>Required Supplemental Information</u>	
Budgetary Comparison Schedule - General Fund	37
Schedule of the District's Proportionate Share of the Net Pension Liability - Michigan Public Schools Employees Retirement Plan	38
Schedule of the District's Pension Plan Contributions - Michigan Public Schools Employees Retirement Plan	39
Notes to Required Supplemental Information	40

CONTENTS

Page

Other Supplemental Information

Combining Balance Sheet - Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	42
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	43
School Lunch Fund	49
Statement of Changes in Assets and Liabilities - Student Activities Fund	50



*Schneider, Larche,
Haapala & Co., PLLC*

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

David P. Pechawer, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
Bruce D. Dewar, C.P.A.
Karen L. Meiers, C.P.A., P.C.

October 27, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Big Bay de Noc School District
Cooks, 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 Big Bay de Noc School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Big Bay de Noc School District as of June 30, 2015, 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.



Emphasis of Matter

As discussed in Note J to the financial statements, Big Bay de Noc School District adopted new accounting guidance in the year ended June 30, 2015 as required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters:

Required Supplemental Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 10 and supplemental information on pages 37 through 40 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Big Bay de Noc School District's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015 on our consideration of Big Bay de Noc School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Big Bay de Noc School District's internal control over financial reporting and compliance.


Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District-wide financial statements and Fund financial statements. These statements are organized so the reader can understand Big Bay de Noc School's finances as a whole. The District-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. The Fund financial statements provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The Fund financial statements look at the School District's operations in more detail than the District-wide financial statements by providing specific information about the School District's major funds, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Financial Section

District-Wide Financial Statements

- Statement of Net Position
- Statement of Activities

Fund Financial Statements

- Balance Sheet-Governmental Funds
- Statement of Revenues, Expenditures and Changes in Fund Balances
- Statement of Fiduciary Net Position
- Notes to Financial Statements

Required Supplemental Information

- Budgetary Comparison Schedule – General Fund
- Schedule of the District's Proportionate Share of the Net Pension Plan Liability
- Schedule of the District's Pension Plan Contributions
- Notes to Required Supplemental Information

Other Supplemental Information

- Combining Balance Sheet Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Nonmajor Governmental Funds
- Other Individual Fund Information

BIG BAY DE NOC SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE INFORMATION

The following summarizes the net position at fiscal year ended June 30, 2014 and 2015:

NET POSITION SUMMARY

Assets	<u>2014</u>	<u>2015</u>
Current Assets	\$ 906,334	\$ 898,434
Restricted Assets	164,149	111,866
Capital Assets	<u>3,569,595</u>	<u>3,682,493</u>
Total Assets	\$ <u>4,640,078</u>	\$ <u>4,692,793</u>
Deferred Outflow of Resources	\$ <u>215,350</u>	\$ <u>318,471</u>
Liabilities		
Current Liabilities	\$ 346,827	\$ 341,572
Noncurrent Liabilities	<u>2,716,567</u>	<u>2,562,729</u>
Total Liabilities	\$ <u>3,063,394</u>	\$ <u>2,904,301</u>
Deferred Inflow of Resources	\$ _____ -	\$ <u>278,447</u>
Net Position		
Investment in Capital Assets	\$ 3,569,595	\$ 3,682,493
Restricted	296,313	233,671
Unrestricted	<u>(2,073,874)</u>	<u>(2,087,648)</u>
Total Net Position	\$ <u>1,792,034</u>	\$ <u>1,828,516</u>

The above analysis focuses on the net position. The School District's net position was \$1,828,516 as of June 30, 2015. Net investment in capital assets totaled \$3,682,493. The cost of the assets was \$7,529,105, and accumulated depreciation was \$3,846,612. The restricted net assets are restricted for the capital improvements in the amount of \$233,671.

Amounts reported as of June 30, 2014 have been restated due to the implementation of new reporting guidance that became effective for the June 30, 2015 fiscal year. The new reporting requirements include the reporting of the District's proportionate share of the net pension liability and related deferred inflows and outflows of resources.

BIG BAY DE NOC SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

The results of this year's operations for Big Bay de Noc Schools as a whole are reported in the statement of activities, which show the changes in net position for fiscal year 2015. Following the rules of GASB 34, a revenue and expense comparison to the previous year is shown below.

Program Revenues:	<u>2014</u>	<u>2015</u>
Charges for services	\$ 41,783	\$ 102,627
Operating grants and contributions	<u>293,035</u>	<u>285,393</u>
Total Program Revenue	\$ <u>334,818</u>	\$ <u>388,020</u>
General Revenues:		
Property taxes levied for general operations	\$ 1,565,591	\$ 1,541,976
Property taxes levied for capital improvements	299,443	299,869
State of Michigan – unrestricted	263,127	329,514
Federal – unrestricted	170,062	166,207
Interest income	1,103	1,052
Miscellaneous revenues	<u>80,465</u>	<u>41,257</u>
Total General Revenues	\$ <u>2,379,791</u>	\$ <u>2,379,875</u>
Total Revenues	\$ <u>2,714,609</u>	\$ <u>2,767,895</u>
Expenses:		
Instruction	\$1,251,113	\$ 1,284,439
Support services	1,096,691	1,058,971
Food service	146,786	149,875
Unallocated depreciation	<u>232,969</u>	<u>238,128</u>
Total Expenses	\$ <u>2,727,559</u>	\$ <u>2,731,413</u>
Increase (decrease) in net position	\$ <u>(12,950)</u>	\$ <u>36,482</u>

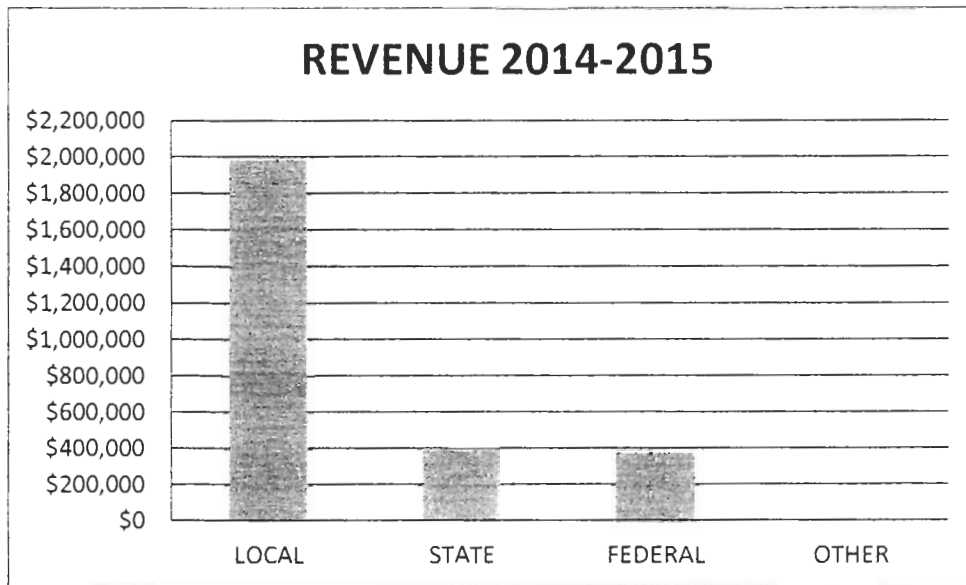
As indicated above, net position increased by \$36,482 for the year ended June 30, 2015. This increase relates directly to the operations of the District during the year.

Information necessary to fully restate the statement of activities for the year ended June 30, 2014 was not available and, accordingly, information presented for 2014 is consistent with amounts reported in the prior year financial statements.

FUND FINANCIAL INFORMATION

Revenues

The following chart illustrates the District's sources of revenues:



Sources of Revenues

Local sources of revenue total \$1,985,952 and include revenue to the General Fund of \$1,657,857, nonmajor governmental funds of \$27,833, and Sinking Fund of \$300,262. Local sources of revenue amount to 71.64% of the total revenue received. The General Fund receives its largest share of revenue from local sources due to the collection of property taxes, which also dictates when we have the greatest cash flow for operations.

State sources of revenue total \$399,495 and include revenue to the General Fund of \$391,064 and nonmajor governmental funds of \$8,431. State sources of revenue amount to 14.41% of the total revenue received.

Federal sources of revenue total \$381,619 and include revenue to the General Fund of \$296,187 and nonmajor governmental funds of \$85,432. Federal sources of revenue amount to 13.76% of the total revenue received.

Interdistrict and other sources of revenue total \$5,204 and amount to .19% of total revenue received.

Property Taxes

The most significant portion of funding to the District is through local property taxes. A significant portion of local revenue is provided from property taxes for the General Fund and the Sinking Fund. Property tax revenue totaled \$1,841,845. The General Fund local property taxes collected totaled \$1,541,976. The Sinking Fund local property taxes collected totaled \$299,869. The General Fund amount is obtained through a voter approved 18-mill levy on the taxable value of nonhomestead properties for the District's operations. Due to the rising nonhomestead taxable value our District has fallen under the Headlee Millage Reduction Fraction. On November 3, 2009, however, the voters approved the 18 mill renewal and up to 2 mills for a Headlee Override. The District did not have to levy any of the additional mills in 2014. A voter approved 1.9 Sinking Fund mill levy on the taxable value of all properties, homestead and nonhomestead, was levied in 2014-2015. This Sinking Fund millage was voted and passed on May 6, 2008 for ten years. The revenue generated from the Sinking Fund has strict restrictions on how it can be spent. Section 1212 (1) authorizes the following three Sinking Fund uses:

- The purchase of real estate for school building sites.
- The construction of school buildings; and
- The repair of school buildings.

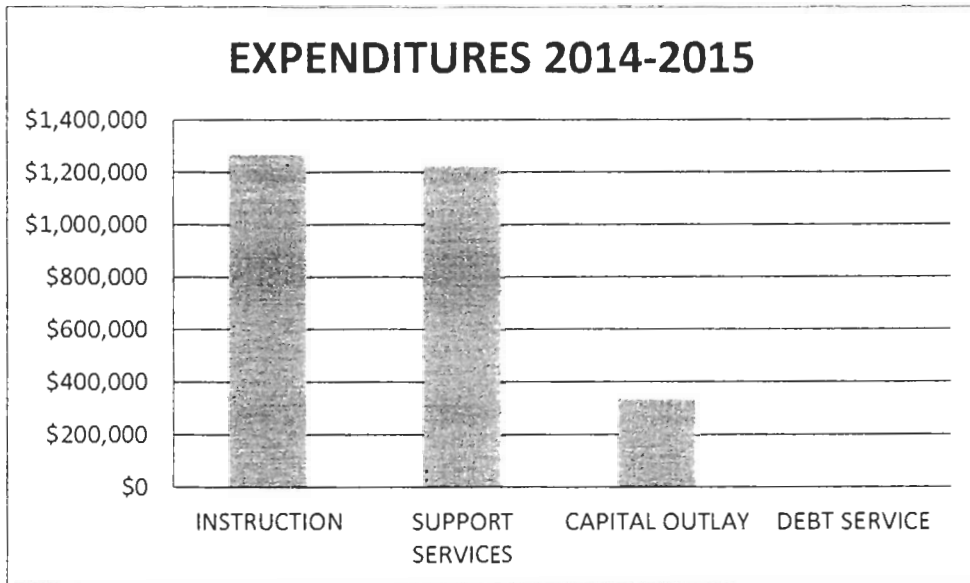
In 2011, taxable values on homestead and nonhomestead properties increased by .73%. In 2012, taxable values increased by 3.00%, which is an improvement, but not as significant as the 2013 taxable value increase of 16.53%. The addition of Heritage Wind Farms was partially responsible for the notable increase. In 2014, the taxable value remained basically the same with an increase of less than .01%.

Unrestricted State Aid Foundation Allowance

The foundation allowance is funding from the State for each student set annually. The District's foundation allowance was \$7,251 per student for the 2014-2015 fiscal year, an increase of \$175 per student. The number of students to be funded is calculated by student enrollment blended at 90% of current year October count and 10% of current year February count. Due to declining enrollment this count is blended with the previous two years count and if this blend is greater, the District can use that count. The 3-year blend for Big Bay de Noc School total for fiscal year 2014-2015 was 238.34. The overall funding is then reduced by the District's nonhomestead tax levy based on 18 mills. For years, the District had maintained a fairly steady enrollment, although there seems to be a downward trend developing this year and potentially continuing into the near future. The foundation allowance has not kept up with the rate of inflation.

Expenditures

The following chart illustrates the District's expenditures:



Expenditures include instruction of \$1,270,257, support services of \$1,201,540 and capital outlay of \$338,636. General Fund expenditures were \$2,298,724. School Lunch Fund expenditures were \$148,801 and are included in support services in the above graph. Total Sinking Fund expenditures were \$362,908 and included capital outlay of \$338,636.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2015, the District had \$7,529,105 invested in a broad range of capital assets, including land, buildings, furniture, and equipment.

	<u>2014</u>	<u>2015</u>
Assets		
Land	\$ 500	\$ 500
Buildings, improvements, and in-process	6,101,233	6,460,757
Vehicles	288,836	257,785
Equipment	<u>814,186</u>	<u>810,063</u>
Total	\$7,204,755	\$7,529,105
Less accumulated depreciation	<u>3,635,160</u>	<u>3,846,612</u>
Net Total	<u>\$3,569,595</u>	<u>\$3,682,493</u>

The increase in the cost of capital assets of \$324,350 over last year was mainly due to building and site improvements including doors, sidewalks, septic tank, parking lot and office remodeling. Depreciation expense for the year was \$238,128.

Debt

At the end of the year the District had no general obligation debt payable.

Economic Factors and Next Year's Budgets and Rates

The Board of Education and administration consider many factors when setting the School District's 2015-2016 fiscal year budget. Two of the major factors affecting the budget are the student count and the State funding of unrestricted foundation allowance.

The 2015-2016 budget was adopted in June 2015, based on an estimate of students that will be enrolled in October, 2015. As a result, District funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual district resources are not sufficient to fund original appropriations. Since the District's revenue is heavily dependent upon state funding, actual funding depends on the state's ability to collect revenues to fund its appropriations to school districts.

BIG BAY DE NOC SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

Original vs. Revised Budget

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 July 1, the start of the fiscal year.

As a matter of practice, the District amends its budget three times during the school year. For Fiscal year 2014-2015, the budget was revised in November, April, and June.

General Fund Revenues

Total revenues-June final budget revision	\$2,353,735
Total revenues-original budget	<u>\$2,278,819</u>
Difference	<u>\$ 74,916</u>

Budgetary vs. Actual Revenues

The District's actual general fund revenues were \$2,350,312, which was \$3,423 less than the revised budget.

General Fund Expenditures

Total expenditures-June final budget revision	\$2,400,116
Total expenditures-original budget	<u>\$2,386,978</u>
Difference	<u>\$ 13,138</u>

Budgetary vs. Actual Expenditures

The District's actual general fund expenditures were \$2,298,724, which was \$101,392 less than the revised budget. The difference was due mainly to the District's overall attempt to control expenditures.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Donna Winkel in the Business Office at Big Bay de Noc School, 8928 00.25 Road, Cooks, Michigan, 49817.

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash, unrestricted	\$ 533,917
Due from other governmental units	121,455
Taxes receivable	107,610
Accounts receivable	10,540
Inventories	3,107
Restricted cash available to pay current liabilities	<u>121,805</u>
TOTAL CURRENT ASSETS	898,434
Restricted Assets:	
Cash	111,866
Capital Assets:	
Land, buildings and improvements, equipment and vehicles	7,529,105
Less, accumulated depreciation	<u>(3,846,612)</u>
TOTAL ASSETS	<u>4,692,793</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pension plan	<u>318,471</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>318,471</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	143,280
Salaries and benefits payable	<u>198,292</u>
TOTAL CURRENT LIABILITIES	341,572
Noncurrent Liabilities:	
Noncurrent portion of accumulated unpaid employee benefits	43,998
Net pension liability	<u>2,518,731</u>
TOTAL LIABILITIES	<u>2,904,301</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pension plan	<u>278,447</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>278,447</u>
NET POSITION	
Investment in capital assets	3,682,493
Restricted for capital improvements	111,866
Unrestricted	<u>(1,965,843)</u>
TOTAL NET POSITION	\$ <u><u>1,828,516</u></u>

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services and Fees</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$ 1,284,439	\$ -	\$ 171,748	\$ (1,112,691)
Support services	1,058,971	74,798	19,782	(964,391)
Food services	149,875	27,829	93,863	(28,183)
Unallocated depreciation	238,128	-	-	(238,128)
Total governmental activities	<u>\$ 2,731,413</u>	<u>\$ 102,627</u>	<u>\$ 285,393</u>	<u>(2,343,393)</u>
General Revenues:				
Property taxes:				
General operation				1,541,976
Capital improvements				299,869
State of Michigan - unrestricted				329,514
Federal - unrestricted				166,207
Interest income				1,052
Miscellaneous revenues				41,257
			Total general revenues	<u>2,379,875</u>
Change in net position				36,482
Net position - July 1, 2014, as restated				<u>1,792,034</u>
Net position - June 30, 2015				<u>\$ 1,828,516</u>

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2015

	<u>General</u> <u>Fund</u>	<u>Sinking</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 445,982	\$ 309,406	\$ 12,200	\$ 767,588
Due from other governmental units	121,455	-	-	121,455
Taxes receivable	90,505	17,105	-	107,610
Accounts receivable	10,540	-	-	10,540
Inventories	-	-	3,107	3,107
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>668,482</u>	<u>326,511</u>	<u>15,307</u>	<u>1,010,300</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	21,475	105,040	-	126,515
Salaries and benefits payable	198,292	-	-	198,292
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>219,767</u>	<u>105,040</u>	<u>-</u>	<u>324,807</u>
Fund Balances:				
Nonspendable	-	-	3,107	3,107
Restricted for capital improvements	-	221,471	12,200	233,671
Unassigned	448,715	-	-	448,715
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>448,715</u>	<u>221,471</u>	<u>15,307</u>	<u>685,493</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 668,482</u>	<u>\$ 326,511</u>	<u>\$ 15,307</u>	<u>\$ 1,010,300</u>

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2015

Total fund balances-governmental funds	\$ 685,493
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	3,682,493
Deferred outflows of resources are not currently available financial resources and therefore are not reported in the governmental funds.	318,471
Certain liabilities are not payable with currently available resources and therefore are not reported in the governmental funds.	(16,765)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(2,562,729)
Deferred inflows of resources are not payable from currently available resources and therefore are not reported the governmental funds.	<u>(278,447)</u>
Total net position-governmental activities	\$ <u><u>1,828,516</u></u>

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

For the year ended June 30, 2015

	<u>General Fund</u>	<u>Sinking Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>REVENUES</u>				
Local sources	\$ 1,657,857	\$ 300,262	\$ 27,833	\$ 1,985,952
State sources	391,064	-	8,431	399,495
Federal sources	296,187	-	85,432	381,619
Interdistrict and other	5,204	-	-	5,204
	<u>2,350,312</u>	<u>300,262</u>	<u>121,696</u>	<u>2,772,270</u>
TOTAL REVENUES				
<u>EXPENDITURES</u>				
Current:				
Instruction	1,270,257	-	-	1,270,257
Supporting services	1,028,467	24,272	-	1,052,739
Food services	-	-	148,801	148,801
Capital outlay	-	338,636	-	338,636
	<u>2,298,724</u>	<u>362,908</u>	<u>148,801</u>	<u>2,810,433</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	51,588	(62,646)	(27,105)	(38,163)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	26,594	26,594
Transfers out	(26,594)	-	-	(26,594)
	<u>24,994</u>	<u>(62,646)</u>	<u>(511)</u>	<u>(38,163)</u>
NET CHANGE IN FUND BALANCES				
Fund Balance, July 1	<u>423,721</u>	<u>284,117</u>	<u>15,818</u>	<u>723,656</u>
FUND BALANCE, JUNE 30				
	<u>\$ 448,715</u>	<u>\$ 221,471</u>	<u>\$ 15,307</u>	<u>\$ 685,493</u>

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

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

For the year ended June 30, 2015

Total net change in fund balance-governmental funds \$ (38,163)

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Current capital outlay	\$ 338,636	
Depreciation expense	(238,128)	
Book value of capital assets sold	<u>(4,375)</u>	96,133

Governmental funds report expenditures for accumulated employee benefits as paid. However, in the statement of activities those expenditures are accrued as they are earned. (6,859)

Certain pension plan expenses and related deferred outflows and inflows of resources do not require the use of current available resources and therefore, are not recorded as expenditures in the governmental funds.

Change in net pension liability	160,697	
Change in the net deferred inflows and outflows of resources related to the pension plan	<u>(175,326)</u>	<u>(14,629)</u>

Change in net position of governmental activities \$ 36,482

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	Private Purpose Trusts	Agency Fund
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash	\$ 9,135	\$ 57,703
	<u> </u>	<u> </u>
TOTAL ASSETS	9,135	<u>57,703</u>
<u>LIABILITIES</u>		
Due to groups and organizations	-	57,703
	<u> </u>	<u> </u>
TOTAL LIABILITIES	-	<u>57,703</u>
<u>NET POSITION</u>		
Held in trust for scholarships	9,135	
	<u> </u>	
TOTAL NET POSITION	\$ <u>9,135</u>	

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2015

	<u>Private Purpose Trusts</u>
<u>ADDITIONS</u>	
Interest and contributions	\$ <u>200</u>
 <u>DEDUCTIONS</u>	
Scholarships awarded	<u>400</u>
 CHANGE IN NET POSITION	(200)
 Net position, beginning of year	<u>9,335</u>
 Net position, end of year	\$ <u><u>9,135</u></u>

See accompanying notes to financial statements.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Bay de Noc School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Michigan. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). A summary of the significant accounting policies of the District applied in the preparation of the accompanying financial statements is provided below.

Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units as required under Governmental Accounting Standards Board Statement Number 14, "The Financial Reporting Entity". Based upon the criteria outlined in this statement, the financial statements of the District contain all the funds controlled by the District's Board. There are no other entities which meet the criteria to be considered a blended component unit or a discretely presented component of the District, nor is the District a component unit of another entity.

District-wide and Fund Financial Statements

The District-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, grants, and other intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's government-wide activities are considered governmental activities.

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

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The effect of interfund activity has been substantially eliminated from the District-wide financial statements. It is the District's policy to use available restricted resources prior to unrestricted resources.

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

Fund-based Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 judgements, are recorded only when payment is due.

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

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District's policy is to apply expenditures first against restricted resources, when allowable, and then to apply expenditures against other District resources.

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

Governmental Funds

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Sinking Fund - The Sinking Fund is used for the purpose of the accumulation and disbursement of tax revenues for capital improvements.

Additionally, the District reports the following nonmajor governmental fund types:

Special Revenue Funds - Special revenue funds are used to account for restricted revenues used for school lunch and other purposes.

Capital Projects Funds - The capital project funds are used to account for the accumulation and disbursement of assets for major repair of capital facilities and other capital asset acquisitions.

Fiduciary Funds

The District reports the following fiduciary funds:

Private Purpose Trust Funds - Private purpose trust funds account for trust arrangements created for the benefit of individuals in the form of scholarships.

Agency Funds - Agency funds account for assets held by the District in a custodial capacity. The District's agency fund is the Student Activities Fund.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Accounting Policies

Inventory - The District utilizes the purchase method for recording the inventories of material and supplies. Under the purchase method, inventories are recorded as an expenditure when acquired, regardless of when used.

The District utilizes the consumption method for recording food inventories and, accordingly, the inventory is recorded as an expenditure when used. The inventory is valued at the lower of cost (first-in, first-out) or market.

Due From Other Governmental Units - Amounts due from other governmental units consist of various revenues due from federal, state and interdistrict sources. These revenues represent amounts used for the operation of special programs and grant projects, and for the final state aid payments which will be received after year-end.

Capital Assets - Capital assets, defined as having an initial cost of \$5,000 or more, include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the District-wide financial statements. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The District does not have infrastructure assets.

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

Land improvements	15 years
Buildings and additions	15 - 40 years
Furniture and other equipment	5 - 15 years
Buses and other vehicles	10 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated unpaid benefits - The liability for accumulated unpaid benefits reported in the District-wide statements consists of accumulated retirement benefits, including vacation and termination benefits based on unused sick leave.

Long-term Obligations - In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements governmental fund types recognize bond proceeds in the period received.

Pensions - The District participates in the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing, multiple-employer defined benefit pension plan. The net pension liability, deferred outflows and inflows of resources related to the pension plan, pension expense, and information about the fiduciary position and related additions and deductions have been determined using the economic resources measurement focus and the accrual basis of accounting, consistent with the basis these items are reported on by MPERS. Benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources - Deferred outflows of resources are the consumption of net position which are applicable to a future reporting period. The reporting of deferred outflows of resources is restricted to specific items established in accounting standards, and the recording thereof has a positive effect on net position or fund balance, as applicable.

Deferred Inflows of Resources - Deferred inflows of resources are the acquisition of net position which are applicable to a future reporting period. The reporting of deferred inflows of resources is restricted to specific items established in accounting standards, and the recording thereof has a negative effect on net position or fund balance, as applicable.

Subsequent Events - The District has evaluated events through October 27, 2015, the date the financial statements were available to be issued.

Net Position Classifications - In the District-wide financial statements, net position equals assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net position is classified and reported in the following components:

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Invested in capital assets, net of related debt - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - consists of net assets with constraints on their use that are externally imposed (by creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.
3. Unrestricted net position - all other net assets that do not meet the definition of either of the other two components.

Fund Balance Classifications - In the governmental fund financial statements, equity is classified as fund balance and reported in four components:

1. Nonspendable - consists of fund balance amounts that are not in a spendable form, such as inventory and prepaid expenses, or that are legally required to be maintained intact.
2. Restricted fund balances - consists of fund balance amounts that can be spent only for specific purposes as stipulated by external resource providers or by law through constitutional provisions or enabling legislation.
3. Assigned fund balances - consists of fund balance amounts that are intended to be used for a specific purpose but no formal action has been taken that would limit future expenditures for only the intended specific purpose.
4. Unassigned fund balance - the residual classification for the District's General Fund and includes all spendable amounts not reported in other classifications.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Sinking Fund - The District's Sinking Fund is funded with a restricted tax levy. The District has complied with applicable requirements of the Michigan School Code and the Michigan Department of Treasury regarding the expenditures made from the fund.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting - The District follows these procedures in establishing the governmental fund budgets as reflected in the financial statements:

1. In June, the Superintendent submits to the Board proposed operating budgets for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budgets are legally enacted through passage of a resolution.
4. For purposes of meeting emergency needs of the District, transfers of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board at its next regularly scheduled meeting.
5. The Superintendent is charged with general supervision of the budget.
6. During the year, the budgets are monitored and amendments to the budget resolution are made when deemed necessary.
7. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts reported in the basic financial statements are as originally adopted, or as amended by the Board.

Property Taxes - The District's property tax is levied on July 1 and December 1 and is based on taxable valuation of property as of the preceding December 31. Taxes are collected and remitted to the District by the tax collecting units within the District and generally become delinquent seventy-five days after the levy date. Unpaid real property taxes as of February 28 are turned over to the County Treasurer for collection. The County maintains a tax revolving fund which permits the County to pay the District 100% of the delinquent real taxes within approximately two to three months after the delivery of the delinquent tax bills.

State Aid - The District reports State of Michigan aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts.

Upcoming Accounting and Reporting Changes - The Government Accounting Standards Board (GASB) has issued *Statement No. 72, Fair Value Measurement and Application* that provides guidance and enhances disclosures on fair value measurement, and which is effective for the District's year ending June 30, 2016.

In addition, GASB has issued *Statement No. 75, Accounting for Postemployment Benefits Other Than Pensions* which will require the recording of the unfunded postemployment benefit obligation as a liability in the District's Statement of Net Position, and which will be effective for District's year ended June 30, 2018.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE B - CASH DEPOSITS

State statutes govern the types of investments in which the District is allowed to invest. In general, the District is authorized to invest funds held by its governmental funds in savings and deposit accounts in qualified financial institutions. In addition, it may also invest in bonds, securities and other obligations of the United States in which the principal and interest is fully guaranteed by the United States, investments in commercial paper rated prime at the time of purchase and which matures not more than 270 days after the date of purchase and mutual funds and investment pools holding conforming investments.

A summary of cash balances as of June 30, 2015 is as follows:

Governmental Activities:	
Deposits (checking and savings)	\$ 767,388
Petty cash	200
Fiduciary Funds:	
Deposits (checking and savings)	<u>66,838</u>
	\$ <u>834,426</u>

Deposits are by their nature subject to varying degrees of risk that may limit the District's ability to (1) maintain the fair value of deposits and investment, (2) insure issuer's compliance with the terms and commitments of deposits and investments and (3) insure the return of principal amounts deposited or invested. The District has managed these risks by limiting concentrations and maintaining liquidity in their deposits and investments.

Deposits - The District's cash consists of various interest bearing savings and checking accounts held at financial institutions located in the State of Michigan. At June 30, 2015, the book value of the District's deposits was \$834,226 and the total bank balances were \$829,125. Bank balances subject to custodial credit risk because balances were uninsured and uncollateralized totaled \$510,087.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE C - SHORT-TERM DEBT ACTIVITY

Short-term debt activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2015</u>
Tax anticipation notes:	\$ <u> -</u>	\$ <u>400,000</u>	\$ <u>400,000</u>	\$ <u> -</u>

NOTE D - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2015 included a General Fund operating transfer to nonmajor governmental funds totaling \$26,594. The operating transfer from the General Fund is generally made each year for the amount necessary to cover the expenditures in excess of revenues related to school lunch activities accounted for in nonmajor funds.

NOTE E - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 500	\$ -	\$ -	\$ 500
Construction - in-progress	-	189,752	-	189,752
Capital assets being depreciated:				
Buildings and improvements	6,105,356	165,649	-	6,271,005
Equipment	810,063	-	-	810,063
Buses and vehicles	<u>288,836</u>	<u>-</u>	<u>(31,051)</u>	<u>257,785</u>
Total Cost	<u>7,204,755</u>	<u>355,401</u>	<u>(31,051)</u>	<u>7,529,105</u>

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE E - CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Accumulated depreciation:				
Buildings and improvements	2,748,071	184,692	-	2,932,763
Equipment	694,023	36,981	-	731,004
Buses and vehicles	<u>193,066</u>	<u>16,455</u>	<u>(26,676)</u>	<u>182,845</u>
	<u>3,635,160</u>	<u>238,128</u>	<u>(26,676)</u>	<u>3,846,612</u>
 NET CAPITAL ASSETS	\$ <u>3,569,595</u>	\$ <u>117,273</u>	(\$ <u>4,375</u>)	\$ <u>3,682,493</u>

Depreciation for the fiscal year ended June 30, 2015 amounted to \$238,128. The District has not allocated depreciation among the various governmental activities.

NOTE F - ACCUMULATED UNPAID EMPLOYEE BENEFITS

The District, as part of the various employment contracts with its personnel, allows annual sick and vacation days. The District also provides for a retirement benefit for employees with at least ten years of service on the date of retirement. The benefit is formula based and is principally computed based on accumulated sick leave and years of service.

A summary of changes in accumulated unpaid employee benefits for the year ended June 30, 2015, is as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Estimated</u> <u>Amount Due</u> <u>Balance Within One</u> <u>Year</u>
Accrued employee benefits	\$ <u>37,139</u>	\$ <u>6,859</u>	\$ <u>-</u>	\$ <u>43,998</u>	\$ <u>-</u>
Total	\$ <u>37,139</u>	\$ <u>6,859</u>	\$ <u>-</u>	\$ <u>43,998</u>	\$ <u>-</u>

NOTE G - LONG-TERM DEBT

The School District has no long-term debt outstanding as of June 30, 2015.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H - PENSION PLAN POSTEMPLOYMENT BENEFITS

Plan Description, Benefit Payments and Plan Contributions

Plan Description - The District contributes to the Michigan Public School Employees Retirement System (MPERS), a cost-sharing, multiple-employer, state-wide public employee defined benefit pension plan governed by the State of Michigan. MPERS provides retirement, survivor and disability benefits to the State's public school employees. In addition, employees can elect to receive postemployment health care benefits for themselves and their beneficiaries.

The MPERS is a qualified pension trust under section 401(a) of the Internal Revenue Code. As of September 30, 2014, there were 685 participating employers in the MPERS, and a total of 432,268 plan members, including 221,491 retired members receiving or entitled to receive plan benefits and 210,777 active members.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at www.michigan.gov/mpers-cafr, by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909, or by calling (517) 322-5103.

Plan Structure - The amount of member benefit payments, and required member and employer contributions to the MPERS pension plan is dependent on each member's benefit structure under the Plan. Each member's benefit structure is determined principally based on the beginning date of plan participation and other member decisions regarding their personal required contribution amounts.

Member participation in a particular benefit structure is generally determined by date of enrollment into the MPERS Plan, as follows:

<u>Benefit Structure</u>	<u>Enrollment Date</u>
Basic Plan	Prior to January 1, 1987
Member Investment Plan(MIP)	After December 31, 1986 and before July 1, 2010
Pension Plus Plan (Hybrid Plan)	After June 30, 2010

Employees hired on or after September 4, 2012 are eligible to participate in either the Pension Plus Plan, a hybrid plan with both defined benefit and defined contribution components, or the Defined Contribution Plan. An election window period ending January 9, 2013, allowed MPERS plan members the option of discontinuing contributions to the defined benefit plan and converting to the Defined Contribution Plan effective February 1, 2013. Members converting to the Defined Contribution Plan remain eligible for MPERS defined benefit plan benefits earned prior to the date of conversion.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H - PENSION PLAN POSTEMPLOYMENT BENEFITS (Continued)

Plan Description, Benefit Payments and Plan Contributions (continued)

Benefit Payments - Benefit provisions under the MPSERS defined benefit plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions applied in determining member benefit payments.

Benefit payments for plan members are determined by final average eligible compensation, years of eligible service and the pension benefit multiplier. The pension benefit multiplier for all benefit structures for service time prior to February 1, 2013 was 1.5%. For service time subsequent to January 31, 2013, the pension benefit multiplier is 1.5% for all members under the Pension Plus Plan benefit structure, and for those members of the Basic and Member Investment Plan benefit structures who elected to increase their personal contributions to the MPSERS Plan. For service time earned by nonelecting members subsequent to January 31, 2013, the pension benefit multiplier is 1.25%.

Plan Contributions - The majority of MPSERS Plan members are currently participating on a contributory basis. Member contributions are enacted by state statute and can only be amended by legislative action.

Participating employers of the MPSERS Plan are required to contribute the full actuarial funding contribution amount necessary to fund the defined benefit pension payments. Participating employer contributions are determined on an actuarial basis using the entry age normal actuarial cost method which allocates, on a level basis, the actuarial present value of a member's projected benefits over the member's expected period of service.

The normal cost, that portion of benefits allocated to the current valuation year, is funded on a current basis. The actuarial accrued liability, the actuarial present value of projected benefits net of normal cost, is currently being amortized to required contributions over a 22 year period.

The following table presents the required participating employer and member pension plan contribution rates for active participants that were in effect during the District's year ended June 30, 2015:

<u>Benefit Structure</u>	<u>July 1, 2014 - September 30, 2014</u>		<u>October 1, 2014 - June 30, 2015</u>	
	<u>Member</u>	<u>Employer</u>	<u>Member</u>	<u>Employer</u>
Basic Plan	0.0 - 4.0%	18.34%- 19.61%	0.0 - 4.0%	23.07%
Member Investment Plan(MIP)	3.0 - 7.0%	18.34%- 19.61%	3.0 - 7.0%	23.07%
Pension Plus Plan	3.0 - 6.4%	18.11%	3.0 - 6.4%	21.99%
Plans converted to Defined Contributions	0.0%	15.44%- 16.61%	0.0%	18.76%

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H - PENSION PLAN POSTEMPLOYMENT BENEFITS (Continued)

Plan Description, Benefit Payments and Plan Contributions (continued)

Upper limit contribution percentages for the Basic and MIP benefit structures are for members who elected to maintain the pension benefit multiplier at 1.5%. Pension Plus Plan benefit structure member contribution percentages represent graduated rates applied to specific compensation levels. Employer contribution percentages to benefit structures converted to a Defined Contribution Plan do not include funding for the current year normal cost.

Pension Plan Liability

District's Proportionate Share of MPSERS Net Plan Liability – The District's recorded pension plan liability is based on the District's proportionate share of the MPSERS plan net pension liability. The MPSERS plan net pension liability is determined by the excess of the actuarially computed accrued plan liabilities less the market value of plan assets on the measurement date.

At June 30, 2015, the District reported a pension plan liability of \$2,518,731 for its proportionate share of the MPSERS net pension liability. The MPSERS net pension liability was measured as of September 30, 2014 and was based on the most recent actuarial valuation performed as of September 30, 2013.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to all projected pension plan contributions, as actuarially determined. The District's proportion as of the most recent two measurement dates, September 30, 2014 and September 30, 2013 was .01144%.

Actuarial Valuation and Assumptions – Actuarial valuations for the MPSERS pension plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of future events. Amounts determined regarding the funded status of the plan and future plan contribution funding are subject to continual revisions based on past actual results and revised future estimates.

On each actuarial valuation date, the projection of future benefits considers the types of benefits being provided and the historical cost sharing pattern between the employer and plan members. Actuarial valuation methods and assumptions used are designed to reduce the effects of short-term volatility. The following actuarial assumptions were applied in the most recent actuarial valuation:

Wage inflations rate	3.5%
Investments rates of return-	
MIP and Basic plans (nonhybrid)	8.0%
Pension Plan Plus (hybrid)	7.0%
Salary increases	3.5% to 12.3% including wage inflation at 3.5%
Mortality	RP –2000 Mortality Tables for males and females, adjusted for mortality improvements based on scale BB

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H - PENSION PLAN POSTEMPLOYMENT BENEFITS (Continued)

Pension Plan Liability (continued)

Assumption changes as a result of an experience study for the period 2007 through 2012 have been incorporated into the annual valuation process beginning with the September 30, 2014 valuation.

Return on Plan Investments – The long-term expected rate of return on MPSERS plan investments was determined using a method in which estimated ranges of expected future real rates of return, net of investment expenses and inflation, are developed for the target asset allocation of each major asset class of the Plan. The target allocation and estimated rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected rate of Return (net of investment expenses)</u>
Domestic equity pools	28.0 %	4.8 %
Alternative investment pools	18.0	8.5
International equities	16.0	6.1
Fixed income pools	10.5	1.5
Real estate/ infrastructure pools	10.0	5.3
Absolute return pools	15.5	6.3
Short-term investment pools	<u>2.0</u>	(0.2)
	<u>100.0 %</u>	

For the Plan’s fiscal year ended September 30, 2014, the annual rate of return on plan investments, net of investment expenses, was 12.58%.

Discount Rate and Pension Liability Sensitivity – A discount rate of 7% - 8% was used to measure the total MPSERS pension liability, with the actual discount rate applied being dependent upon the specific plan type being measured. The projection of cash flows used to determine the 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 amount necessary so that all plan contributions equal the actuarially determined required plan contribution. Therefore, the long-term expected rates of return on plan investments was used to discount all periods of projected plan benefit payments to determine the total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the applied discount rate of 7% - 8%, dependent on the specific plan type, and using a discount rate that is 1% point higher and 1% point lower than the applied discount rate:

BIG BAY DE NOC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H - PENSION PLAN POSTEMPLOYMENT BENEFITS (Continued)

Pension Plan Liability (continued)

	1% Lower than Applied Discount Rate <u>(6.0%-7.0%)</u>	Applied Discount Rate <u>(7.0%-8.0%)</u>	1% higher than Applied Discount Rate <u>(8.0%-9.0%)</u>
District's proportionate share of net pension liability	\$ 3,320,727	\$ 2,518,731	\$ 1,843,037

Pension Expense and Pension Related Deferred Outflows and Inflows of Resources

Pension Expense - For the year ended June 30, 2015, the School District recognized pension expense of \$204,024.

Pension Related Deferred Outflows and Inflows of Resources - At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 92,936	\$ -
Net difference between projected and actual earnings on plan investments	-	278,447
School District contributions subsequent to the measurement date of September 30, 2014	<u>225,535</u>	<u>-</u>
	\$ <u>318,471</u>	\$ <u>278,447</u>

School District contributions subsequent to the measurement date of \$225,535 will be recognized as a reduction of the net pension liability in the subsequent school year. Other amounts reported as deferred outflows and inflows of resources related to the defined benefit pension plan will be recognized as a component of pension expense in the following years ending June 30:

2016	(\$ 45,446)
2017	(45,446)
2018	(45,446)
2019	(<u>49,173</u>)
	(\$ <u>185,511</u>)

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE I - POSTEMPLOYMENT AND OTHER BENEFIT PLANS

Healthcare Benefits - State law requires the School District to provide post-retirement healthcare benefits for eligible retirees and beneficiaries through MPSERS. Members first hired after September 3, 2012 are automatically enrolled into the Personal Healthcare Fund for the purpose of saving for retirement healthcare costs. Members hired prior to September 4, 2012 had two healthcare options to choose from: (a) continue with the existing premium subsidy provided through the Retiree Healthcare Fund, or (b) convert their healthcare benefits into the Personal Healthcare Fund.

Members enrolled in the Personal Healthcare Fund are required to make a 2% contribution into their 457 deferral account, which is required to be matched by the School District with a 2% contribution into the members 401(k) account. Existing members who elected to convert to the Personal Healthcare Fund from the Retiree Healthcare Fund had their prior required contributions to the Retiree Healthcare Fund refunded into their 401(k) account. Members originally enrolled into the Personal Healthcare Fund can become eligible for a termination contribution into a Health Reimbursement Account upon retirement. The maximum termination contribution is \$2,000.

Members who elected to continue making premium subsidy benefit contributions under the Retiree Healthcare Fund are required to contribute 3% of their compensation into the Fund. Employers are required to fund an actuarially determined contribution amount for all member participants in the Retiree Healthcare Fund. Upon retirement, members receive a premium subsidy towards health, dental and vision insurance. The maximum subsidiary is 80% effective January 1, 2013. Members who were enrolled in insurance and were Medicare eligible on January 1, 2013 are entitled to a maximum subsidy of 90%.

The following table presents the required participating employer and member healthcare contribution rates for active participants that were in effect during the District's year ended June 30, 2015:

<u>Healthcare Benefit</u>	<u>July 1, 2014 - September 30, 2014</u>		<u>October 1, 2014- June 30, 2015</u>	
	<u>Member</u>	<u>Employer</u>	<u>Member</u>	<u>Employer</u>
Retiree Healthcare Fund	3.0%	6.45%	3.0%	2.71%
Personal Healthcare Fund	2.0%	7.52%	2.0%	4.71%

Contribution amounts listed above include members 2% contribution into their 457 deferral account and employers 2% matching contribution into the members 401(k) account required under the provisions of the Personal Healthcare Fund.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE I - POSTEMPLOYMENT AND OTHER BENEFIT PLANS (Continued)

Defined Contribution Plan - MPSERS members enrolled in the Pension Plus Plan and other members who have elected out of enrollment in any of the available defined benefit plan options are entitled to receive current employer contributions into their 401(k) accounts at the following required employer contribution rates:

<u>Benefit Structure</u>	<u>Employer Contribution Rate</u>
Pension Plus Plan	1.0%
Pension Plus Plan converted into Defined Contribution Plan	3.0%
Basic and MIP Plans converted into Defined Contribution Plan	4.0%

These contribution amounts are in addition to contributions made under provisions of the Personal Healthcare Fund. Employer contribution rates listed above for Pension Plus Plans, including conversions, represent maximum employer contributions based on 50% matching of member contributions. Members contributions are deposited into their 457 deferral account in amounts up to the maximum allowable by law.

NOTE J - RESTATEMENT OF NET POSITION

For the year ended June 30, 2015, the District adopted the provisions of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*. As a result, the net position of the governmental activities as of June 30, 2014, was restated to reflect the cumulative effect of adopting the Statement, as follows:

Net position as of June 30, 2014, as previously stated	\$ 4,256,112
Adjusted for:	
Recording of net pension liability	(2,679,428)
Deferred outflow of resources related pension plan post measurement date contributions	<u>215,350</u>
Net position as of June 30, 2014, as restated	\$ <u>1,792,034</u>

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE K - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts 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 risks 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. Each of the pools maintain reinsurance for excess claims. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE L - COMMITMENTS AND CONTINGENCIES

The District has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the District. However, in the opinion of the management, any such disallowed claims will not have a material effect on any of the financial statements of the individual funds or on the overall financial position of the School District at June 30, 2015.

REQUIRED SUPPLEMENTAL INFORMATION

BIG BAY DE NOC SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Local sources	\$ 1,598,963	\$ 1,656,291	\$ 1,657,857	\$ 1,566
State sources	365,464	388,824	391,064	2,240
Federal sources	314,392	303,416	296,187	(7,229)
Interdistrict and other sources	-	5,204	5,204	-
	<u>2,278,819</u>	<u>2,353,735</u>	<u>2,350,312</u>	<u>(3,423)</u>
<u>EXPENDITURES</u>				
Instruction	1,287,784	1,304,503	1,270,257	34,246
Supporting services	1,099,194	1,095,613	1,028,467	67,146
	<u>2,386,978</u>	<u>2,400,116</u>	<u>2,298,724</u>	<u>101,392</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(108,159)	(46,381)	51,588	97,969
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(26,594)	(26,594)
NET CHANGE IN FUND BALANCE	(108,159)	(46,381)	24,994	71,375
FUND BALANCE, JULY 1	<u>423,721</u>	<u>423,721</u>	<u>423,721</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 315,562</u>	<u>\$ 377,340</u>	<u>\$ 448,715</u>	<u>\$ 71,375</u>

See accompanying notes to required supplemental information.

BIG BAY DE NOC SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

For the last ten one year periods starting with the year ended June 30, 2015
Presented on a plan year basis ending September 30 within each fiscal year of the District

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Proportion of net pension liability (%)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01144 %
Proportionate share of net pension liability	-	-	-	-	-	-	-	-	-	\$ 2,518,731
Covered-employee payroll	-	-	-	-	-	-	-	-	-	\$ 986,532
Proportionate share of net pension liability as a percentage of covered-employee payroll (%)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	255.3116 %
Plan fiduciary net position as a percentage of total pension liability	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	66.20000 %

BIG BAY DE NOC SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

For the last ten one year periods starting with the year ended June 30, 2015

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Statorily required contributions	-	-	-	-	-	-	-	-	- \$	197,502
Contributions in relation to statorily required contributions	-	-	-	-	-	-	-	-	-	197,502
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	- \$	-
Reporting unit's covered employee payroll	-	-	-	-	-	-	-	-	- \$	994,294
Contributions as a percentage of covered employee payroll	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19.8635 %

See accompanying notes to required supplemental information.

BIG BAY DE NOC SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2015

Required Schedule Information - Schedules presented on pages 38 and 39 are required to present ten years of data. These schedules will be updated on an annual basis until ten years of information is available and provided.

Pension Plan Benefits - There were no changes in pension benefit terms or benefit assumptions during the most recent pension plan year ended September 30, 2014.

OTHER SUPPLEMENTAL INFORMATION

BIG BAY DE NOC SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	<u>Special Revenue</u>	<u>Capital Project</u>	
	School	Major	
	Lunch	Maintenance	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash	\$ -	\$ 12,200	\$ 12,200
Inventories	3,107	-	3,107
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u> </u> <u>3,107</u>	<u> </u> <u>12,200</u>	<u> </u> <u>15,307</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	<u> </u> -	<u> </u> -	<u> </u> -
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u> -	<u> </u> -	<u> </u> -
 Fund Balance:			
Nonspendable	3,107	-	3,107
Reserved for capital improvements	<u> </u> -	<u> </u> 12,200	<u> </u> 12,200
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u> </u> <u>3,107</u>	<u> </u> <u>12,200</u>	<u> </u> <u>15,307</u>
 TOTAL LIABILITIES AND FUND BALANCE	\$ <u> </u> <u>3,107</u>	\$ <u> </u> <u>12,200</u>	\$ <u> </u> <u>15,307</u>

BIG BAY DE NOC SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended June 30, 2015

	<u>Special Revenue</u>	<u>Capital Project</u>	
	School	Major	
	Lunch	Maintenance	<u>Total</u>
<u>REVENUES</u>			
Local sources	\$ 27,829	\$ 4	\$ 27,833
State sources	8,431	-	8,431
Federal sources	85,432	-	85,432
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	121,692	4	121,696
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Current Operating:			
Food services	148,801	-	148,801
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	148,801	-	148,801
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(27,109)	4	(27,105)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	26,594	-	26,594
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(515)	4	(511)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1	3,622	12,196	15,818
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30	\$ 3,107	\$ 12,200	\$ 15,307
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2015

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
Revenue from Local Sources:			
Property taxes	\$ 1,543,090	\$ 1,541,976	\$ (1,114)
Athletics	74,797	74,798	1
Earnings on investments and deposits	600	655	55
Litigation proceeds	6,500	6,500	-
Miscellaneous local revenues	<u>31,304</u>	<u>33,928</u>	<u>2,624</u>
 TOTAL REVENUE FROM LOCAL SOURCES	 <u>1,656,291</u>	 <u>1,657,857</u>	 <u>1,566</u>
Revenue from State Sources:			
Grants-in-aid unrestricted:			
State school aid	325,893	328,133	2,240
Grants-in-aid restricted:			
State school aid:			
At risk	57,050	57,050	-
Robotics	4,500	4,500	-
Other state sources	<u>1,381</u>	<u>1,381</u>	<u>-</u>
 TOTAL REVENUE FROM STATE SOURCES	 <u>388,824</u>	 <u>391,064</u>	 <u>2,240</u>
Revenue from Federal Sources:			
Title I	95,445	95,445	-
Title IIA, Improving Teacher Quality	22,824	12,000	(10,824)
Impact Aid	18,000	18,259	259
Title VI, Rural Grant	8,474	8,717	243
Indian Education	13,436	13,436	-
Hiawatha National Forest	144,937	147,948	3,011
Medicaid Reimbursement	<u>300</u>	<u>382</u>	<u>82</u>
 TOTAL REVENUE FROM FEDERAL SOURCES	 <u>303,416</u>	 <u>296,187</u>	 <u>(7,229)</u>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenue from Interdistrict and Other Sources:			
Other grants	<u>5,204</u>	<u>5,204</u>	<u>-</u>
 TOTAL REVENUE FROM INTERDISTRICT AND OTHER SOURCES	 <u>5,204</u>	 <u>5,204</u>	 <u>-</u>
 TOTAL REVENUES	 <u>\$ 2,353,735</u>	 <u>\$ 2,350,312</u>	 <u>\$ (3,423)</u>
 <u>EXPENDITURES</u>			
Expenditures for Instruction:			
Elementary:			
Salaries	\$ 280,040	278,537	\$ 1,503
Purchased services	6,000	5,485	515
Supplies, materials and other	<u>21,135</u>	<u>13,480</u>	<u>7,655</u>
 TOTAL ELEMENTARY	 <u>307,175</u>	 <u>297,502</u>	 <u>9,673</u>
 Middle School:			
Salaries	108,350	107,953	397
Purchased services	2,000	1,769	231
Supplies, materials and other	<u>1,400</u>	<u>1,125</u>	<u>275</u>
 TOTAL MIDDLE SCHOOL	 <u>111,750</u>	 <u>110,847</u>	 <u>903</u>
 High School:			
Salaries	162,200	159,762	2,438
Purchased services	41,759	41,414	345
Supplies, materials and other	<u>20,050</u>	<u>13,833</u>	<u>6,217</u>
 TOTAL HIGH SCHOOL	 <u>224,009</u>	 <u>215,009</u>	 <u>9,000</u>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Special Education:			
Salaries	56,635	56,129	506
Purchased services	1,000	546	454
Supplies, materials and other	<u>950</u>	<u>497</u>	<u>453</u>
TOTAL SPECIAL EDUCATION	<u>58,585</u>	<u>57,172</u>	<u>1,413</u>
Compensatory Education:			
Salaries	109,288	106,142	3,146
Purchased services	1,200	1,390	(190)
Robotics grant expenditure	4,500	4,500	-
Supplies, materials and other	<u>9,170</u>	<u>8,991</u>	<u>179</u>
TOTAL COMPENSATORY EDUCATION	<u>124,158</u>	<u>121,023</u>	<u>3,135</u>
Early Childhood Education:			
Salaries	13,187	13,187	-
Supplies, materials and other	<u>1,375</u>	<u>1,154</u>	<u>221</u>
TOTAL EARLY CHILDHOOD EDUCATION	<u>14,562</u>	<u>14,341</u>	<u>221</u>
Employee Benefits	<u>464,264</u>	<u>454,363</u>	<u>9,901</u>
TOTAL INSTRUCTION	<u>1,304,503</u>	<u>1,270,257</u>	<u>34,246</u>
Expenditures for Support Services:			
Communication Services:			
Purchased services	<u>8,000</u>	<u>7,758</u>	<u>242</u>
TOTAL COMMUNICATION SERVICES	<u>8,000</u>	<u>7,758</u>	<u>242</u>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Instructional Staff:			
Supervision of Instruction:			
Salaries	2,500	2,500	-
Improvement of Instruction:			
Salaries	1,855	2,154	(299)
Library:			
Supplies, materials and other	4,500	3,759	741
Health:			
Purchased services	3,000	2,934	66
Speech:			
Purchased services	12,453	12,453	-
Instruction Related Technology:			
Supplies, materials and other	<u>5,670</u>	<u>6,214</u>	<u>(544)</u>
TOTAL INSTRUCTIONAL STAFF	<u>29,978</u>	<u>30,014</u>	<u>(36)</u>
Athletic Activities:			
Salaries	21,816	20,942	874
Purchased services	30,158	27,781	2,377
Supplies, materials and other	<u>10,500</u>	<u>8,374</u>	<u>2,126</u>
TOTAL ATHLETIC ACTIVITIES	<u>62,474</u>	<u>57,097</u>	<u>5,377</u>
General Administration:			
Board of Education:			
Salaries	2,000	1,980	20
Purchased services	17,800	16,259	1,541
Supplies, materials and other	3,100	1,711	1,389
Executive Administration:			
Salaries	74,435	74,162	273
Supplies, materials and other	<u>1,800</u>	<u>1,276</u>	<u>524</u>
TOTAL GENERAL ADMINISTRATION	<u>99,135</u>	<u>95,388</u>	<u>3,747</u>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
School Administration:			
Salaries	92,675	92,636	39
Purchased services	5,955	5,954	1
Supplies, materials and other	<u>8,700</u>	<u>4,536</u>	<u>4,164</u>
TOTAL SCHOOL ADMINISTRATION	<u>107,330</u>	<u>103,126</u>	<u>4,204</u>
Business Services:			
Fiscal Services:			
Purchased services	36,197	36,197	-
Supplies, materials and other	10,000	8,694	1,306
Operation and Maintenance of Plant:			
Salaries	21,187	21,136	51
Purchased services	40,576	40,576	-
Supplies, materials and other	202,609	187,649	14,960
Pupil Transportation:			
Salaries	91,853	91,171	682
Purchased services	2,500	3,570	(1,070)
Supplies, materials and other	72,205	60,366	11,839
Other:			
Insurances, interest and miscellaneous	<u>91,517</u>	<u>80,669</u>	<u>10,848</u>
TOTAL BUSINESS SERVICES	<u>568,644</u>	<u>530,028</u>	<u>38,616</u>
Employee Benefits	<u>194,162</u>	<u>191,667</u>	<u>2,495</u>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Other Expenditures:			
Inservice/workshops	<u>25,890</u>	<u>13,389</u>	<u>12,501</u>
 TOTAL SUPPORT SERVICES	 <u>1,095,613</u>	 <u>1,028,467</u>	 <u>67,146</u>
 TOTAL EXPENDITURES	 \$ <u>2,400,116</u>	 \$ <u>2,298,724</u>	 \$ <u>101,392</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (46,381)	 51,588	 97,969
 <u>OTHER FINANCING SOURCES (USES):</u>			
Transfers out	<u>-</u>	<u>(26,594)</u>	<u>(26,594)</u>
 NET CHANGE IN FUND BALANCE	 (46,381)	 24,994	 71,375
 FUND BALANCE, JULY 1	 <u>423,721</u>	 <u>423,721</u>	 <u>-</u>
 FUND BALANCE, JUNE 30	 \$ <u><u>377,340</u></u>	 \$ <u><u>448,715</u></u>	 \$ <u><u>71,375</u></u>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL LUNCH FUND

For the year ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Sources:			
Food and milk sales	\$ 27,500	\$ 27,829	\$ 329
State Sources:			
State aid - school lunch	7,271	7,271	-
State aid - at risk	1,160	1,160	-
Federal Sources:			
Federal aid - school lunch	79,000	79,020	20
U.S.D.A. donated commodities	9,500	6,412	(3,088)
	<u>124,431</u>	<u>121,692</u>	<u>(2,739)</u>
TOTAL REVENUES			
<u>EXPENDITURES</u>			
Supporting Services:			
Salaries	50,751	50,010	741
Employee benefits	37,913	37,287	626
Purchased services	1,500	1,287	213
Supplies, materials and other	70,800	60,217	10,583
	<u>160,964</u>	<u>148,801</u>	<u>12,163</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36,533)	(27,109)	9,424
<u>OTHER FINANCING SOURCES</u>			
Transfers in	<u>-</u>	<u>26,594</u>	<u>26,594</u>
NET CHANGE IN FUND BALANCE	(36,533)	(515)	36,018
FUND BALANCE, JULY 1	<u>3,622</u>	<u>3,622</u>	<u>-</u>
FUND BALANCE, JUNE 30	\$ <u>(32,911)</u>	\$ <u>3,107</u>	\$ <u>36,018</u>

BIG BAY DE NOC SCHOOL DISTRICT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

STUDENT ACTIVITIES FUND

For the year ended June 30, 2015

	<u>Balances</u> <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>06/30/15</u>
<u>ASSETS</u>				
Cash	\$ 60,861	\$ 97,816	\$ 100,974	\$ 57,703
TOTAL ASSETS	<u>60,861</u>	<u>97,816</u>	<u>100,974</u>	<u>57,703</u>
<u>LIABILITIES</u>				
Due to groups and organizations:				
Class of 2015	3,046	44,608	47,654	-
Class of 2016	-	7,613	6,381	1,232
Student Forum	2,182	5,491	5,470	2,203
Yearbook	6,839	3,080	2,578	7,341
SADD	234	-	234	-
Youth in Government	142	1,969	1,829	282
Engineering Olympics	2,001	5,855	7,005	851
Fine Arts Club	731	-	-	731
National Honor Society	169	109	168	110
PTO	8,494	13,876	13,785	8,585
I Care For Kids	612	210	703	119
Principal	1,181	26	253	954
Second Grade	-	626	558	68
Third Grade	23	4,490	4,385	128
Fourth Grade	97	437	209	325
Sixth Grade	430	304	400	334
Girls Basketball	1,479	1,800	176	3,103
Middle Sch Girls Basketball	322	329	120	531
Youth Basketball	-	2,540	1,925	615
Boys Basketball	128	1,945	1,257	816
Soccer	194	45	-	239
Cheerleading	643	144	449	338
Track	-	440	440	-
School Plays	1,674	543	1,131	1,086
Playground Memorial	29,733	1,140	3,765	27,108
Interest	507	196	99	604
DUE TO GROUPS AND ORGANIZATIONS	<u>60,861</u>	<u>97,816</u>	<u>100,974</u>	<u>57,703</u>
TOTAL LIABILITIES	\$ <u>60,861</u>	\$ <u>97,816</u>	\$ <u>100,974</u>	\$ <u>57,703</u>