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MAYVILLE COMMUNITY SCHOOLS
Mayville, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and
additional supplementary information)
YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Mayville Community Schools
Mayville, 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 Mayville Community Schools as of and for the year ended June 30, 2015, 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 Mayville Community Schools 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.

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Emphasis of Matter - Change in Accounting Principle

As discussed in Note 14 to the financial statements, Mayville Community Schools implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Mayville Community Schools' basic financial statements. The additional supplementary information, as identified in the table of contents, and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 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 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 19, 2015 on our consideration of Mayville Community Schools' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mayville Community Schools' internal control over financial reporting and compliance.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CARO, MICHIGAN

October 22, 2015

MAYVILLE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

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

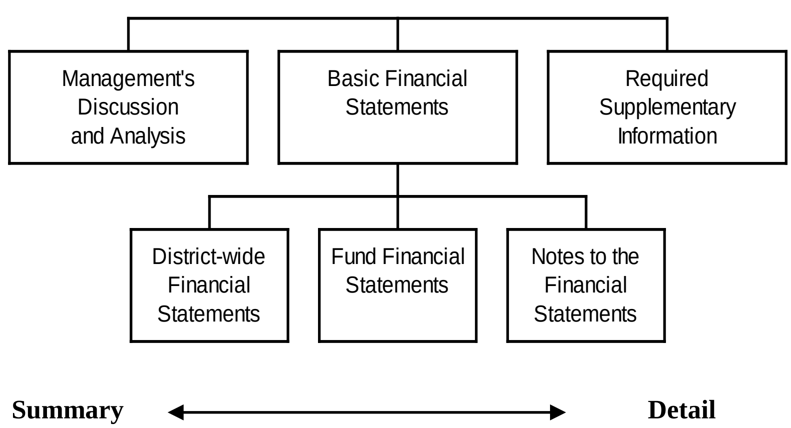
FINANCIAL HIGHLIGHTS

- Governmental Revenues declined $133,227 while Governmental Expenditures increased $223,400.
- General Fund Revenues were $6.2 million, $616,735 less than General Fund Expenditures.
- State Aid Foundation Allowance increased by $100 to $7,126.
- The districts fall student count fell to 667, a decrease of 56 students.
- The total taxable value of property in the District increased 1.5%. The five year average for taxable value decreases is 2.5%.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, the required supplementary information, and additional supplementary information. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The figure below shows how the various parts of this annual report are arranged and related to one another.

Mayville Community Schools
Organization of Annual Financial Report



The basic financial statements include two kinds of statements that present different views of the District.

The two types of statements are district-wide and fund financial statements. The district-wide statements present the information accumulative of all District activity. The fund financial statements look at the information for each fund independently.

DISTRICT WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statements of net position include **all** of the District's assets, deferred outflows and liabilities. All of the current year's revenues 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 it has changed. Net position – the difference between the District's assets plus deferred outflows, and liabilities – is one way to measure the District's financial health or **position**. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities. In the district-wide statements the District's activities are called **Governmental activities.** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state and federal funds finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's **funds**, focusing on its most significant or "major" funds – not the District as a whole. 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 establishes other funds to control and manage money for particular purposes (like repaying long term debts) or to show that it is properly using certain revenues (like school lunch).

The District has two kinds of funds:

> **Governmental funds –** Most of the District's basic services are included in governmental funds, which generally focus on (1) how **cash and other financial assets** that can 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 you determine whether there are more or fewer financial resources that can 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 district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or difference) between them.
>
> **Fiduciary funds –** The District is the trustee, or **fiduciary**, for assets that belong to others, such as the student activity funds. 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. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's *net position* – the difference between assets plus deferred outflows of resources and liabilities, as reported in the Statement of net position, is one way to measure the School District's financial health, or *financial position.* Over time, *increases or decreases* in the District's net position, as reported in the Statement of Activities, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District's *operating results.* However, the School District's goal is to provide services to its students, not to general profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools must also be considered when assessing the *overall health* of the School District.

The School District's net position totaled $ (6,701,723) and $1,486,434 at June 30 2015 and 2014, respectively. The large negative is the result of inclusion of the MPSER retirement liability. The following is a summary of the District's net position at June 30, 2015 and 2014.

	2015	2014
Assets		
Current assets	$ 2,559,683	$ 3,221,978
Capital assets net of depreciation	11,823,194	12,159,112
Total assets	14,382,877	15,381,090
Deferred Outflows of Resources		
Deferred charge on refunding	329,322	357,022
Related to pensions	912,269	-
Total deferred outflows of resources	1,241,591	357,022
Liabilities		
Current liabilities	1,866,856	1,842,190
Non-current liabilities	19,605,345	12,409,488
Total liabilities	21,472,201	14,251,678
Deferred Inflows of Resources		
Related to pensions	853,990	-
Net position		
Net investment in capital assets	568,587	486,329
Restricted for Debt Service	204,775	212,547
Restricted for Food Service	-	4,941
Unrestricted	(7,475,085)	782,617
Total net position	$ (6,701,723)	$ 1,486,434

Total net position decreased to $ (6,701,723) in 2014-15 compared to a total of $1,486,434 in net position in 2013-14, a decrease of $8,188,157.
The 2014 figures have not been updated for the adoption of GASB 68 & 71.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-wide results of operations for the year ended June 30, 2015 and 2014 is as follows:

	2015	2014
Revenues		
Program Revenues:		
Charges for services	$94,623	$92,890
Operating grants	1,120,754	1,136,748
State Foundation	4,484,608	4,685,715
Property Taxes	1,461,114	1,471,024
Other	194,253	112,201
Total Revenues	**7,355,352**	**7,498,578**
Expenses		
Instruction	3,960,124	3,799,888
Support Services	2,466,597	2,471,103
Food Service	340,197	377,172
Community Services	6,599	438
Capital Projects	36,276	17,811
Interest on long-term debt	474,256	570,964
Depreciation – unallocated	512,197	545,980
Total Expenses	**7,796,246**	**7,783,356**
CHANGE IN NET POSITION	**(440,894)**	**(284,778)**
Net position – July 1 restated	(6,260,829)	1,771,212
Net position – June 30	$ (6,701,723)	$1,486,434

The 2014 figures have not been updated for the adoption of GASB 68 & 71.

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

The financial condition of the governmental funds fell as indicated by the combined fund balance of $(6,701,723) in 2014-15, compared to $1,486,434 in 2013-14. This change is largely a result of declining enrollment resulting in less state foundation, increasing costs and a significant retirement incentive aimed at reducing costs next year as well as the inclusion of retirement liability.

In the General Fund, our principal operating fund, the fund balance decreased $616,735. This decrease was the result of a reduction in revenue and increase in costs and a retirement incentive designed to reduce future expenses.

For the 2014-15 fiscal year the Debt Service Fund millage rate was 5.4 mills. Millage rates are determined annually to ensure the School District accumulated sufficient resources to pay annual bond issue-related debt service.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments, actual State Aid per pupil and staffing changes are known. Currently, the most significant budgeted fund is the General Fund. During the fiscal year ended June 30, 2015, the School District amended the budget of this major governmental fund four times.

General Fund

In the general fund, the actual revenue was $6,198,550. This is below the original budget estimate of $6,440,883 and above the final amended budgeted amount of $6,146,269.

General Fund revenue and other financing sources totaled $6,201,350 and total expenditures $6,818,085 for the year. The fund balance was $391,776 at June 30, 2015.

GOVERNMENTAL FUND EXPENDITURES

The following chart illustrates that general fund comprises 84.7% of all the expenditures within the governmental funds of the School District. As of June 30, 2015, expenditures totaled $8,046,785.

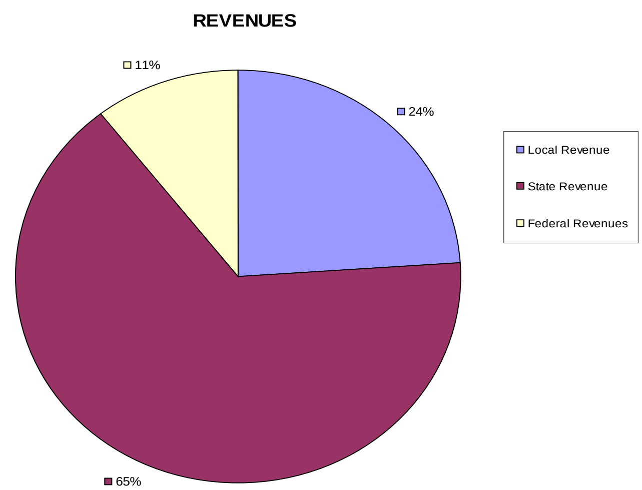
	June 30, 2015	% of TOTAL
General Fund	$ 6,818,085	84.8%
Debt Retirement Fund	$ 822,908	10.2%
Non-Major Governmental	$ 405,792	5.0%
Total	$ 8,046,785	100.0%

TOTAL REVENUES

Revenues for all governmental funds totaled $7,357,551 in fiscal year 2014-15. The following graph illustrates the district revenues by source as a percentage of total revenue:

Local Revenue	$ 1,752,189	23.9%
State Revenue	$ 4,822,140	65.5%
Federal Revenue	$ 783,222	10.6%
TOTAL	$7,357,551	

MAYVILLE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015



Unrestricted State Aid

The district is predominately funded by State Aid, which has remained between 66%-70% of total revenue for the last three school years. For the 2014-15 fiscal year, the State increased the level of funding to $7,126 per pupil. State Aid membership was $7,026 in 2013-2014, $6,966 in 2012-13, $6,846 per pupil in 2011-12 and $7,146 for 2010-11.

Property Taxes

The district levied 18 mills, of property taxes on all Non-Homestead property located within the district for General Fund operations during the 2014-15 school year. This millage rate was equal to the 18 mills that the district levied in the 2013-14 school. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. The 2014-15 Non-homestead property tax levy totaled approximately $642,176.

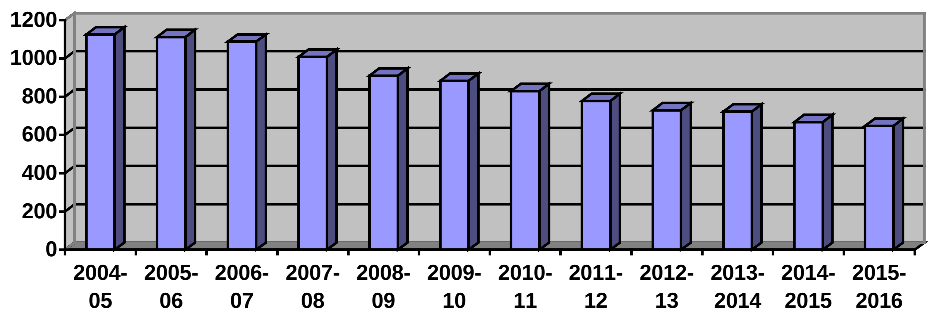
The District levied 5.4 mills of property taxes on all classes of property located within the district for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount levied for debt retirement in the 2014-15 year was $810,062.

MAYVILLE COMMUNITY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

Enrollment

The enrollment of Mayville Community Schools totaled 667 students in 2014-15. This is the 56 less than the 2013-14 year. The School District is located in Tuscola and Lapeer Counties and it is considered a rural community. The School District's enrollment includes students K-12 and Before K students, located in learning centers in Mayville.

Enrollment over the last ten years, plus a 2015-16 projection is illustrated as follows:



Enrollment is important to the financial health of the School District because State funding is based on the per-pupil formula. For the fiscal year ended June 30, 2015, the gross per-pupil allowance was $7,126.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the School District had $20,151,904 invested in land and buildings, furniture and equipment, vehicles and buses. Of this amount, $8,328,710 has been depreciated. Net book value totals $11,823,194. The majority of the buildings have been either constructed or remodeled as a result of the 2004 Bond Issue. The district is committed to the timely repairs and maintenance of its facilities. The District's capitalization policy threshold is $5,000.

	Governmental Activities
Buildings and Improvements	$17,477,266
Land and Improvements	572,472
Equipment and Furniture	1,389,846
Buses and other vehicles	712,320
Total	$20,151,904

Debt

At June 30, 2015, the School District had $11.9 million in debt outstanding as compared to 12.4 million at the end of the previous year. The principal amount on bonds outstanding consisted of the following:

Bus Notes	$ 0
Energy Notes	$ 275,000
School Improvement Notes	$ 0
2004 Building and Site Bonds	$11,335,000
Compensated absences and incentives	$ 212,221

The School District's General Obligation Bond rating continues to be equivalent to the State's credit rating. State statutes limit the amount of debt school can issue. The School District's outstanding debt of $11.9 million is under the statutory imposed limits.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The School District's revenue is heavily dependent on enrollment, State funding, and thus, the health of the State's School Aid Fund. The State periodically holds revenue consensus conferences to estimate its revenues. Based on the results of these conferences, the State determines whether they have sufficient to meet the $7,391 per student allocation that they have indicated that they will fund for the 2015-16 school year.

The State's current blending formula is (10% February 2015 count and 90% October 2016 count). The district's blended count is projected to be lower in the 2015-16 school year.

Even if the State revenues improve, future budget reductions will be required to handle enrollment decline and the increasing costs, such as health insurance, State mandated retirement contribution and the ever-increasing costs of fuel and the utilities because the district's population will continue to decline. Declining enrollment presents a budgetary challenge.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of Mayville Community Schools. If you should desire additional detailed financial program audits, they can be obtained by contacting the following person:

Barry Markwart, Superintendent
Mayville Community Schools
6250 Fulton Street, Mayville, MI 48744-9103

BASIC FINANCIAL STATEMENTS

MAYVILLE COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
June 30, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash & equivalents	$ 563,814
Investments	718,006
Accounts receivable	39
Taxes receivable	-
Intergovernmental receivable	1,193,437
Prepaid expenses	85
Restricted cash - capital projects funds	84,302
Capital assets not being depreciated	25,000
Capital assets, net of accumulated depreciation	11,798,194
TOTAL ASSETS	14,382,877
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on bond refunding	329,322
Related to pensions	912,269
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,241,591
LIABILITIES	
Accounts payable	242,904
Note payable	950,000
Salaries and benefits payable	544,143
Accrued interest payable	76,536
Unearned revenue	3,240
Due to other governmental units	50,033
Noncurrent liabilities:	
Due within one year	469,877
Due in more than one year	11,410,575
Net pension liability	7,724,893
TOTAL LIABILITIES	21,472,201
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	853,990
NET POSITION	
Net investment in capital assets	568,587
Restricted for debt service	204,775
Unrestricted	(7,475,085)
TOTAL NET POSITION	$ (6,701,723)

See notes to financial statements.

MAYVILLE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

		Program Revenues		Governmental Activities
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Instruction	$ 3,960,124		$ 578,367	$ (3,381,757)
Support services	2,466,597	$ 40,868	247,871	(2,177,858)
Food services	340,197	53,755	294,516	8,074
Community services	6,599			(6,599)
Capital projects	36,276			(36,276)
Interest on long-term debt	474,256			(474,256)
Depreciation - unallocated	512,197			(512,197)
Total governmental activities	$ 7,796,246	$ 94,623	$ 1,120,754	(6,580,869)
General revenues:				
Property taxes, levied for general purposes				650,493
Property taxes, levied for debt service				810,621
State aid - unrestricted				4,484,608
Transfers from other districts				24,734
Interest and investment earnings				426
Other				169,093
Total general revenue				6,139,975
Change in net position				(440,894)
Net position, beginning of year, as restated				(6,260,829)
Net position, end of year				$ (6,701,723)

See notes to financial statements.

MAYVILLE COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	GENERAL FUND	DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CURRENT ASSETS:				
Cash & equivalents	$ 385,296		$ 178,518	$ 563,814
Investments	435,825	$282,181	-	718,006
Accounts receivable	39			39
Taxes receivable		-		-
Prepaid expenditures	-		85	85
Due from other funds	171,266			171,266
Intergovernmental receivable	1,191,400		2,037	1,193,437
Restricted cash			84,302	84,302
TOTAL ASSETS	$2,183,826	$282,181	$ 264,942	$ 2,730,949
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 242,904			$ 242,904
Interest payable	4,970			4,970
Note payable	950,000			950,000
Due to other funds	-	$ 5,840	$ 165,426	171,266
Due to other government units	50,033			50,033
Benefits payable	208,703			208,703
Salaries payable	335,440			335,440
Unearned revenue	-		3,240	3,240
TOTAL LIABILITIES	1,792,050	5,840	168,666	1,966,556
FUND BALANCES:				
Nonspendable:				
Prepaid expenditures	-		85	85
Restricted for:				
Debt service		276,341		276,341
Food service			11,889	11,889
Capital projects			84,302	84,302
Assigned for:				
Compensated absences	212,221			212,221
Unassigned	179,555			179,555
TOTAL FUND BALANCES	391,776	276,341	96,276	764,393
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	$2,183,826	$282,181	$ 264,942	$ 2,730,949

See notes to financial statements.

MAYVILLE COMMUNITY SCHOOLS

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

Total Fund Balances - Governmental Funds	$ 764,393
Total net position reported for governmental activities in the statement of net position is different because:	
Deferred charge on bond refunding	329,322
Deferred outflows of resources-related to pensions	912,269
Deferred inflows of resources-related to pensions	(853,990)
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is:	20,151,904
Accumulated depreciation is:	(8,328,710)
Long -term liabilities are not due and payable in the current period and are not reported in the funds:	
Accrued compensated absences	(212,221)
Accrued interest	(71,566)
Long-term debt obligations	(11,668,231)
Net pension liability	(7,724,893)
Net Position of Governmental Activities	$ (6,701,723)

See notes to financial statements.

MAYVILLE COMMUNITY SCHOOLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	GENERAL FUND	DEBT SERVICE	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources	$ 862,970	$ 810,663	$ 53,822	$ 1,727,455
State sources	4,811,007		11,133	4,822,140
Federal sources	499,839		283,383	783,222
Incoming transfers and others	24,734			24,734
TOTAL REVENUES	6,198,550	810,663	348,338	7,357,551
EXPENDITURES:				
Current:				
Instruction	4,153,027			4,153,027
Supporting services	2,508,869			2,508,869
Community services	6,599			6,599
Other Transactions	12,432			12,432
Food services			342,616	342,616
Capital projects			63,176	63,176
Debt service:				
Principal	120,200	370,000		490,200
Interest	16,958	452,908		469,866
TOTAL EXPENDITURES	6,818,085	822,908	405,792	8,046,785
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(619,535)	(12,245)	(57,454)	(689,234)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	2,800			2,800
TOTAL OTHER FINANCING SOURCES (USES)	2,800	-	-	2,800
NET CHANGE IN FUND BALANCE	(616,735)	(12,245)	(57,454)	(686,434)
FUND BALANCE - BEGINNING OF YEAR	1,008,511	288,586	153,730	1,450,827
FUND BALANCE - END OF YEAR	$ 391,776	$ 276,341	$ 96,276	$ 764,393

See notes to financial statements.

MAYVILLE COMMUNITY SCHOOLS

Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2015

Total net change in fund balances--governmental funds	$ (686,434)
Total change in net position 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 allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(512,197)
Capital outlay	176,279
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	76,039
Accrued interest payable, end of year	(71,566)
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:	
Payments on debt	490,200
Amortization of bond premium & discount	18,837
Amortization of deferred charge on refunding	(27,700)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue at the beginning of the year	(5,000)
Compensated absences and early retirement incentives are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental	
Accrued compensated absences at the beginning of the year	232,220
Accrued compensated absences at the end of the year	(212,221)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension related items	80,649
Change in net position of governmental activities	$ (440,894)

See notes to financial statements.

MAYVILLE COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
June 30, 2015

		AGENCY FUNDS
ASSETS		
Cash	$	116,872
Investments		69,159
TOTAL ASSETS	$	186,031
LIABILITIES		
Due to student groups	$	186,031
TOTAL LIABILITIES	$	186,031

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS:
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

REPORTING ENTITY:
Mayville Community Schools (the "District") is governed by the Mayville Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. 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. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS:
While separate government-wide and fund financial statements are presented, they are interrelated. The government activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements.

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

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS:
The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – government and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. 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 *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

OTHER NON-MAJOR FUNDS
The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service activities in a special revenue fund.

The *capital projects fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

The capital projects funds include capital activities funded with bonds issued in September 2004. Beginning with the year of bond issuance, the District has reported the annual construction activity in the Capital Projects Fund. The cumulative revenues and expenditures are as follows:

	Capital Projects Fund
Revenue and other financing sources	$ 15,059,787
Expenditures and other financing uses	$ 14,975,485

For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code. The project for which the 2004 School Building and Site Bonds were issued was considered substantially completed on June 1, 2008.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. 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 *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 modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations the District 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, they are eliminated in the preparation of the government-wide financial statements.

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 the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are 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 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease 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. 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).

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 current year ended, the foundation allowance was based on the pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exception (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The State revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30th is reported as an intergovernmental receivable.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended 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 and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measureable and available only when cash is received by the District.

BUDGETARY INFORMATION:

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. Capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if the have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to the year ended June 30, 2015. The District does not consider these amendments to be significant.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE:

1. Cash and equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Certain investments are valued at fair value and 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 districts intend to hold the investment until maturity.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

4. Capital assets

Capital assets, which include property, plant equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are valued at their fair market value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 – 50 years
Land improvements	15 – 20 years
Equipment and furniture	5 – 20 years
Buses and other vehicles	5 – 10 years

5. Defined Benefit Plan

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 Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

6. Deferred outflows/inflows of resources

Deferred Outflow:
In addition to assets, the statement of financial position will sometimes report a separate section of 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 only has two items that qualifies for reporting in this category. They are a deferred charge on refunding and pension contributions 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 refunding debt. A deferred outflow is recognized for pension contributions made after the plans measurement date, but before the fiscal year end. The amount is expenses in the plan year in which it applies.

Deferred Inflow:
In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This 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. It is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

7. 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.

8. Fund balance flow assumptions

Sometime 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 reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of the 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 board of education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

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

REVENUES AND EXPENDITURES/EXPENSES:

1. Program revenues

Amounts reported as program revenues 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 requirements for a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2015, the District levied the following amounts per $1,000 of assessed valuation:

FUND	MILLS
General Fund:	
Non-Principle Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt Service Fund:	
PRE, Non-PRE, Commercial Personal Property	5.4000

3. Compensated absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the 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. Bond issuance costs are reported as expenditures in the year which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

As of June 30, 2015, the District had the following investments:

Investment Type		Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF External Investment pool - MICMS	$	434,950	0.0027	AAAm	49.91%
MILAF External Investment pool - MIMAX		436,517	0.0027	AAAm	50.09%
Total fair value	$	871,467			100.0%
Portfolio weighted average maturity			0.0027		

1 day maturity equals 0.0027, one year equals 1.00

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2015, the fair value of the District's investments is the same as the value of the pool shares.

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 (NRSROs).

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.

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, 2015, $422,632 of the District's bank balance of $672,632 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department of agent, but not in the District's name. The carrying value on the books for deposits at the end of the year was $680,686.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

At June 30, 2015, the carrying amounts is as follows:

Deposits - including fiduciary funds of $116,872	$	680,686
Investments - including fiduciary funds of $69,159		871,467
	$	1,552,153

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

Cash - District wide	$	563,814
Cash - Fiduciary Funds		116,872
Investments - Fiduciary Funds		69,159
Investments - District wide		802,308
	$	1,552,153

NOTE 3 – INTERGOVERNMENTAL RECEIVABLES:

Intergovernmental receivables at June 30, 2015 consist of the following:

Governmental Units:		
State aid	$	869,868
Federal revenue		320,187
Local		3,382
	$	1,193,437

Amounts due from governmental units 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.

NOTE 4 – CAPITAL ASSETS:

A summary of changes in the District's capital assets follows:

	BALANCE July 1, 2014	ADDITIONS	DELETIONS	BALANCE June 30, 2015
Governmental Activities:				
Assets not being depreciated – land	$ 25,000			$ 25,000
Capital assets being depreciated:				
Building & improvements	17,465,266	$ 12,000		17,477,266
Land improvements	532,572	14,900		547,472
Equipment and furniture	1,258,467	131,379		1,389,846
Buses and other vehicles	750,910	18,000	$ (56,590)	712,320
Subtotal	20,007,215	176,279	(56,590)	20,126,904
Accumulated depreciation:				
Building & improvements	(5,947,154)	(380,021)		(6,327,175)
Land improvements	(269,820)	(28,813)		(298,633)
Equipment and furniture	(1,013,638)	(72,449)		(1,086,087)
Buses and other vehicles	(642,491)	(30,914)	56,590	(616,815)
Subtotal	(7,873,103)	(512,197)	56,590	(8,328,710)
Net capital assets being depreciated	12,134,112	(335,918)	-	11,798,194
Net governmental capital assets	$ 12,159,112	$ (335,918)	$ -	$ 11,823,194

Depreciation for the fiscal year ended June 30, 2015 amounted to $512,197. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

NOTE 5 – UNEARNED REVENUES:

Governmental funds report unearned revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also reflect unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, amounts received prior to meeting all eligibility requirements amounted to $3,240.

NOTE 6 – NOTE PAYABLE:

At June 30, 2015, the District has a note payable outstanding of $950,000. The note has an interest rate of 0.72% and matures August 28, 2015. The note is secured by the full faith and credit of the District as well as pledged state aid.

Balance June 30, 2014	Additions	Payments	Balance June 30, 2015
$1,025,000	$950,000	$1,025,000	$950,000

NOTE 7 - LONG-TERM DEBT:

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. Long-term obligations currently outstanding are as follows:

	Compensated Absences and Retirement Incentives	Bus Installment Purchase	General Obligation Bonds	Total
Balance - July 1, 2014	$ 232,220	$ 15,200	$ 12,162,068	$ 12,409,488
Additions				-
Deletions	(19,999)	(15,200)	(493,837)	(529,036)
Balance June 30, 2015	212,221	-	11,668,231	11,880,452
Due Within One Year	(24,877)	-	(445,000)	(469,877)
Total Due After One Year	$ 187,344	$ -	$ 11,223,231	$ 11,410,575

Long-term obligation debt at June 30, 2015 is comprised of the following:

Energy Conservation Bonds	$ 275,000
School Improvement Bonds	-
2007 Refunding Bonds	7,950,000
2013 Refunding Bonds	3,385,000
School bus installment purchase agreement	-
Plus: Premium on bond refunding	188,920
Less: Discount on bond refunding	(130,689)
Total general obligation debt	11,668,231
Accumulated compensated absences	212,221
Total long-term debt	$ 11,880,452

Interest expense (all funds) for the year ended June 30, 2015 was $469,866.

On December 1, 2003, the District issued Energy Conservation bonds for $870,000 in general obligation bonds, due in annual installments of $60,000 to $75,000 through May 1, 2019, with interest at a rate of 4.15% due semi-annually.

On December 1, 2003, the District issued School Improvement Bonds for $315,000 in general obligation bonds, due in annual installments of $35,000 to $40,000 through May 1, 2015, with interest at rates of 3.15% to 4.55% due semi-annually.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2015 $10,995,000 of bonds outstanding are considered defeased.

On February 1, 2007, the District refunded $7,495,000 of the 2004 term bonds and added additional bonds in the amount of $455,000. The $7,950,000 2007 term bonds carry interest rates from 4.000% to 4.125%. The 2007 refunding enabled the District to reduce its total debt service payments over the next twenty-seven years by $406,167 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $265,093.

On November 26, 2013, the District refunded $7,860,000 of the 2004 term bonds and issued bonds totaling $3,755,000. The 2013 term bonds carry interest rates from 2.000% to 4.000%. The 2013 refunding enabled the District to reduce its total debt service payments over the next ten years by $307,538 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $181,639.

On March 1, 2010, the District purchased a school bus with an installment agreement, due in semi-annual installments of $7,600, through January 1, 2015, with interest at a rate of 3.75%.

DEBT SERVICE REQUIREMENTS:
The annual requirements to amortize long-term debt outstanding as of June 30, 2015 are as follows:

YEAR ENDED JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2016	$ 445,000	$ 454,982	$ 899,982
2017	455,000	444,685	899,685
2018	475,000	426,387	901,387
2019	495,000	415,381	910,381
2020	440,000	395,469	835,469
2021-2025	2,060,000	1,397,076	3,457,076
2026-2030	3,245,000	1,227,745	4,472,745
2031-2035	3,995,000	507,786	4,502,786
	11,610,000	5,269,511	16,879,511
Premium on bond refunding	188,920		188,920
Discount on bond refunding	(130,689)		(130,689)
Accumulated compensated absence	212,221	-	212,221
	$ 11,880,452	$ 5,269,511	$ 17,149,963

An amount of $282,181 is available in the debt service fund to service the general obligation debt.

NOTE 8 - OPERATING LEASES:

The District has an operating lease for various copy machines that includes a maintenance agreement. Future minimum payments are as follows:

June 30, 2016	$23,874
June 30, 2017	$23,874
June 30, 2018	$20,447

Lease and maintenance expense on the office equipment for the current year was $23,874.

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES:

Interfund receivable and payable balances at June 30, 2015 are as follows:

Receivable Fund		Payable Fund	
General Fund	$ 171,266	Debt Service Fund	$ 5,840
		Nonmajor Fund	165,426
	$ 171,266		$ 171,266

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 systems, and (3) payments between funds are made.

NOTE 10 - DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS:

Plan Description - The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html.

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

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

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

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age 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 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus

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

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC.

Option 4 - None (Member will receive benefit through a Defined Contribution plan).

Final Average Compensation - 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

The majority of the members currently participate on a contributory basis, as described above under "Benefits Provided." 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

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 District's pension contributions for the year ended June 30, 2015 were equal to the required contribution total. Pension contributions were approximately $1,064,000, with $953,000 specifically for the Defined Benefit Plan. These amounts include Section 147 contributions also.

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

Pension Liabilities

At June 30, 2015, the District reported a liability of $7,724,893 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013. The 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, 2014, the District's proportion was .03507 percent.

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

For the year ended June 30, 2015, the Reporting Unit recognized pension expense of $625,737. At June 30, 2015, the Reporting Unit 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
Change in assumptions	$ 285,032	
Difference in employer contributions and proportionate share of contributions	-	
Net difference between projected and actual earnings on pension plan investments		$ (853,990)
Reporting Unit contributions subsequent to the measurement date	627,237	
Total	$ 912,269	$ (853,990)

$627,237 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Year ended June 30,	Amount
2016	$ (138,490)
2017	(138,490)
2018	(138,490)
2019	(153,488)

Actuarial Assumptions

Investment rate of return - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 2.5%

Mortality assumptions - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2013. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments - The rate was 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	4.8%
Alternate Investment Pools	18.0%	8.5%
International Equity	16.0%	6.1%
Fixed Income Pools	10.5%	1.5%
Real Estate and Infrastructure Pools	10.0%	5.3%
Absolute Return Pools	15.5%	6.3%
Short Term Investment Pools	2.0%	-0.02%
Total	100.0%	

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

Discount rate - The discount rate used to measure the total pension liability was 8% (7% for Pension Plan Plus). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1% Lower (7.0%)	Discount Rate (8.0%)	1% Higher (9.0%)
Reporting Unit's proportionate share of the net pension liability	$10,184,599	$7,724,893	$5,652,554

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 2013 Comprehensive Annual Financial Report, available here: http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html.

Benefit Provisions - Other Postemployment

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 will be 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.

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 December 1, 2012.

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 District postemployment healthcare contributions to MPSERS for the year ended June 30, 2015 were approximately $111,000.

NOTE 11 – COMMITMENTS:

The District has active capital projects outstanding at June 30, 2015. $84,302 is restricted and recorded as fund balance in the Capital Projects Fund.

NOTE 12 - RISK MANAGEMENT:

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceeded the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the deficiency. The association maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. The program is recorded in the general fund.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance, torts, theft of, damage to and destruction of assets and errors & omissions.

NOTE 13 – SUBSEQUENT EVENT:

The District has approved borrowing $1,570,000, at an anticipated rate of 0.99%, for fiscal year 2016 to replace the note payable as described in Note 6.

NOTE 14 – NEW ACCOUNTING STANDARDS:

For the year ended June 30, 2015, the District implemented the following new pronouncements:

GASB statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary: GASB statement No. 68 requires governments that participates in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net position liability is the difference between the total pension 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. The statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

		Governmental Activities
Net position as previously stated July 1, 2014	$	1,486,434
Adoption of GASB Statements 68 & 71:		
Net Pension Liability		(8,217,537)
Deferred Outflows		470,274
Net position as restated July 1, 2014	$	(6,260,829)

NOTE 15 – UPCOMING ACCOUNTING PRONOUNCEMENT:

Governmental 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. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between total OPEB 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 for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the postemployment benefits liabilities and expense.

REQUIRED SUPPLEMENTARY INFORMATION

MAYVILLE COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Local sources	$ 766,152	$ 836,033	$ 862,970	$ 26,937
State sources	5,086,605	4,796,327	4,811,007	14,680
Federal sources	582,126	513,909	499,839	(14,070)
Incoming transfers and other	6,000	-	24,734	24,734
TOTAL REVENUES	6,440,883	6,146,269	6,198,550	52,281
EXPENDITURES				
Instruction				
Basic programs	3,154,637	3,216,038	3,324,832	(108,794)
Added needs	783,520	794,266	828,195	(33,929)
Total Instruction	3,938,157	4,010,304	4,153,027	(142,723)
Supporting Services				
Pupil services	216,820	226,754	234,386	(7,632)
Staff services	111,736	101,166	97,809	3,357
General administration	211,553	181,042	180,314	728
School administration	395,030	377,630	396,298	(18,668)
Business services	107,349	106,004	110,846	(4,842)
Operations and maintenance	711,119	772,046	777,946	(5,900)
Pupil transportation	347,760	353,984	352,702	1,282
Central services	86,172	150,832	157,547	(6,715)
Athletic activities	154,266	193,260	201,021	(7,761)
Total Supporting Services	2,341,805	2,462,718	2,508,869	(46,151)
Community Services	2,845	6,455	6,599	(144)
Other Transactions	-	-	12,432	(12,432)
Debt Service				
Principal repayment	-	120,200	120,200	-
Interest	-	16,815	16,958	(143)
Total Debt Service	-	137,015	137,158	(143)
TOTAL EXPENDITURES	6,282,807	6,616,492	6,818,085	(201,593)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	158,076	(470,223)	(619,535)	(149,312)
OTHER FINANCING SOURCES (USES):				
Transfer out	(131,590)	-	-	-
Sale of capital assets	-	2,800	2,800	-
TOTAL OTHER FINANCING SOURCES (USES)	(131,590)	2,800	2,800	-
NET CHANGE IN FUND BALANCE	$ 26,486	$ (467,423)	(616,735)	$ (149,312)
FUND BALANCE - BEGINNING OF YEAR			1,008,511	
FUND BALANCE - END OF YEAR			$ 391,776	

MAYVILLE COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET POSITION LIABILITY
MICHIGAN PUBLIC SCHOOLS EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED
AS OF 9/30 OF EACH FISCAL YEAR)

	2014
Reporting unit's proportion of net pension liability (%)	0.03507%
Reporting unit's proportionate share of net pension liability	$ 7,724,893
Reporting unit's covered-employee payroll	$ 3,173,659
Reporting unit's proportionate share of net pension liability as a percentage of it covered-employee payroll	243.41%
Plan fiduciary net position as a percentage of total pension liability	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

MAYVILLE COMMUNITY SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED
AS OF 6/30 OF EACH FISCAL YEAR END)

	2015
Statutorily required contributions	$ 685,730
Contributions in relation to statutorily required contributions	685,730
Contribution deficiency (excess)	$ -
Reporting unit's covered-employee payroll	$ 3,435,314
Contributions as a percentage of covered-employee payroll	19.96%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

Changes of benefit terms: There were no changes of benefit terms.

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

ADDITIONAL SUPPLEMENTARY INFORMATION

MAYVILLE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
June 30, 2015

	SPECIAL REVENUE-FOOD SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS
ASSETS			
Cash & equivalents	$ 178,518		$ 178,518
Investments	-		-
Prepaid expenditures	85		85
Due from other governmental units	2,037		2,037
Restricted cash		$ 84,302	84,302
TOTAL ASSETS	***$ 180,640***	***$ 84,302***	***$ 264,942***
LIABILITIES AND FUND BALANCE			
Unearned revenue	$ 3,240	-	$ 3,240
Due to other funds	165,426	-	165,426
TOTAL LIABILITIES	168,666	-	168,666
FUND BALANCE			
Fund balances:			
Nonspendable - prepaid expenditures	85		85
Restricted for:			
Capital projects		$ 84,302	84,302
Food service	11,889		11,889
Assigned for:			
Subsequent year expenditures			-
TOTAL FUND BALANCE	11,974	84,302	96,276
TOTAL LIABILITIES AND FUND BALANCE	***$ 180,640***	***$ 84,302***	***$ 264,942***

MAYVILLE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NONMAJOR FUND BALANCES
YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE- FOOD SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS
REVENUES			
Local sources	$ 53,807	$ 15	$ 53,822
State sources	11,133		11,133
Federal sources	283,383		283,383
TOTAL REVENUES	348,323	15	348,338
EXPENDITURES			
Food services	342,616		342,616
Capital projects		63,176	63,176
TOTAL EXPENDITURES	342,616	63,176	405,792
NET CHANGE IN FUND BALANCE	5,707	(63,161)	(57,454)
FUND BALANCE AT BEGINNING OF YEAR	6,267	147,463	153,730
FUND BALANCE AT END OF YEAR	$ 11,974	$ 84,302	$ 96,276

MAYVILLE COMMUNITY SCHOOLS
SCHEDULE OF BONDED DEBT - SCHOOL BUILDING & SITE
June 30, 2015

Refunding bonds in the amount of $3,755,000 were issued November 26, 2013 to refinance $3,860,000 of the 2004 Bonds (due to mature in the years 2015-2023).

PRINCIPAL DUE MAY	RATE	INTEREST DUE MAY	INTEREST DUE NOVEMBER	DEBT SERVICE REQUIREMENT FOR FISCAL YEAR JUNE 30	AMOUNT
$ 380,000	2.00	$ 59,850	$ 59,850	2016	$ 499,700
390,000	4.00	56,050	56,050	2017	502,100
405,000	2.00	48,250	48,250	2018	501,500
420,000	4.00	44,200	44,200	2019	508,400
440,000	4.00	35,800	35,800	2020	511,600
425,000	4.00	27,000	27,000	2021	479,000
445,000	4.00	18,500	18,500	2022	482,000
480,000	4.00	9,600	9,600	2023	499,200
$ 3,385,000		$ 299,250	$ 299,250		$ 3,983,500

MAYVILLE COMMUNITY SCHOOLS

SCHEDULE OF BONDED DEBT - SCHOOL BUILDING & SITE

June 30, 2015

Refunding bonds in the amount of $7,950,000 were issued February 1, 2007 to refinance $7,495,000 of the 2004 Bonds (due to mature in the years 2024-2034) and new bonds were issued for $455,000.

PRINCIPAL DUE MAY	RATE	INTEREST DUE MAY	INTEREST DUE NOVEMBER	DEBT SERVICE REQUIREMENT FOR FISCAL YEAR JUNE 30	AMOUNT
		$ 161,935	$ 161,934	2016	$ 323,869
		161,935	161,934	2017	323,869
		161,935	161,934	2018	323,869
		161,935	161,934	2019	323,869
		161,935	161,934	2020	323,869
$ 40,000	4.000%	161,935	161,934	2021	363,869
45,000	4.000%	161,135	161,134	2022	367,269
45,000	4.000%	160,235	160,234	2023	365,469
580,000	4.000%	159,335	159,334	2024	898,669
600,000	4.000%	147,735	147,734	2025	895,469
625,000	4.000%	135,735	135,734	2026	896,469
645,000	4.000%	123,235	123,234	2027	891,469
675,000	4.000%	110,335	110,334	2028	895,669
700,000	4.125%	96,835	96,834	2029	893,669
735,000	4.125%	82,397	82,397	2030	899,794
765,000	4.125%	67,237	67,237	2031	899,474
800,000	4.125%	51,459	51,459	2032	902,918
830,000	4.125%	34,959	34,959	2033	899,918
865,000	4.125%	17,841	17,841	2034	900,682
$ 7,950,000		$ 2,320,083	$ 2,320,069		$ 12,590,152

MAYVILLE COMMUNITY SCHOOLS
SCHEDULE OF BONDED DEBT - ENERGY
June 30, 2015

In December 2003, the District sold Energy Bonds in the amount of $870,000 for the purpose of upgrading facilities and instituting energy saving measures.

PRINCIPAL DUE MAY	RATE	INTEREST DUE MAY	INTEREST DUE NOVEMBER	DEBT SERVICE REQUIREMENT FOR FISCAL YEAR JUNE 30	AMOUNT
$ 65,000	4.15	$ 5,706	$ 5,706	2016	$ 76,412
65,000	4.15	4,358	4,358	2017	73,716
70,000	4.15	3,009	3,009	2018	76,018
75,000	4.15	1,556	1,556	2019	78,112
$ 275,000		$ 14,629	$ 14,629		$ 304,258

MAYVILLE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE GRANTOR NUMBER	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (UNEARNED) REVENUE 6/30/2014	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2015
U.S. DEPARTMENT OF AGRICULTURE:								
Passed through Michigan Dept. of Education:								
Child Nutrition Cluster:								
Non-cash assistance (donated foods)								
National School Program - non bonus	10.555		$ 19,018			$ 19,018	$ 19,018	-
Cash assistance:								
National School Breakfast	10.553	141970	12,742	$ 3,294	$ 9,116	12,742	9,448	-
National School Breakfast		151970	76,887			76,887	76,887	-
			89,629	3,294	9,116	89,629	86,335	-
National School Lunch	10.555	141960	27,377	6,753	153,170	34,130	27,377	-
National School Lunch		151960	157,406	-	-	150,653	150,653	-
			184,783	6,753	153,170	184,783	178,030	-
Total Child Nutrition Cluster			293,430	10,047	162,286	293,430	283,383	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			293,430	10,047	162,286	293,430	283,383	-
U.S. DEPARTMENT OF EDUCATION:								
Passed through Michigan Dept. of Education:								
Title I Part A Cluster:								
Title I Part A - Improving Basic Programs	84.010	141530-1314	307,353	44,738	236,244	75,956	27,969	$ (3,249)
Title I Part A - Improving Basic Programs		151530-1415	314,280			-	215,663	215,663
Total Title I Part A Cluster			621,633	44,738	236,244	75,956	243,632	212,414

(Continued)

MAYVILLE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE GRANTOR NUMBER	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (UNEARNED) REVENUE 6/30/2014	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2015
U.S. DEPARTMENT OF EDUCATION: (Continued)								
Passed through Michigan Dept. of Education:								
Title VI Part B	84.358	140660-1314	$ 21,174	$ -	$ 18,028	$ 401	$ 401	-
Title VI Part B		150660-1415	16,223			-	14,059	$ 14,059
			37,397	-	18,028	401	14,460	14,059
Title II A Teacher/Principal Training & Recruiting	84.367	150520-1415	92,400			-	66,310	66,310
			92,400	-	-	-	66,310	66,310
Total passed through Michigan Dept. of Education			751,430	44,738	254,272	76,357	324,402	292,783
Passed through Tuscola Intermediate School District								
Special Education IDEA Cluster:								
IDEA Flowthrough	84.027A	140450-1314	169,574	52,961	169,574	52,961	-	-
IDEA Flowthrough		150450-1415	175,436			148,033	175,437	27,404
Total Special Education IDEA Cluster			345,010	52,961	169,574	200,994	175,437	27,404
Total passed through Tuscola Intermediate School District			345,010	52,961	169,574	200,994	175,437	27,404
TOTAL U.S. DEPARTMENT OF EDUCATION			1,096,440	97,699	423,846	277,351	499,839	320,187
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 1,389,870	$ 107,746	$ 586,132	$ 570,781	$ 783,222	$ 320,187

The accompanying notes are an integral part of this schedule.

MAYVILLE COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Mayville Community Schools programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Mayville Community Schools, it is not intended to and does not present the financial position or changes in net position of Mayville Community Schools.

2. Summary of Significant Accounting Policies – Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for States, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. The Title I Part A Cluster (CFDA number 84.010) was audited as a major program and represents 31.1% of expenditures.

4. The threshold for distinguishing Type A and B programs was $300,000.

5. Management has utilized the Grant Auditor's Report in preparing the Schedule of Expenditures of Federal Awards.

6. Federal expenditures are reported as revenue in the following funds in the financial statements:

General Fund	$ 499,839
Other Nonmajor Governmental Funds	283,383
Total	$ 783,222

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Mayville Community Schools
Mayville, MI 48744

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mayville Community Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mayville Community Schools' basic financial statements and have issued our report thereon dated October 22, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Mayville Community Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mayville Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Mayville Community Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Mayville Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CARO, MICHIGAN

October 22, 2015

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Mayville Community Schools
Mayville, MI 48744

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Mayville Community Schools' compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Mayville Community Schools' major federal programs for the year ended June 30, 2015. Mayville Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on Mayville Community Schools' compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mayville Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mayville Community Schools' compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, Mayville Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Mayville Community Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered Mayville Community Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mayville Community Schools' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CARO, MICHIGAN

October 22, 2015

MAYVILLE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unmodified*	
Internal control over financial reporting:		
• Material weakness(es) identified?	______Yes	__X__No
• Significant deficiency(ies) identified?	______Yes	__X__None reported
Noncompliance material to financial statements noted?	______Yes	__X__No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	______Yes	__X__No
• Significant deficiency(ies) identified?	______Yes	__X__None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?	______Yes	__X__No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Part A Cluster

Dollar threshold used to distinguish between type A and Type B Programs:	$300,000	
Auditee qualified as low-risk auditee?	__X__Yes	_____No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

MAYVILLE COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

There were no audit findings in either of the previous two years.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
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To the Members of the Board
Mayville Community Schools

We have audited the financial statements of ***Mayville Community Schools*** for the year ended ***June 30, 2015*** and have issued our report thereon dated October 22, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133
As stated in our engagement letter dated, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit of the financial statements, we considered ***Mayville Community Schools'*** internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether ***Mayville Community Schools'*** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about ***Mayville Community Schools'*** compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on ***Mayville Community Schools'*** compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on ***Mayville Community Schools'*** compliance with those requirements.

Planned Scope and Timing of the Audit
We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 20, 2015.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ***Mayville Community Schools*** are described in Note 1 to the financial statements. During 2015 the District implemented Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The application of existing policies was not changed during 2015. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by ***Mayville Community Schools*** during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Estimates have been used to calculate the net pension liability.

Estimates have been used in calculating the liability for employee compensated absences.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We have proposed adjustments that we consider to be significant and have communicated this to management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 22, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to ***Mayville Community Schools'*** financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as ***Mayville Community Schools'*** auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion & Analysis, Budgetary Comparison Schedules, and the Schedules of Reporting Unit's Contributions and Proportionate Share of the Net Pension Liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, other knowledge we obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Additional Supplementary Information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing this information to determine that the information complies with accounting principles general accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the additional supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Members of the Board and management of ***Mayville Community Schools*** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants
Caro, Michigan

October 22, 2015

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
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Members of the Board
Mayville Community Schools

In planning and performing our audit of the financial statements of the ***Mayville Community Schools*** as of and for the year ended June 30, 2015, we considered the ***Mayville Community Schools'*** internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of matters that have an opportunity for strengthening internal controls and improving operating efficiencies. This letter does not affect our report dated October 22, 2015, on the financial statements of ***Mayville Community Schools***. Our comments and recommendations regarding those matters are:

Budget Variances
At the close of the year, the General Fund of the District had significant unfavorable expenditure variances at the function level. The Michigan Department of Education considers these types of variances budget violations. We recommend the District regularly compare actual expenditures to budgeted amounts and make necessary amendments to avoid significant unfavorable variances and budget violations in the future.

Federal Expenditures Budgeting & Classification of Costs
Federal expenditures are required to be in line with amounts and classifications included in the approved Consolidated Application. It was noted during our audit that several of the District's federal expenditures exceeded the budgeted amounts in the Consolidated Application. Federal Expenditures were also miscoded/misclassified in the general ledger at the account object level in comparison with the Consolidated Application.

We recommend the District review it's policies and procedures for federal expenditures and implement a procedure to review the general ledger to keep expenditures within the amounts budgeted in the Consolidated Application. Coding and classification of expenditures in the general ledger should also be reviewed to ensure they agree with approved amounts.

This communication is intended solely for the information and use of management and others within the governmental unit and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the ***Mayville Community Schools*** and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants
Caro, Michigan

October 22, 2015

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