Quincy Community Schools

Financial Report
With Supplemental Information

Year Ended June 30, 2017

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Independent Auditors' Report

Board of Education
Quincy Community Schools
Quincy, 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 Quincy Community Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and certain pension information as listed 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, which 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 Quincy Community Schools' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated September 14, 2017, on our consideration of the School District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quincy Community Schools' internal control over financial reporting and compliance.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

September 14, 2017

As Administration of Quincy Community Schools, Counties of Branch and Hillsdale, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

Financial Highlights

- Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in fiscal year 2015. The purpose of this standard is to improve accounting and financial reporting for pensions. It established standards for measuring and recognizing pension liabilities, pension expenses, and the related deferred inflows and deferred outflows of resources. Implementation of this standard requires recording of the full unfunded portion of the District's pension plan administered through the Michigan Public School Employees' Retirement System (MPSERS). The unfunded pension liability has been established through actuarial valuations and will be amortized over a 22 year period beginning with the plan's fiscal year-end of September 30, 2014. With the recording of this pension liability, the liabilities of the District exceeded its assets. The balance of the net position at the close of the most recent fiscal year was $(5,379,601) (negative net position).

- The District's total net position increased by $381,435. The increase represents an increase in ongoing revenues and decreases in ongoing expenditures.

- As of the close of the current fiscal year, the District's aggregated fund balance for the District's governmental funds was $2,981,578.

- The General Fund had a net change in fund balance of $212,957. At the end of the year, the total fund balance for the General Fund was $1,780,228 or 16.5% of the total General Fund expenditures.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the School District's most significant fund – the General Fund, as well as totals for the District's nonmajor funds.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities – One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations.

The statement of net position and statement of activities report the governmental activities for the District. These services include instruction, support services, community services, athletics, food services, and transfers to other local districts. Property taxes, intergovernmental revenues, (unrestricted and restricted State Aid), and charges for services finance most of these activities. All of the current year's revenues and expenses for these services are taken into consideration regardless of when cash is received or paid.

The statement of net position reports the District's net position, the difference between assets and liabilities. The statement of activities reports the District's change in net position, the revenues less expenses for the fiscal year, either as an increase or a decrease, or in other words, the operating results for the year. However, the School District's goal is to provide services to its students, not to generate profits, as private-sector corporations do.

These two statements report the District's net position and changes in net position. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, political conditions at the State Capitol, student enrollment growth, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The district-wide financial statements can be found on pages 1-2 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements – The fund financial statements provide detailed information about the most significant funds – not the District as a whole. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Accounting Manual.*

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

Fiduciary Funds – The District is the fiduciary for various student group activities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District's fiduciary activities are reported in a separate statement of fiduciary net position and are presented on the full accrual basis of accounting.

The basic fiduciary fund financial statements can be found on page 7 of this report.

Additional Information – The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 8-24 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis focuses on the net position and changes in net position of the District's governmental activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following is a summary of the School District's net position as of June 30, 2017 and 2016:

	Governmental Activities	
	2017	2016
Assets:		
Current assets	$ 4,518,431	$ 4,854,237
Non-current assets	15,154,280	15,254,713
Total assets	19,672,711	20,108,950
Deferred Outflows of Resources	2,398,203	1,920,790
Liabilities:		
Current liabilities	1,587,675	1,881,929
Non-current liabilities	24,910,961	24,957,319
Total liabilities	26,498,636	26,839,248
Deferred Inflows of Resources	951,879	951,528
Net Position:		
Invested in capital assets - net of related debt	5,839,801	5,343,354
Restricted	971,083	1,252,832
Unrestricted	(12,190,485)	(12,357,222)
Total net position	$ (5,379,601)	$ (5,761,036)

The above analysis focuses on the net position. The change in net position of the School District's governmental activities is discussed below. The net position differs from fund balances and a reconciliation appears on page 4.

By far the largest portion of the District's positive net position reflects its investment in capital assets (i.e. land, buildings, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Typically, one portion of the District's net position, the *restricted* portion, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these included amounts restricted for capital projects, debt service, and food service. The *unrestricted* balance of $(12,190,485), which is a *negative* net position, is negative as a result of the pension liability. The pension liability at fiscal year-end is expected to be reduced to $0 over a 22 year period.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities which shows the change in net position for fiscal year 2017.

The following is a summary of the changes in net position for the years ended June 30, 2017 and 2016:

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	$ 322,473	$ 346,487
Operating grants	2,027,741	1,437,003
General revenues:		
Property taxes - general purpose	1,035,291	1,016,181
Property taxes - debt service	897,491	900,140
Property taxes - sinking fund	341,695	337,672
Grants and state aid	8,060,487	7,879,601
Other	82,983	112,222
Total revenues	12,768,161	12,029,306
Functions/Program Expenses:		
Instruction	6,834,879	6,558,168
Support services	3,913,770	3,433,092
Food service activities	580,595	541,690
Community service	9,783	7,456
Other	139,951	71,740
Interest	310,309	318,679
Depreciation (unallocated)	597,439	400,947
Total expenses	12,386,726	11,331,772
Increase (decrease) in net position	381,435	697,534
Net position beginning of year	(5,761,036)	(6,458,570)
Ending net position	$ (5,379,601)	$ (5,761,036)

The District's net position increased by $381,435 during the current fiscal year. The increase in net position differs from the change in fund balance and a reconciliation appears on page 6.

The net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State Aid constitute the vast majority of the School District's operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan Law. The most significant budgeted funds are the General Fund and the nonmajor governmental fund for Food Service.

During the fiscal year ended June 30, 2017, the School District amended the budgets of these governmental funds two times. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's General Fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

The General Fund actual revenue and other financing sources was $10,991,536. That amount is below the amended budget estimate of $10,996,356. The $4,820 variance (.0004%), considered immaterial by management, can be attributed to all revenue sources. The Federal Title Budget crosses District fiscal years causing a shift from one fiscal year to the next in the District budget. The Title fiscal year is October – September. The August Summer School Program is expensed in the 16-17 District Budget but is part of the 16-17 Title I & II Budget. The Title VI Program is expensed all in 16-17. The State of Michigan At Risk Program, 31a, had a small carryover from 15-16 to 16-17 and will also have a carryover from 16-17 to 17-18.

The actual expenditures and other financing uses of the General Fund were $10,778,579, which is below the amended budget estimate of $11,069,326. The $290,747 variance (2.63%) can be attributed for the most part to conservative budgeting, careful monitoring, and the due diligence of employees. We continue to require purchase orders for purchases in all areas. Transportation had the highest variables due to new buses so we have less repairs and the price of fuel to run the buses. The District has purchased 2 new buses per year for three years and this has greatly reduced our costs in transportation. Instructional is the main expense in the District with salaries and benefits the largest portion. Part of the variance was caused by the budgeting of UAAL MPSER Offset Section 147c Revenue. This is very difficult to budget as payments are based on 15-16 payroll and expenses are based on 16-17 payroll. Budgeting for health care costs has gotten much easier with our plan year running July – June and not having to accrue summer benefits.

The General Fund had total revenue and other financing sources of $10,991,536 and total expenditures $10,778,579 with a net change in fund balance of $212,957 and an ending fund balance of $1,780,228. The original 16-17 budget forecasted using $301,332 of fund balance but with conservative spending and an increase in the student count the District was able to add to fund balance. The District continues to educate employees on budget and purchasing practices to get the most for our limited budget. Even though the District added to fund balance, the board and administration understand the importance of growing the fund balance to one day not have to borrow for cash flow. Retirement costs still continue to be a challenge.

With the passing on the 2014 Bond, we upgraded the phone system to be in compliance with E911 and added secured vestibules with electronic access keys. We also installed video surveillance cameras in all the school buildings and some outside areas along with replacing two buses using bond funds. This has helped the District reduce expenses in transportation. This is an exciting time for the District as it has been many years since we were able to do this. As a District, we greatly appreciate the support of the Quincy Community.

There were no significant differences between the final budget and actual amounts.

Capital Asset and Debt Administration

Capital Assets – At the end of the fiscal year 2017, the School District had $24,300,662 invested in land and buildings, furniture and equipment, vehicles and buses and construction in process. Of this amount, $9,146,382 in depreciation has been taken over the years. We currently have a net book value of $15,154,280.

	Governmental Activities	
	2017	2016
Land	$ 202,083	$ 202,083
Construction in process	19,080	6,671,329
Buildings and improvements	17,149,521	10,013,983
Site improvements	4,258,872	4,253,785
Furniture and equipment	1,702,814	1,694,184
Buses and other vehicles	968,292	1,062,020
Total capital assets	24,300,662	23,897,384
Less accumulated depreciation	9,146,382	8,642,671
Net capital assets	$ 15,154,280	$ 15,254,713

The District began a large renovation project of school buildings that was completed during the year.

Long-Term Debt – At June 30, 2017, the District had total bonded debt outstanding of $9,135,000.

	Governmental Activities	
	2017	2016
2015 Refunding Bonds	$ 1,205,000	$ 1,620,000
2014 Building & Site Bonds	7,930,000	8,110,000
Total	$ 9,135,000	$ 9,730,000

The District's total bonded debt decreased by $595,000 during the current fiscal year.

The District also has a long-term pension liability, netted with related deferred inflows and deferred outflows of resources, of approximately $16,000,000. This liability is being amortized over a 22 year period. See Note 10 for further information.

State statutes limit the amount of general obligation debt that a school district may issue to 15 percent of its total assessed valuation (State Equalized Value). The current outstanding general obligation debt for Quincy Community Schools is significantly below the current debt limitation.

Additional information on the District's long-term bonded debt can be found in Note 8 starting on page 16 of this report.

Economic Factors and Next Year's Budgets and Rates

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to equalize the per pupil finance resource disparities among school districts. The State Aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation guarantee beginning in fiscal year 1994-1995. The foundation allowance has been established for 2017-2018 as $7,631 per pupil. The foundation guarantee consists of the locally raised property taxes plus State Aid. The source of revenues for the State's contribution to the foundation allowance is derived from a mix of taxing sources, including but not limited to, a Statewide property tax of six mills on all property (homestead and non-homestead), a State sales and use tax, a real estate transfer tax and a cigarette tax.

The following factors were considered in preparing the District's budgets for the 2017-2018 fiscal year:

- Foundation allowance of $7,631 per pupil
- Increase of $120 per student
- Increase 31a funding of $125,000
- Flat student enrollment
- Increase of five teacher/positions
- Five retirements
- Increase in Health Care costs (Hard Cap increase)
- Increase in Retirement costs
- Steps and 1% given to all groups
- Additional reductions in staff or other budget line items may also be necessary as the fiscal year progresses.

Any additional reductions that may need to be made will be reflected in subsequent budget amendments made periodically throughout the 2017-2018 fiscal year.

With the passing of the 2014 Bond Proposal, the District's ongoing goal is increased energy savings through window and door replacement and a boiler replacement serving the middle and high school. With an aging bus fleet we have seen our transportation expenses increase. The District will replace two buses per year starting with the 14-15 school year for the next 5 years. This will completely replace our current fleet in the 2018-2019 school year.

Requests for Information

This financial report is designed to provide a general overview of the Quincy Community Schools' finances for all those with an interest in the District's finances. Questions concerning any of this information provided in this report or requests for additional information should be addressed to:

Business Manager
Quincy Community Schools
One Educational Parkway
Quincy, MI 49082
Phone: (517) 639-7141
Fax: (517) 639-4273
E-mail: cfo@quincyschools.org

Quincy Community Schools
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Cash and investments	$ 2,731,780
Receivables:	
Accounts receivable	21,790
Due from other governmental units	1,718,931
Inventories	6,226
Prepaid expenses	39,704
Capital assets less accumulated depreciation of $9,146,382	15,154,280
Total assets	19,672,711
Deferred Outflows of Resources:	
Deferred amount on refunding	118,282
Pension related	2,279,921
Total deferred outflows of resources	2,398,203
Liabilities:	
Accounts payable	41,124
State aid anticipation loan	580,000
Accrued payroll	554,459
Accrued interest	55,939
Other liabilities	325,262
Unearned revenue	30,891
Long-term liabilities:	
Bonds payable, due within one year	610,000
Bonds payable, due in more than one year	8,525,000
Net pension liability	15,775,961
Total liabilities	26,498,636
Deferred Inflows of Resources:	
Bond premium	297,761
Pension related	654,118
Total deferred inflows of resources	951,879
Net Position:	
Invested in capital assets - net of related debt	5,839,801
Restricted for capital projects	790,754
Restricted for debt service	180,329
Unrestricted	(12,190,485)
Total net position	$ (5,379,601)

See Notes to Financial Statements.

Quincy Community Schools
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenues and Changes in Net Position
Primary Government				
Governmental activities:				
Instruction	$ 6,834,879	$ 45,664	$ 1,517,418	$ (5,271,797)
Support services	3,913,770	107,380	76,581	(3,729,809)
Food service activities	580,595	169,429	433,742	22,576
Community services	9,783	-	-	(9,783)
Other	139,951	-	-	(139,951)
Interest on long-term debt	310,309	-	-	(310,309)
Depreciation (unallocated)	597,439	-	-	(597,439)
Total governmental activities	$ 12,386,726	$ 322,473	$ 2,027,741	(10,036,512)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				1,035,291
Property taxes, levied for debt service				897,491
Property taxes, levied for sinking fund				341,695
State aid not restricted to specific purposes				8,060,487
Interest and investment earnings				10,321
Other				72,662
Total general revenues				10,417,947
Change in Net Position				381,435
Net Position - Beginning of Year				(5,761,036)
Net Position - End of Year				$ (5,379,601)

See Notes to Financial Statements.

Quincy Community Schools
Balance Sheet
Governmental Funds
June 30, 2017

	General	Other Nonmajor Governmental Funds	Total
Assets			
Cash and cash equivalents	$ 1,564,987	$ 1,166,793	$ 2,731,780
Receivables:			
Accounts receivable	-	21,790	21,790
Due from other governmental units	1,716,018	2,913	1,718,931
Due from other funds	2,028	-	2,028
Inventories	-	6,226	6,226
Prepaid expenditures	9,704	30,000	39,704
Total assets	$ 3,292,737	$ 1,227,722	$ 4,520,459
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 21,903	$ 19,221	$ 41,124
State aid anticipation loan	580,000	-	580,000
Due to other funds	-	2,028	2,028
Salaries payable	554,459	-	554,459
Accrued expenditures	330,379	-	330,379
Unearned revenue	25,768	5,123	30,891
Total liabilities	1,512,509	26,372	1,538,881
Fund balances:			
Nonspendable	9,704	36,226	45,930
Restricted	-	1,165,124	1,165,124
Assigned	345,000	-	345,000
Unassigned	1,425,524	-	1,425,524
Total fund balances	1,780,228	1,201,350	2,981,578
Total liabilities and fund balances	$ 3,292,737	$ 1,227,722	$ 4,520,459

See Notes to Financial Statements.

Quincy Community Schools

Reconciliation of Balance Sheet of Governmental Funds to Net Position
Governmental Funds
June 30, 2017

Total Fund Balance - Governmental Funds		$ 2,981,578
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 24,300,662	
Accumulated depreciation is	(9,146,382)	
		15,154,280
Long-term liabilities not due and payable in the current period and not reported in the funds:		
Bonds payable		(9,135,000)
Deferred amount on refunding		118,282
Unamortized premiums		(297,761)
Net pension liability		(15,775,961)
Deferred outflows related to net pension liability		2,279,921
Deferred inflows related to net pension liability		(654,118)
Accrued interest payable on long-term debt is not included as a liability in governmental activities.		(50,822)
Total Net Position - Governmental Activities		$ (5,379,601)

See Notes to Financial Statements.

Quincy Community Schools

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	General Fund	Other Nonmajor Governmental Funds	Total
Revenues:			
Local sources	$ 1,272,674	$ 1,415,415	$ 2,688,089
State sources	9,281,528	23,620	9,305,148
Federal sources	437,334	407,022	844,356
Miscellaneous	-	5,344	5,344
Total revenues	10,991,536	1,851,401	12,842,937
Expenditures:			
Instruction	6,809,228	-	6,809,228
Support services	3,954,354	-	3,954,354
Food service activities	-	580,595	580,595
Community services	9,783	-	9,783
Other	-	6,191	6,191
Debt service:			
Principal payments	-	595,000	595,000
Interest and fiscal charges	-	313,120	313,120
Capital outlay	-	617,510	617,510
Total expenditures	10,773,365	2,112,416	12,885,781
Revenues Over (Under) Expenditures	218,171	(261,015)	(42,844)
Other Financing Sources (Uses):			
Operating transfers in	-	6,675	6,675
Operating transfers out	(5,214)	(1,461)	(6,675)
Total other financing sources (uses)	(5,214)	5,214	-
Net Change in Fund Balances	212,957	(255,801)	(42,844)
Fund Balances - Beginning of Year	1,567,271	1,457,151	3,024,422
Fund Balances - End of Year	$ 1,780,228	$ 1,201,350	$ 2,981,578

See Notes to Financial Statements.

Quincy Community Schools

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Governmental Funds
Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$ (42,844)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Depreciation expense	$ (597,439)	
Capital outlay	497,006	
		(100,433)
Accrued interest on long-term debt is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.		1,292
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Amortization of premium on the refunding debt	28,332	
Amortization of deferred amount on the refunding debt	(26,452)	
Prinicipal repayments	595,000	
		596,880
Governmental funds report the required pension contributions for each fiscal year as an expenditure. The Statement of Activities reports the fully accrued pension expense based upon a September year-end to coincide with the State of Michigan's fiscal year.		
Changes in pension-related liabilities and deferrals		(73,460)
Change in Net Position of Governmental Activities		$ 381,435

See Notes to Financial Statements.

Quincy Community Schools
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Fund - Student Activities
Assets	
Cash and cash equivalents	$ 162,454
Total assets	$ 162,454
Liabilities	
Due to student groups	$ 162,454
Total liabilities	$ 162,454

See Notes to Financial Statements.

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-Wide and Fund Financial Statements

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

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

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

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

It is the District's policy to allocate resource outlays first to restricted net position with the remainder allocated to unrestricted net position.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

District-Wide and Fund Financial Statements (Continued)

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

Property taxes, unrestricted State Aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure reimbursing grants are recognized when the qualifying expenditures have been incurred, eligibility requirements have been met, and receipt of monies is expected within the current availability period (60 days post year-end). All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental fund:

General Fund – The General Fund is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

Capital Project Funds – Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The District maintains the 2014 Capital Projects Fund, 2014 Bond Issuance Fund, and Building and Site Fund. For these capital projects, the School District has complied with the applicable provisions of §1351a and §1212 of the Revised School Code.

Debt Funds – Debt Funds are used to record tax, interest, and other revenue for payment of principal and other expenditures thereof on a particular bond issue. The District maintains the 2014 Debt Fund and 2015 Refunding Debt Fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Special Revenue Fund maintained by the District is the Food Service Fund.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the District in a trustee capacity (trust funds) or as an agent (agency funds). Fiduciary Fund net position and results of operations are not included in the district-wide statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

District-Wide and Fund Financial Statements (Continued)

Fiduciary Funds (Continued) – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The District presently maintains one agency fund, the Student Activities Fund, to record the transactions of student and parent groups for school-related purposes. The funds are segregated and held for the students and parents.

Revenues, Assets, Liabilities, and Net Position or Equity

State Revenue - The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts. For the year ended June 30, 2017, the foundation allowance was based on pupil membership counts taken in February 2016 and September 2016.

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

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

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 dates are 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, 2017, the District levied the following amounts per $1,000 of assessed taxable valuation:

General Fund – Non-principal residence	17.9207
General Fund – Commercial personal property	5.9207
Debt Funds – All taxable values	4.0000
Building and Site Fund – All taxable values	1.5000

Cash and Investments – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The District reports its investments in accordance with GASB professional standards. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenues, Assets, Liabilities, and Net Position or Equity (Continued)

Cash and Investments (Continued) – 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. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The District has determined the uncollectible amounts are immaterial and no provision has been recorded.

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The District has determined the uncollectible amounts are immaterial and no provision has been recorded.

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

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets - Capital assets, which include land, construction in process, buildings, improvements, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. The government defines capital assets as assets with an initial individual cost of $5,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure type assets.

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

Buildings and improvements	20-50 years
Site improvements	15-20 years
Buses and other vehicles	5-10 years
Furniture and equipment	5-20 years

Compensated Absences - The District does not report a liability for compensated absences. Sick leave can be accumulated up to 105 days. At retirement or termination, accumulated sick pay is forfeited. Vacation leave cannot be carried over from year to year. Any unused leave at year-end is forfeited.

Long-Term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method and are reported as deferred inflows or outflows. Bond issuance costs are expensed as incurred.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenues, Assets, Liabilities, and Net Position or Equity (Continued)

Long-Term Obligations (Continued) – In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District currently reports deferred outflows of resources related to deferred pension plan expenses and deferred bond refunding. Deferred pension plan expenses are recognized in the plan years to which it applies. The District also currently reports deferred outflows of resources from pension payments made subsequent to the measurement date to be recognized as the corresponding time lags are met. The deferred bond refunding amounts are amortized over the life of the bond.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows of resources related to its pension plan and bond premiums. The pension related future resources will be amortized and recognized over a time period established by the actuary and relate to differences between actuarial estimates and actual results. The bond premiums are amortized over the life of the bonds.

Defined Benefit Pension 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. See Note 10 for detailed information.

Fund Balance – The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* In accordance with this guidance, fund balances of governmental funds are categorized according to five defined categories of fund balance. These categories consist of *nonspendable* amounts which are not in spendable form or are legally or contractually required to be maintained intact; *restricted* amounts that are constrained for specific purposes set by external parties or law; *committed* amounts that are constraints set by the highest decision making authority (the School Board) through adoption of a resolution and may only be removed by the School Board through a rescindment resolution; *assigned* amounts that have an intended purpose but require no formal specific action; and *unassigned* amounts which are the residual of the other categories and have no specific purpose.

It is the District's policy to generally use fund balance in order according to the hierarchy of fund balance categories, from restricted down to unassigned.

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

Note 2 – Stewardship, Compliance, and Accountability

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at fiscal year-end.

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 supplemental 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, in excess of the amount appropriated. Violations if any, for the General Fund, are noted in the required supplemental information section.

4. The Superintendent is authorized to transfer 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. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2017.

Note 3 – Cash and Investments

At year-end, the District's cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and investments	$ 2,731,780	$ 162,454	$ 2,894,234

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

Deposits (checking and savings accounts, certificates of deposits)	$ 1,151,401
Investments in MILAF pooled investment fund	1,742,833
Total	$ 2,894,234

There are no limitations or restrictions on participant withdrawals for investment pools that are recorded at amortized cost, except for a one-day minimum investment period on MILAF cash management funds and a fourteen-day redemption limitation on MILAF MAX Class funds.

Note 3 – Cash and Investments (Continued)

Investment and Deposit Risk – The District's cash and investments are subject to several types of risk, as noted below.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District requires that financial institutions be evaluated and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. At year-end, the District's deposit balance of $1,173,000 included $921,000 that was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments – Custodial credit risk of investments 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 does not have an investment policy for custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not restrict investment maturities beyond State law.

Credit Risk – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. See Note 1 for a full description of allowed investments. The District's investment policy does not further limit its investment choices.

The District's investments under the interlocal agreement (MILAF) in the amount of $1,742,833 are regulated by the Urban Cooperation Act. The fair value of the position in the interlocal agreement pools is the same as the value of the pool shares. The interlocal agreement (MILAF) is rated at AAAm according to Standard and Poor's.

Concentration of Credit Risk – The District's investment policy does not limit investments with individual issuers.

Foreign Currency Risk – The District does not invest in foreign currency and does not maintain a policy regarding foreign currency risk.

Note 4 – Receivables

Receivables at year-end consist of the following:

Other governmental units (primarily Michigan Department of Education)	$ 1,718,931
Other	21,790
	$ 1,740,721

Note 5 – Capital Assets

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

	Beginning Balance	Additions	Disposals and Adjustments	Year-End Balance
Assets not being depreciated:				
Land	$ 202,083	$ -	$ -	$ 202,083
Construction in process	6,671,329	19,080	6,671,329	19,080
Subtotal	6,873,412	19,080	6,671,329	221,163
Capital assets beings depreciated:				
Buildings and improvements	10,013,983	7,135,538	-	17,149,521
Site improvements	4,253,785	5,087	-	4,258,872
Buses and other vehicles	1,062,020	-	(93,728)	968,292
Furniture and equipment	1,694,184	8,630	-	1,702,814
Subtotal	17,023,972	7,149,255	(93,728)	24,079,499
Accumulated depreciation:				
Buildings and improvements	4,227,568	269,085	-	4,496,653
Site improvements	2,956,361	122,648	-	3,079,009
Buses and other vehicles	635,947	71,482	(93,728)	613,701
Furniture and equipment	822,795	134,224	-	957,019
Subtotal	8,642,671	597,439	(93,728)	9,146,382
Net capital assets being depreciated	8,381,301	6,551,816	-	14,933,117
Net capital assets	$15,254,713	$ 6,570,896	$ 6,671,329	$15,154,280

Depreciation for the fiscal year ended June 30, 2017 totaled $597,439. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Note 6 – Interfund Receivables, Payables and Transfers

The District reports interfund balances between some of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund balances is as follows:

	Due to: General Fund
Due From:	
Food Service Fund	$ 2,028

The General Fund transferred $5,214 to the Food Service Fund to allocate a portion of the 31a revenues to that fund and the 2014 Bond Issuance Fund transferred its remaining balance of $1,461 to the 2014 Capital Projects Fund to close out the fund.

Note 7 – Notes Payable

For the fiscal year ended June 30, 2017, the District was issued State Aid Anticipation Notes outstanding that totaled $900,000, with interest rates between .76% and 1.46% and maturity dates of July 20, 2016 and August 22, 2016, as follows:

Note	Amount	Interest Rate	Maturity Date
2016C-1	$ 159,901	1.00%	7/20/2017
2016C-2	240,099	0.76%	7/20/2017
2016C-3	500,000	1.20%	8/21/2017

The State Aid Anticipation Notes are secured by the full faith and credit of the District as well as pledged State Aid. Notes 2016C-1 and 2016C-2 required payments to an irrevocable set-aside account of $320,000 by June 30, 2017. At year-end, the total of these payments is considered defeased debt and is not included in the year-end balance, leaving an outstanding balance at June 30, 2017 of $580,000. Activity for the year is as follows:

Balance June 30, 2016	Additions	Payments	Balance June 30, 2017
$ 800,000	$ 900,000	$ (1,120,000)	$ 580,000

The District has also approved the issuance of State Aid Anticipation Notes for the 2017-18 school year totaling $900,000 due in two increments with maturity dates of $400,000 on July 20, 2018 and $500,000 on August 20, 2018.

Note 8 – Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Long-term obligations can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds	$ 9,730,000	$ -	$ 595,000	$ 9,135,000	$ 610,000
Total governmental activities	$ 9,730,000	$ -	$ 595,000	$ 9,135,000	$ 610,000

Note 8 – Long-Term Debt (Continued)

Annual debt service requirements to maturity on the above governmental bond obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2018	$ 610,000	$ 304,931	$ 914,931
2019	620,000	294,601	914,601
2020	635,000	279,001	914,001
2021	470,000	265,086	735,086
2022	490,000	246,286	736,286
2023-2027	2,690,000	983,206	3,673,206
2028-2032	2,615,000	464,200	3,079,200
2033-2034	1,005,000	53,860	1,058,860
Total	$ 9,135,000	$ 2,891,171	$ 12,026,171

General obligation bonds consist of:

$2,045,000 - 2015 refunding bonds due in annual installments of $395,000 - $410,000 through May, 2020; interest at 1.30% to 1.70%	$ 1,205,000
$8,270,000 - 2014 building & site bonds due in annual installments of $200,000 - $625,000 through May, 2034; interest at 2.00% to 4.00%	7,930,000
Total general obligation bonds	$ 9,135,000

Note 9 – Risk Management

The School District is exposed to various risks of loss-related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool 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 School District has purchased commercial insurance for other risks of loss, including property and casualty, errors and omissions, fleet, and employee health and accident insurance.

Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits

Organization

Plan Description – The School District participates in the Michigan Public School Employees' Retirement System ("MPSERS" or "the System"), a State-wide, cost-sharing, multiple-employer defined benefit public employee retirement plan governed by the State of Michigan. The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees and their beneficiaries, and covers substantially all employees of the School District. In addition, the System's health plan provides postemployment healthcare benefits to all retirees and beneficiaries as an elective option including health, dental, and vision coverage. There are currently approximately 700 participating employers in the System which meets the definition of a qualified pension trust fund under Section 401(a) of the Internal Revenue Code.

The System was originally created under Public Act 136 of 1945, recodified, and currently operates under the provisions of Public Act 300 of 1980, as amended. Section 25 of this Act establishes a governing board and its authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor plus the State Superintendent of Instruction, who serves as an ex-officio member.

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

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Comprehensive Annual Financial Report and are available at www.michigan.gov/mpsers-cafr. Information provided in this report includes financial data, actuarial assumptions data, and detailed information about the pension plan's fiduciary net position.

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. Depending on the plan option selected, member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. 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.

Contributions – Public Act 300 of 1980, as amended, requires contributions from both the participating employers and the plan members. The School District, as a participating employer, is required to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees (plan members) during the year, with an additional amount paid in to finance a portion of the unfunded accrued liability.

The System is set up with seven different benefit options which are available to plan members (employees) based on date of hire. Depending on the plan selected, plan member contributions range from 0% up to 7% of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits (Continued)

Organization (Continued)

Contributions (Continued) – The School District's contributions are determined based on employee elections. Contribution rates are adjusted annually by ORS. For the reported year, the rates ranged from 14.56% to 18.95% for the period of July 1, 2016 through September 30, 2016 and 15.27% to 19.03% for the period of October 1, 2016 through June 30, 2017.

The District's required and actual contributions to the plan for the year ended June 30, 2017 were $1,505,844. The District's required and actual contributions include an allocation of $489,823 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial liability (UAAL) stabilization rate for the year ended June 30, 2017.

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

Proportionate Share of School District's Net Pension Liability - At June 30, 2017, the District reported a liability of $15,775,961 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2015. The District's proportionate share of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of statutorily required pension contributions from all applicable employers during the measurement period. At September 30, 2016, the District's proportionate share percent was .06323238 percent, an increase of .0008893 percent from its proportion measured as of September 30, 2015.

Pension Expense - For the year ended June 30, 2017, the School District recognized pension expense of $1,503,587, exclusive of payments to fund the MPSERS UAAL stabilization rate.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 196,610	$ 37,389
Changes of assumptions	246,645	-
Net difference between projected and actual earnings on pension plan investments	262,196	-
Changes in proportion and differences between reporting unit contributions and proportionate share of contributions	165,820	126,906
Reporting unit contributions subsequent to the measurement date	1,408,650	489,823
Total	$ 2,279,921	$ 654,118

Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits (Continued)

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

Deferred Outflows and Deferred Inflows - $1,408,650 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year Ended June 30	Amount
2018	$ 124,175
2019	103,556
2020	391,612
2021	87,633

Payables to the Pension Plan - The District reported an accrued pension plan payable at June 30, 2017 of $140,140. This amount represents employee withholdings and the employer amount payable for wages earned at June 30, 2016 but not yet paid.

Actuarial Assumptions

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

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

Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits (Continued)

Actuarial Assumptions (Continued)

Actuarial Valuations and Assumptions (Continued)

A summary of actuarial assumptions as of the latest actuarial valuation follows:

Valuation date	September 30, 20162015
Actuarial cost method	Entry age, normal
Wage inflation rate	3.5%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	8.0%
Pension Plus Plan (hybrid)	7.0%
Projected salary increases	3.5 – 12.3%, including wage inflation at 3.5%
Cost of living pension adjustments	3.0% annual non-compounded for MIP members
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2016 is based on the results of an actuarial valuation date of September 30, 2015, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years – 4.6273.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2016 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/mpsers-cafr).

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

Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return on Plan Assets (Continued) – Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity pools	28.0%	5.9%
Alternative investment pools	18.0%	9.2%
International equity	16.0%	7.2%
Fixed income pools	10.5%	0.9%
Real estate and infrastructure pools	10.0%	4.3%
Absolute return pools	15.5%	6.0%
Short-term investment pools	2.0%	0.0%
Total	100.0%	

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	Current Single Discount Rate	
1% Decrease (Non-Hybrid/Hybrid)* 7.0%/6.0%	Assumption (Non-Hybrid/Hybrid)* 8.0%/7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0%/8.0%
$20,315,467	$15,775,961	$11,948,721

*The Basic Plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.

Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits (Continued)

Related Subsequent Events

On February 23, 2017, in accordance with PA 300 of 1980, as amended, the Michigan Public Schools Employees' Retirement System's Board approved a decrease in the assumed investment rate of return (discount rate) used in the System's annual actuarial valuation for the non-hybrid defined benefit pension plan from 8% to 7.5% effective for the fiscal year 2016 valuation and following.

The September 30, 2016 Annual Actuarial Valuation Report will be used to establish the employer contribution for fiscal year beginning October 1, 2018 and will be based upon the 7.5% investment rate of return assumption. The actuarial computed employer contributions and the net pension liability will increase as a result of lowering the assumed investment rate of return.

Senate Bill 401 amends the Public School Employees Retirement Act (PA 300 of 1980, as amended). The bill closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but contains a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan would equal 6%. Further, the bill provides, under certain conditions, that the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The bill includes other provisions related to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Post-Employment Benefits Other than Pensions (OPEB)

Under the MPSERS act, all participating retirees have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the various coverages at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rates to fund the benefits on a pay-as-you-go basis. The employer contribution rate on covered payroll for the period of July 1, 2016 through September 30, 2016 was 6.40% to 6.83% and for the period of October 1, 2016 through June 30, 2017 was 5.69% to 5.91%, dependent upon the employee's date of hire and plan election.

Members can choose to contribute 3.0% of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3.0% contribution and instead choose the Personal Healthcare Fund, which can by used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a plan with 2.0% employee contributions into their 457 account as of their transition date and with a 2.0% employer match into the employee's 403b account.

The District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2017, 2016, and 2015 were approximately $513,630, $487,987, and $184,128, respectively. In addition, a portion ranging from 35-100 percent of the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate is considered a contribution to the retiree healthcare plan.

Note 11 – Tax Deferred Annuity Plan

The District maintains a 403(b) tax deferred annuity plan for eligible administrative employees which is administered by OMNI. The Board has authority over establishing and amending the plan to meet 403(b) criteria. Total employer contributions to the plan for the fiscal year were approximately $21,000 and there was no related payable outstanding as fiscal year-end.

Note 12 – Federal and State Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

Note 13 – Tax Abatements

The District received reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemption agreements entered into by local units of government under the Plant Rehabilitation and Industrial Development Districts Act PA 198 of 1974, as amended. Under the Act, local units of government may grant a tax incentive to manufacturers to enable renovation of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An IFT certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government.

For the fiscal year ended June 30, 2017, two local Townships abated taxes under these agreements as follows: $32,638 Quincy Township and $93,682 Allen Township.

The abated taxes for the general fund operating millage are considered by the State of Michigan when determining the District's state aid.

Note 14 – Upcoming Accounting and Reporting Changes

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which will result in accounting and reporting changes. Statement No. 75 sets standards for governments that provide postemployment benefits other than pensions (OPEB). Similar to the GASB standards set for pension benefits, the Statement requires the District, as a cost-sharing employer participating in MPSERS, to recognize and report its proportionate share of the MPSERS' net OPEB liability as well as the related deferred inflows and outflows of resources, and expenses/expenditures. The Statement also addresses standards for OPEB note disclosures and required supplementary information. Statement No. 75 will be effective for the District's fiscal year ending June 30, 2018.

Required Supplemental Information

Quincy Community Schools
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2017

	Budgeted Amounts		
	Original	Final	Actual
Revenues:			
Local sources	$ 1,178,027	$ 1,280,180	$ 1,272,674
State sources	8,818,204	9,222,497	9,281,528
Federal sources	416,911	493,679	437,334
Total revenues	10,413,142	10,996,356	10,991,536
Expenditures:			
Instruction:			
Basic programs	6,284,865	6,461,986	6,347,165
Added needs	495,825	496,632	462,063
Support services:			
Pupil	299,851	326,188	323,081
Instructional staff	266,483	282,519	265,363
General administration	335,647	368,736	357,560
School administration	653,731	674,533	667,584
Business	249,548	239,055	234,306
Operation and maintenance	924,377	986,340	979,237
Security services	1,500	700	412
Pupil transportation	566,609	560,684	517,399
Central services	246,638	206,273	201,787
Athletic activities	380,079	425,364	407,625
Community services	5,121	13,592	9,783
Total expenditures	10,710,274	11,042,602	10,773,365
Revenues Over (Under) Expenditures	(297,132)	(46,246)	218,171
Other Financing Sources (Uses):			
Operating transfers out	(4,200)	(26,724)	(5,214)
Total other financing sources (uses)	(4,200)	(26,724)	(5,214)
Net Change in Fund Balances	(301,332)	(72,970)	212,957
Fund Balances - Beginning of Year	1,567,271	1,567,271	1,567,271
Fund Balances - End of Year	$ 1,265,939	$ 1,494,301	$ 1,780,228

Quincy Community Schools

Schedule of the District's Proportionate Share of the Net Pension Liability of the MPSERS Plan

Last Two Fiscal Years (Amounts Determined Each Year as of September 30)

	2016	2015	2014
District's proportion of net pension liability (%)	0.06323%	0.06234%	0.06320%
District's proportionate share of net pension liability	$ 15,775,961	$ 15,227,319	$ 13,920,955
District's covered-employee payroll	$ 5,371,182	$ 5,280,390	$ 5,257,706
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	293.71%	288.37%	264.77%
Plan fiduciary net position as a percentage of total pension liability	63.27%	63.17%	66.20%

Quincy Community Schools

Schedule of the District's Contributions to the MPSERS Plan

Last Two Fiscal Years (Amounts Determined Each Year as of June 30)

	2017	2016	2015
Statutorily required contributions	$ 1,505,844	$ 1,465,891	$ 1,138,796
Contributions in relation to statutorily required contributions	1,505,844	1,465,891	1,138,796
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 5,474,934	$ 5,361,432	$ 5,320,684
Contributions as a percentage of covered-employee payroll	27.50%	27.34%	21.40%

Changes of Benefit Terms: There were no changes of benefit terms in 2016.

Changes of Assumptions: There were no changes of benefit assumptions in 2016.

Other Supplemental Information

Quincy Community Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Food Service Fund	Debt Service Funds	Building & Site Fund	2014 Capital Projects Fund	2014 Bond Issuance Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	$ 144,372	$ 231,151	$ 409,891	$ 381,379	$ -	$ 1,166,793
Receivables:						
Accounts receivable	21,790	-	-	-	-	21,790
Due from other governmental units	2,913	-	-	-	-	2,913
Inventories	6,226	-	-	-	-	6,226
Prepaid expenditures	30,000	-	-	-	-	30,000
Total assets	$ 205,301	$ 231,151	409,891	381,379	$ -	$ 1,227,722
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 18,705	$ -	$ 516	$ -	$ -	$ 19,221
Due to other funds	2,028	-	-	-	-	2,028
Unearned revenue	5,123	-	-	-	-	5,123
Total liabilities	25,856	-	516	-	-	26,372
Fund balances:						
Nonspendable	36,226	-	-	-	-	36,226
Restricted	143,219	231,151	409,375	381,379	-	1,165,124
Total fund balances	179,445	231,151	409,375	381,379	-	1,201,350
Total liabilities and fund balances	$ 205,301	$ 231,151	$ 409,891	$ 381,379	$ -	$ 1,227,722

Quincy Community Schools

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2017

	Food Service Fund	Debt Service Funds	Building & Site Fund	2014 Capital Projects Fund	2014 Bond Issuance Fund	Total Nonmajor Governmental Funds
Revenues:						
Local sources	$ 172,529	$ 897,914	$ 341,960	$ 3,004	$ 8	$ 1,415,415
State sources	23,620	-	-	-	-	23,620
Federal sources	407,022	-	-	-	-	407,022
Miscellaneous	-	-	5,344	-	-	5,344
Total revenues	603,171	897,914	347,304	3,004	8	1,851,401
Expenditures:						
Food service activities	580,595	-	-	-	-	580,595
Other	-	-	140	6,051	-	6,191
Debt service	-	908,120	-	-	-	908,120
Capital outlay	-	-	428,166	189,344	-	617,510
Total expenditures	580,595	908,120	428,306	195,395	-	2,112,416
Revenues Over (Under) Expenditures	22,576	(10,206)	(81,002)	(192,391)	8	(261,015)
Other Financing Sources (Uses):						
Operating transfers in	5,214	-	-	1,461	-	6,675
Operating transfers out	-	-	-	-	(1,461)	(1,461)
Total other financing sources (uses)	5,214	-	-	1,461	(1,461)	5,214
Net Change in Fund Balances	27,790	(10,206)	(81,002)	(190,930)	(1,453)	(255,801)
Fund Balances - Beginning of Year	151,655	241,357	490,377	572,309	1,453	1,457,151
Fund Balances - End of Year	$ 179,445	$ 231,151	$ 409,375	$ 381,379	$ -	$ 1,201,350

Quincy Community Schools
Comparative Balance Sheets
General Fund
June 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 1,564,987	$ 1,654,149
Receivables:		
Due from other funds	2,028	2,048
Due from other governmental units	1,716,018	1,692,290
Prepaid expenditures	9,704	8,371
Total assets	$ 3,292,737	$ 3,356,858
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 21,903	$ 1,507
State aid anticipation loan	580,000	800,000
Salaries payable	554,459	582,890
Accrued expenditures	330,379	311,947
Unearned revenue	25,768	93,243
Total liabilities	1,512,509	1,789,587
Fund balances:		
Nonspendable	9,704	8,371
Assigned	345,000	-
Unassigned	1,425,524	1,558,900
Total fund balances	1,780,228	1,567,271
Total liabilities and fund balances	$ 3,292,737	$ 3,356,858

Quincy Community Schools

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Final Budget to Actual
General Fund
Year Ended June 30, 2017
(With Comparative Amounts for the Prior Year)

	2017			
	Budget	Actual	Variance	Prior Year Actual
Revenues:				
Local sources:				
Property tax	$ 1,033,717	$ 1,035,291	$ (1,574)	$ 1,016,181
Transportation fees	45,300	45,664	(364)	59,700
Athletics	115,063	103,024	12,039	110,756
Earnings on investments & deposits	5,900	7,000	(1,100)	2,570
Rentals	17,600	18,179	(579)	14,934
Miscellaneous	62,600	63,516	(916)	65,087
Total local sources	1,280,180	1,272,674	7,506	1,269,228
State sources:				
Unrestricted	8,064,430	8,060,487	3,943	7,879,601
Restricted	1,158,067	1,221,041	(62,974)	967,268
Total State sources	9,222,497	9,281,528	(59,031)	8,846,869
Federal sources:				
Received through State	493,679	437,334	56,345	462,325
Total Federal sources	493,679	437,334	56,345	462,325
Total revenues	10,996,356	10,991,536	4,820	10,578,422

Quincy Community Schools

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Final Budget to Actual
General Fund
Year Ended June 30, 2017
(With Comparative Amounts for the Prior Year)

	2017			Prior Year
	Budget	Actual	Variance	Actual
Expenditures:				
Instruction:				
Basic programs:				
Elementary				
Salaries	1,398,900	1,367,931	30,969	1,428,555
Employee benefits	987,070	962,593	24,477	933,537
Purchased services	98,800	97,894	906	92,601
Supplies and materials	30,200	27,228	2,972	23,725
Other	1,000	891	109	975
Total elementary	2,515,970	2,456,537	59,433	2,479,393
Middle/Junior High				
Salaries	1,022,000	1,021,019	981	1,020,483
Employee benefits	725,264	713,749	11,515	678,539
Purchased services	91,192	85,108	6,084	76,016
Supplies and materials	45,173	42,298	2,875	28,199
Other	9,951	9,834	117	826
Total middle/junior high	1,893,580	1,872,008	21,572	1,804,063
High School				
Salaries	1,046,250	1,042,493	3,757	1,030,305
Employee benefits	689,085	681,419	7,666	639,142
Purchased services	203,508	195,118	8,390	170,251
Supplies and materials	42,425	40,764	1,661	58,368
Other	25,655	25,273	382	59,660
Total high school	2,006,923	1,985,067	21,856	1,957,726
Summer School				
Salaries	30,146	22,703	7,443	26,198
Employee benefits	13,060	9,344	3,716	10,729
Purchased services	1,507	1,506	1	200
Supplies and materials	800	-	800	4,771
Total summer school	45,513	33,553	11,960	41,898
Total basic programs	6,461,986	6,347,165	114,821	6,283,080
Added needs:				
Special education				
Purchased services	115,600	115,256	344	140,366
Total special education	115,600	115,256	344	140,366

Quincy Community Schools

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Final Budget to Actual
General Fund
Year Ended June 30, 2017
(With Comparative Amounts for the Prior Year)

	2017			Prior Year
	Budget	Actual	Variance	Actual
Instruction (Continued):				
Added needs (continued):				
Compensatory education				
Salaries	231,268	215,288	15,980	190,972
Employee benefits	121,486	110,357	11,129	95,086
Purchased services	100	-	100	-
Supplies and materials	28,178	21,162	7,016	40,812
Total compensatory education	381,032	346,807	34,225	326,870
Total added needs	496,632	462,063	34,569	467,236
Total instruction	6,958,618	6,809,228	149,390	6,750,316
Support Services:				
Pupil:				
Guidance services				
Salaries	139,139	138,573	566	120,509
Employee benefits	89,799	88,914	885	72,028
Purchased services	70,325	70,261	64	70,747
Supplies and materials	9,825	8,259	1,566	1,678
Total guidance services	309,088	306,007	3,081	264,962
Health services				
Purchased services	17,000	17,000	-	17,000
Supplies	100	74	26	28
Total health services	17,100	17,074	26	17,028
Total pupil	326,188	323,081	3,107	281,990
Instructional staff:				
Improvement of instruction				
Salaries	64,840	63,411	1,429	79,639
Employee benefits	38,914	38,495	419	49,314
Purchased services	40,719	30,361	10,358	39,307
Supplies and materials	-	-	-	1,131
Total improvement of instruction	144,473	132,267	12,206	169,391
Educational media services				
Salaries	39,500	37,574	1,926	38,346
Employee benefits	22,948	22,225	723	22,017
Purchased services	1,550	1,400	150	1,400
Supplies and materials	3,800	3,457	343	2,255
Total educational media services	67,798	64,656	3,142	64,018

Quincy Community Schools

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Final Budget to Actual
General Fund
Year Ended June 30, 2017
(With Comparative Amounts for the Prior Year)

	2017			
	Budget	Actual	Variance	Prior Year Actual
Support Services (Continued):				
Instructional staff (continued):				
Technology assisted instruction				
Purchased services	49,888	48,115	1,773	7,441
Total technology assisted instruction	49,888	48,115	1,773	7,441
Supervision of instructional staff				
Salaries	12,755	12,769	(14)	19,143
Employee benefits	7,605	7,556	49	9,905
Total supervision of instructional staff	20,360	20,325	35	29,048
Total instructional staff	282,519	265,363	17,156	269,898
General administration:				
Board of education				
Purchased services	51,875	50,343	1,532	29,083
Other	7,080	6,787	293	7,494
Total board of education	58,955	57,130	1,825	36,577
Executive administration				
Salaries	172,800	166,554	6,246	153,321
Employee benefits	90,325	91,258	(933)	83,048
Purchased services	38,356	34,950	3,406	30,297
Supplies and materials	3,500	2,926	574	3,079
Capital outlay	1,000	912	88	416
Other	3,800	3,830	(30)	3,745
Total executive administration	309,781	300,430	9,351	273,906
Total general administration	368,736	357,560	11,176	310,483
School administration:				
Office of the principal				
Salaries	404,430	403,132	1,298	388,651
Employee benefits	252,516	248,345	4,171	226,874
Purchased services	7,087	6,379	708	3,950
Supplies and materials	5,700	4,858	842	7,542
Other	1,800	1,635	165	1,685
Total office of the principal	671,533	664,349	7,184	628,702
Other school administration				
Supplies and materials	3,000	3,235	(235)	2,235
Total other school administration	3,000	3,235	(235)	2,235
Total school administration	674,533	667,584	6,949	630,937

Quincy Community Schools

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Final Budget to Actual
General Fund
Year Ended June 30, 2017
(With Comparative Amounts for the Prior Year)

	2017			Prior Year
	Budget	Actual	Variance	Actual
Support Services (Continued):				
Business:				
Fiscal services				
Salaries	105,450	105,450	-	67,674
Employee benefits	81,530	79,758	1,772	43,020
Purchased services	9,550	9,413	137	5,027
Supplies and materials	325	314	11	317
Other	3,400	3,264	136	34,099
Total fiscal services	200,255	198,199	2,056	150,137
Other business services				
Purchased services	18,000	17,646	354	17,781
Other	20,800	18,461	2,339	23,835
Total other business services	38,800	36,107	2,693	41,616
Total business	239,055	234,306	4,749	191,753
Operation and maintenance:				
Salaries	307,700	302,817	4,883	281,180
Employee benefits	199,715	196,029	3,686	185,316
Purchased services	144,975	138,604	6,371	122,110
Supplies and materials	284,450	292,782	(8,332)	260,724
Capital outlay	49,500	49,005	495	18,910
Other	-	-	-	5,265
Total operation and maintenance	986,340	979,237	7,103	873,505
Security services:				
Purchased services	700	412	288	4,054
Total security services	700	412	288	4,054
Pupil transportation:				
Salaries	238,028	224,692	13,336	224,454
Employee benefits	184,656	177,968	6,688	173,359
Purchased services	51,060	44,411	6,649	19,503
Supplies and materials	86,700	70,088	16,612	54,937
Other	240	240	-	100
Total pupil transportation	560,684	517,399	43,285	472,353
Central services:				
Staff/personnel services				
Purchased services	2,760	1,749	1,011	1,192
Total staff/personnel services	2,760	1,749	1,011	1,192

Quincy Community Schools

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Final Budget to Actual
General Fund
Year Ended June 30, 2017
(With Comparative Amounts for the Prior Year)

	2017			Prior Year
	Budget	Actual	Variance	Actual
Support Services (Continued):				
Central services (continued):				
Non-instructional technology services				
Salaries	107,967	106,578	1,389	118,822
Employee benefits	77,506	78,863	(1,357)	75,253
Purchased services	2,790	2,356	434	3,120
Supplies and materials	14,500	12,023	2,477	7,326
Capital outlay	750	218	532	4,691
Total non-instructional technology services	203,513	200,038	3,475	209,212
Total central services	206,273	201,787	4,486	210,404
Athletic activities:				
Salaries	200,040	190,870	9,170	129,281
Employee benefits	99,544	98,050	1,494	66,955
Purchased services	52,335	50,554	1,781	89,378
Supplies and materials	73,445	68,151	5,294	66,690
Total athletic activities	425,364	407,625	17,739	352,304
Total support services	4,070,392	3,954,354	116,038	3,597,681
Community Services:				
Community activities:				
Supplies and materials	13,592	9,783	3,809	7,456
Total community services	13,592	9,783	3,809	7,456
Capital Outlay	-	-	-	30,389
Total expenditures	11,042,602	10,773,365	269,237	10,385,842
Revenues Over (Under) Expenditures	(46,246)	218,171	264,417	192,580
Other Financing Sources (Uses):				
Operating transfers out	(26,724)	(5,214)	21,510	(4,190)
Total other financing sources (uses)	(26,724)	(5,214)	21,510	(4,190)
Net Changes in Fund Balances	(72,970)	212,957	285,927	188,390
Fund Balances - Beginning of Year	1,567,271	1,567,271	-	1,378,881
Fund Balances - End of Year	$ 1,494,301	$ 1,780,228	$ 285,927	$ 1,567,271

Quincy Community Schools
Schedule of Bonded Indebtedness
June 30, 2017

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Amount of Annual Maturity	Bonds Outstanding 6/30/17
2015 Refunding Bonds	March 26, 2015	$ 2,045,000	1.300%	5/1/2018	$ 18,045	$ 410,000	$ 410,000
			1.500%	5/1/2019	15,715	400,000	400,000
			1.700%	5/1/2020	6,715	395,000	395,000
							$ 1,205,000
2014 Building & Site Bonds	August 6, 2014	$ 8,270,000	2.000%	5/1/2018	$ 286,886	$ 200,000	$ 200,000
			4.000%	5/1/2019	278,886	220,000	220,000
			3.000%	5/1/2020	272,286	240,000	240,000
			3.000%	5/1/2021	265,086	470,000	470,000
			4.000%	5/1/2022	246,286	490,000	490,000
			4.000%	5/1/2023	226,686	505,000	505,000
			2.625%	5/1/2024	213,430	520,000	520,000
			2.750%	5/1/2025	199,130	535,000	535,000
			3.000%	5/1/2026	183,080	555,000	555,000
			4.000%	5/1/2027	160,880	575,000	575,000
			4.000%	5/1/2028	137,880	600,000	600,000
			4.000%	5/1/2029	113,880	625,000	625,000
			4.000%	5/1/2030	88,880	445,000	445,000
			4.000%	5/1/2031	71,080	465,000	465,000
			3.500%	5/1/2032	52,480	480,000	480,000
			3.500%	5/1/2033	35,680	500,000	500,000
			3.600%	5/1/2034	18,180	505,000	505,000
							$ 7,930,000