

**School District of the City of Saginaw  
Saginaw, Michigan**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by:**

**Department of Fiscal and Support Services**

**Members of the Board of Education and Administration**  
**of the**  
**School District of the City of Saginaw**  
**Saginaw, Michigan**  
**For the Fiscal Year Ended June 30, 2018**

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***Board of Education***

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Rudy Patterson  
*President*

Jason Thompson  
*Vice President*

Mattie Thompson  
*Treasurer*

Kim Hamilton  
*Secretary*

Ruth Ann Knapp  
*Trustee*

Tamara McRae  
*Trustee*

Joyce Seals  
*Trustee*

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***Administration***

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Ramont M. Roberts, Ph.D.  
*Superintendent*

Tamara M. Johnson  
*Executive Director of Financial Services*

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**

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# INTRODUCTORY SECTION



550 Millard Street  
Saginaw, Michigan 48607-1193  
(989) 399-6500  
Fax (989) 399-6529



Nathaniel B. McClain, Superintendent

December 17, 2018

To the Citizens and Employees of the School District of the City of Saginaw and the President and Members of the Board of Education:

## INTRODUCTION

The Comprehensive Annual Financial Report of the School District of the City of Saginaw for the year ended June 30, 2018 is submitted herewith.

Guided by the Board of Education's commitment to public accountability, detailed financial information relating to the fiscal operation of the school district is presented in this report prepared by the school district's Finance Division. Responsibility for the completeness and fairness of the data presented and all accompanying disclosures rests with the Executive Director of Financial Services.

The report has been prepared following generally accepted accounting principles in the United States of America. We believe the data presented are accurate in all material respects and clearly reflect the

financial position and the results of operations of the school district. All disclosures necessary to enable the reader to gain an understanding of the school district's financial activities have been included. The school district has also issued, under a separate cover, a Single Audit Report. This report contains a schedule of Federal Financial Assistance received by the school district and is not a required part of the Basic Financial Statements.

The Comprehensive Annual Financial Report is presented in three sections:

- *Introductory section* – Introduces the reader to the report and includes this transmittal letter, the District's organizational chart and prior year recognition for excellence in financial reporting.
- *Financial section* – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and supplemental information.
- *Statistical and other information section* - includes selected financial and demographic information, generally presented on a multi-year basis.

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## BOARD OF EDUCATION

Rudy Patterson, President   Jason Thompson, Vice President   Kim Hamilton, Secretary   Mattie Thompson, Treasurer  
Ruth Ann Knapp, Trustee   Tamara McRae, Trustee   Joyce Seals, Trustee

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

Generally Accepted Accounting Principles in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

## **REPORTING ENTITY**

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The reporting entity consists of the legal entity, the School District of the City of Saginaw. The school district serves the entire City of Saginaw, plus the City of Zilwaukee, and sections of both Buena Vista and Kochville Townships.

The School District of the City of Saginaw Board of Education (Board) is the basic level of government that has oversight responsibility and control over all activities related to public school education in the City of Saginaw. Under provisions of GASB, the Board is considered the primary government, since it is a special purpose entity that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the Board may, without the approval or consent of another governmental entity, modify its own budget, levy its own taxes or set rates or charges, issue bonded debt, and designate management. The Board also has no component units, defined by GASB as other legally separate organizations for which the elected Board members are financially accountable. There are no other primary governments for which the Board has a significant relationship.

The School District provides a comprehensive educational program for students in pre-kindergarten through grade 12. Extensive additional educational programs are incorporated into the general education structure. Among those offered are birth through age five education and prekindergarten, special education, career and technical education, gifted and talented education, bilingual education, and compensatory education.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The School District of the City of Saginaw is located 110 miles north of Detroit. Saginaw is an industrial community that was once heavily reliant on the auto industry. The Economic Development Office of the City of Saginaw has been making efforts to attract industry to the area through a heavy reliance on tax abatements. The district is substantially reliant on the future economic changes in the State of Michigan and the Saginaw community. The district is committed to maintaining priority programs in light of a changing state financial base.

Michigan has transformed its funding of public education from the old principle of property wealth determining the level of support for education in a given district to a state-wide diversified tax base and a leveling of funds for all districts. Discrepancies that existed prior to the finance reform have narrowed under the new system. As a result, the financial health of school districts in Michigan is now reliant on the performance of the state’s economy. Under the current system, the state collects a statewide property tax of eighteen mills on residential property and six mills on all industrial and commercial property. Because of the change, many communities have resorted to granting tax abatements to attract commercial and industrial growth. These tax abatements have had a negative financial impact on the support services provided to the district. The state also collects six cents sales tax in support of education along with a number of transfer and use taxes whose proceeds are dedicated to the school aid fund. The state in turn redistributes the funds to local school districts on a per student

foundation grant basis. With the heavy reliance on State funding, the district has experienced a tightening of its cash flow, and investment income has declined. Receivables from other governmental units has increased significantly since 1997-98 due to the State reducing the monthly payouts during the year and deferring receipt of those funds by the district to July and August, thus causing a reduced cash flow and opportunity to invest these funds.

The current foundation increases for a district are gauged to the annual rate of inflation and factored upward or downward based on a district's relationship to the set median funding range for the State of Michigan. This method of funding has slowed the growth in educational expenditures to a rate equal to the level of inflation in any given year. The process has brought all districts in the State up in funding to a minimum base foundation of \$7,631 per student.

The district's foundation allowance for 2017-18 was set at this minimum amount of \$7,631 per pupil. Under the current funding system, over 70% of the district's General Fund revenues come from the State. This means that the district has less control over the revenues coming into the district. The district's enrollment has been declining. The district's State Aid blended membership at the end of the 2017-18 school year was 5,833.01. In accordance with enrollment trends, the 2018-19 budget is based on a blended membership count of 5,333.01.

## **MAJOR INITIATIVES**

Fiscal year 2017-18 completed the twenty third year under the revised funding formula of the State of Michigan. The district, as it changed from a heavy reliance on local property taxes as a major source of revenues, to the new State foundation method of funding has continued to decrease in size. The Board of Education has continued to work to meet the goals outlined in its Comprehensive Strategic Plan. The primary focus of the District is to give the necessary support to those schools that currently have priority status and provide resources and guidance to prevent others from being added to the list. The

school district has now completed its twenty second year of this comprehensive plan and a number of new strategies and recommendations have been implemented which has resulted in the restructuring of Saginaw Schools to better prepare our students for the future. The mission statement of the strategic plan reads as follows:

*The School District of the City of Saginaw, in partnership with parents, students, businesses and the community, are committed to and responsible for ensuring:*

- 1. the highest level of academic achievement and career planning for all students,*
- 2. the highest performing organizational structure at all levels, and*
- 3. a safe and effective learning environment for all students*

*We fundamentally believe that:*

- 1. Every student is unique, valuable and capable of learning.*
- 2. Every student graduates from high school understanding that learning is life-long in order to compete and contribute successfully in a global society.*
- 3. The responsibility of education is shared among all members of the community*
- 4. Appreciating the diversity of student's backgrounds, abilities, and interests are integral to the success of each student*
- 5. Every family/parent involved in his or her child's education is an integral part of each student's success.*

To this end, the district is committed to offering the best human and professional development programs for all employees. The District accepts responsibility for maintaining a service orientation, open communication among all segments of the community, and a high level of fiscal management.

At the heart of the strategic plan are the student outcomes that are designed to help see district graduates become: academic achievers who are self-directed learners; complex thinkers; effective communicators; individual and group problem solvers; strong interpersonal relaters; collaborative workers; creative quality producers; and community contributors. Student achievement continues to be the district's primary goal. Because of sound fiscal management practices, the district has been able to continue its strong emphasis on basic skills while promoting programs that prepare the students for a rapidly changing society. The district has made a major commitment to upgrading instructional materials, equipping facilities, and introducing technology into the schools in order to provide the best possible learning environment for students.

The district's aging buildings continue to undergo preventative maintenance to keep them compatible with the educational program. Window improvements, relighting, new boilers, insulated roof replacements, and energy management programs have helped the district minimize increased energy costs over the years. In the fall of 2004 citizens of the school district approved a \$70,000,000 bond proposal to upgrade the district's facilities. The bonds were to be sold in three series. The first series, for \$22,300,000, was sold in 2004. Renovations were completed at three elementary schools, and construction of a new elementary school was completed. The second series, for \$28,160,000 was sold in June of 2006 and were used to construct a new middle school. The third series for \$19,540,000 was sold in June of 2008 and was used to renovate an elementary and K-8 school and a grade 6-12 school for gifted and talented students. The district currently operates sixteen sites. Although we have completed some capital improvements and built two new facilities recently with bond funds, most of our structures are older. The District continues to upgrade and maintain buildings and components of the buildings including technology infrastructure and security. More specific information pertaining to our facilities is located in the statistical section of this report.

The day-to-day operation of the district is led by an administrative team that has a strong commitment to quality programs and services, improved student learning, and adherence to sound fiscal management practices.

## **INTERNAL ACCOUNTING CONTROLS**

Management of the school district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school district are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1. the cost of a control should not exceed the benefits likely to be derived; and 2. the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the school district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those problems. This internal control structure is subject to periodic evaluation by management and the internal accounting staff of the school district. As a part of the school district's single audit, tests have been made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the school district has complied with applicable laws and regulations.

## **BUDGETING CONTROLS**

The school district uses a site-based budgeting process to effectively allocate resources and obtain the maximum benefit for each dollar spent. Under this process, each school receives an annual allocation based upon student counts. Schools and departments must justify expenditures within their allocation. All expenditures must support and encourage increased student achievement, maintain the integrity of the

school or department's Quality Plan, and focus on the goals and measures of the District's Strategic Plan. Individual buildings are allowed to make site-based decisions in planning the use of their resources in meeting their Quality Plan goals. This process has enabled the district to successfully address today's educational challenges while making the best use of each dollar available.

Budgets are approved annually for the following funds: general fund, food service fund, debt service fund, and the capital projects fund. The Executive Director of Financial Services has the authority to approve transfers within function codes. Changes across function codes require Board approval. There are usually two budget revisions that take place to obtain this approval throughout the fiscal year.

The district's budgetary controls and system of internal accounting were designed to adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions. We believe that these objectives have been achieved. The report has been audited by Yeo & Yeo - P.C., independent auditors whose opinion is included as part of this report. Their opinion is unmodified. Annual financial reporting to the State of Michigan follows accounting requirements as stated in the State Accounting Manual. These requirements are consistent with generally accepted accounting principles in the United States of America.

## **AWARDS**

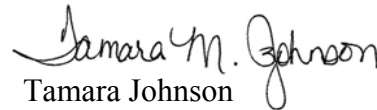
The financial reporting program of the district has earned the Association of School Business Officials "Certificate of Excellence in Financial Reporting" for the fiscal years ended June 30, 1987 through June 30, 2017. This is an achievement that is of great pride to the district's administrative team and a tribute to the support of the Board in adopting high standards of excellence in our financial reporting. Publication of this report completes the financial reporting process for the 2017-18 fiscal year.

## **ACKNOWLEDGMENTS**

We want to thank the community for its continued support of the School District of the City of Saginaw. Over the years, the community has demonstrated its commitment to the school district and its students by providing the means necessary to offer quality educational programs and services.

We also thank the members of the Board of Education for continued guidance and support throughout this past year and commend the personnel from the Finance Division and the administrative staff for their continued efforts in managing the district's fiscal resources. Copies of this report are available for public distribution upon request to the Finance Office.

Sincerely,



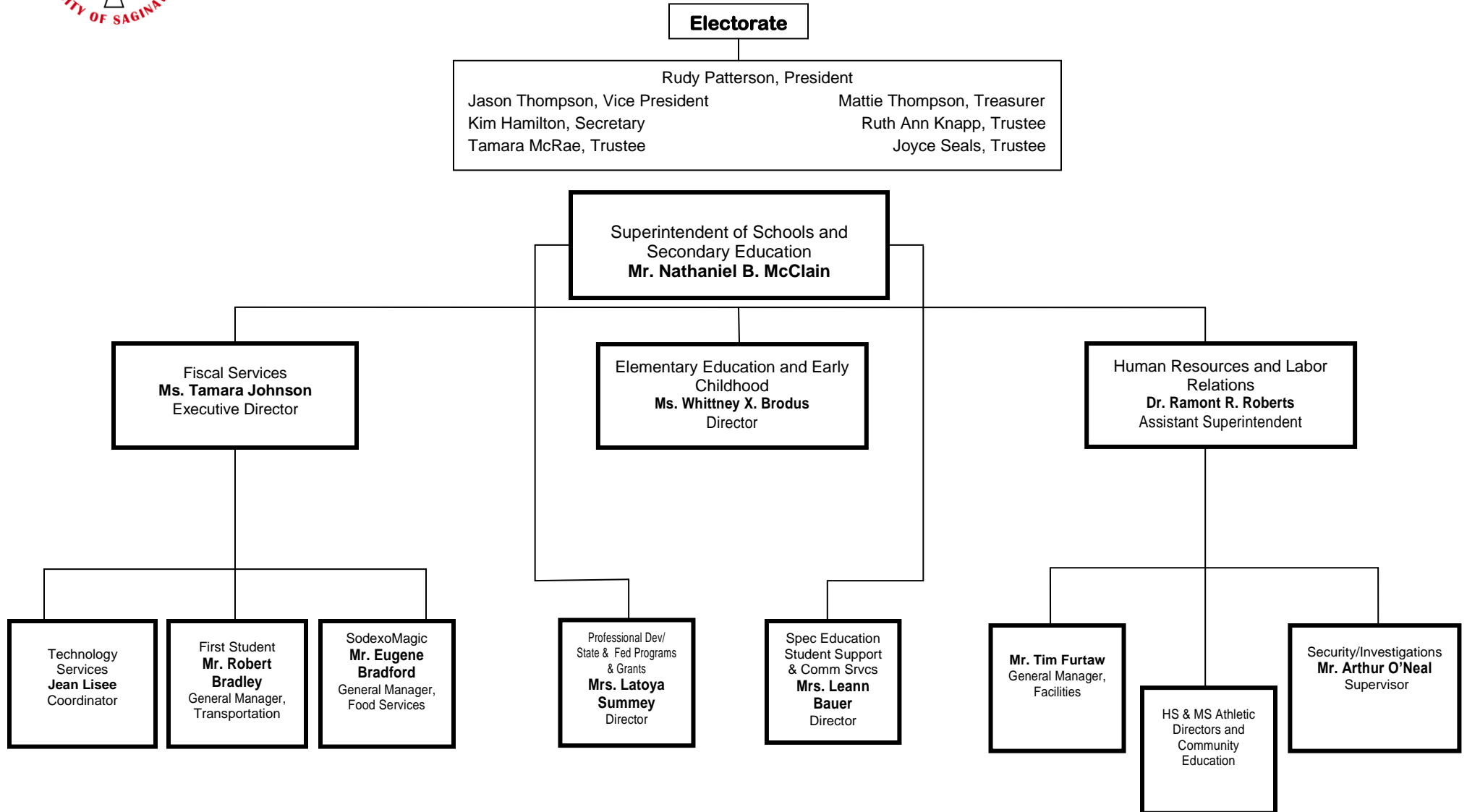
Tamara Johnson  
Executive Director of Fiscal Services



## 2017-2018 School District of the City of Saginaw

### ADMINISTRATIVE ORGANIZATIONAL CHART -- OPERATION AND MANAGEMENT SYSTEM

550 Millard Street Saginaw, Michigan 48607 Phone: (989) 399-6500 www.spsd.net





**The Certificate of Excellence in Financial Reporting  
is presented to**

**School District of the City of Saginaw**  
**for its Comprehensive Annual Financial Report (CAFR)**  
**for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

A handwritten signature in black ink, reading 'John D. Musso'.

**John D. Musso, CAE**  
Executive Director

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# FINANCIAL SECTION





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## Independent Auditors' Report

To Management and the Board of Education  
School District of the City of Saginaw  
Saginaw, 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 the School District of the City of Saginaw, as of and for the year ended June 30, 2018, 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 the School District of the City of Saginaw, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Adoption of New Accounting Standards**

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

## **Other Matters:**

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

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of the City of Saginaw's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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 supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

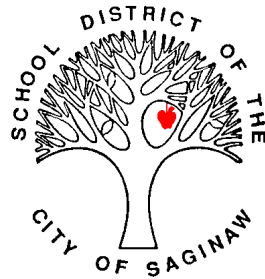
The accompanying Introductory Section and Statistical Section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018 on our consideration of the School District of the City of Saginaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of the City of Saginaw's 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 School District of the City of Saginaw's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
December 17, 2018



# **MANAGEMENT DISCUSSION and ANALYSIS**

# School District of the City of Saginaw

## Management Discussion and Analysis

### Year Ended June 30, 2018

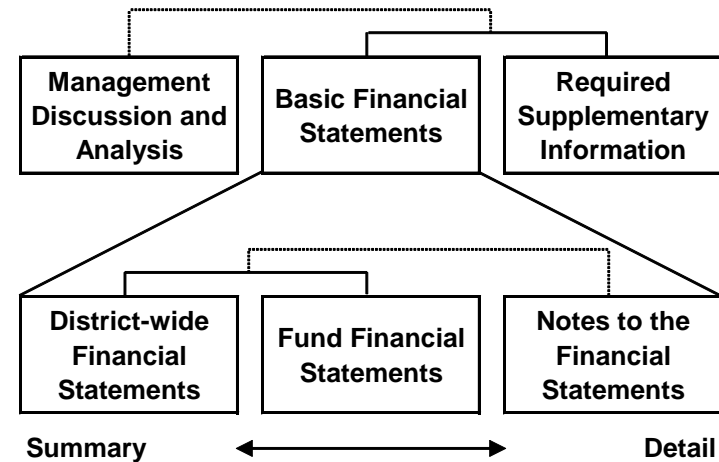
The discussion and analysis of the School District of the City of Saginaw's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to provide, in layman's terms, a look at the district's performance and past and current position. Readers should also review the notes to the financial statements, and financial statements to enhance their understanding of the district's financial performance.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000.

#### Overview of the Financial Statements

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements, and required supplementary information. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
**School District of the City of Saginaw**  
**Organization of Annual Financial Report**



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

#### **District-wide Financial Statements**

The district-wide financial statements are full accrual basis statements and provide information about the district's *overall* financial status. They are used to help determine whether or not the District is better off or worse off as the result of the year's activities. The *Statement of Net position* reports all of the district's assets and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the district are reported in this statement. All of the current year's revenues and expenditures are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

# School District of the City of Saginaw

## Management Discussion and Analysis

### Year Ended June 30, 2018

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The two district-wide statements report the district's *net position* and how they have changed. Net position – the difference between the district's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional non-financial factors such as changes in the district's property tax base, the quality of the education provided, and the condition of District's buildings.

In the district-wide statements, the district's activities are classified as governmental activities. This includes most of the District's basic services, such as regular and special education, food service, athletics, transportation, and administration. Property taxes and state aid finance most of these services.

#### **Fund Financial Statements**

The fund financial statements focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the district's major instructional and instructional support activities are reported in the *General Fund*. Additional activities are reported in their relevant funds including: *Special Revenue Funds* for *Food Service*, *Debt Service Funds*, *Capital Project Funds*, and *Fiduciary Funds*.

In the fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition. No asset is 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 year's debt obligations are not recorded.

#### **Financial Analysis of the District as a Whole**

The net position of the district at June 30, 2018 amounted to a deficit of \$84.3 million. Figure A-2 shows a condensed breakdown of the net position.

The largest portions of the District's net position reflect investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding, and the net position relative to the bond issues. 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 capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves would not be used to liquidate these liabilities. The remaining net position (deficit) represent resources that are subject to external restrictions on how they may be used.

**School District of the City of Saginaw**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2018**

**Figure A-2**  
**Condensed Statement of Net Position**  
**(in millions)**

	June 30, 2018	June 30, 2017 (restated)	Change
Current assets	\$ 30.3	\$ 32.2	\$ (1.9)
Noncurrent assets	60.7	62.5	(1.8)
<b>Total assets</b>	<u>91.0</u>	<u>94.7</u>	<u>(3.7)</u>
Deferred outflows	23.7	13.8	9.9
Current liabilities	13.2	19.2	(6.0)
Noncurrent liabilities	170.8	167.8	3.0
<b>Total liabilities</b>	<u>184.0</u>	<u>187.0</u>	<u>(3.0)</u>
Deferred inflows	15.1	10.7	4.4
Net position			
Net investment			
in capital assets	10.6	10.5	0.1
Restricted	1.6	1.1	0.5
Unrestricted	(96.6)	(100.8)	4.2
<b>Total net position</b>	<u>\$ (84.4)</u>	<u>\$ (89.2)</u>	<u>\$ 4.8</u>

The net position of the District increased by \$4.9 million in the current year due to a decrease of \$4.9 million in total liabilities and deferred outflows.

**Figure A-3**  
**Condensed Statement of Activities**  
**(in millions)**

	June 30, 2018	June 30, 2017 (restated)	Difference
Revenues			
Program revenues			
Charges for services	\$ 0.5	\$ 0.4	\$ 0.1
Operating grants/contri	30.0	30.1	(0.1)
General revenues			
Property taxes	11.8	10.4	1.4
State formula aid	35.1	38.3	(3.2)
Other	1.0	0.4	0.6
Total revenues	<u>78.4</u>	<u>79.6</u>	<u>(1.2)</u>
Expenses			
Instruction	40.2	40.5	(0.3)
Support services	26.6	25.7	0.9
Community services	0.3	0.5	(0.2)
Food services	4.6	4.6	-
Interest on long-term debt	1.9	2.4	(0.5)
Total expenses	<u>73.6</u>	<u>73.7</u>	<u>(0.1)</u>
Change in net position	4.8	5.9	(1.1)
Net position - July 1	(89.2)	(95.1)	5.9
Net position - June 30	<u>\$ (84.4)</u>	<u>\$ (89.2)</u>	<u>\$ 4.8</u>

# School District of the City of Saginaw

## Management Discussion and Analysis

### Year Ended June 30, 2018

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Figure A-3 shows the breakdown of this change. The Statement of Activities presented later in the district-wide financial statements, provides greater detail on the District's annual activity. The total cost of the District's governmental activities for the year was \$73.4 million. Those activities are primarily funded by grants and contributions which totaled \$29.9 million and \$35.1 million of state aid was also used to fund programs. Direct services charges to the users of activities totaled \$0.4 million. The remaining "public benefit" portion was paid for with other funding sources include property taxes of \$11.8 million and other sources of \$1.1 million.

A substantial portion (45%) of the District's revenues are received from state formula aid. This means that the financial stability of the District rests primarily with the economic health of the State of Michigan.

54% of the District's resources are spent on instruction and 36% are spent on pupil support services.

#### **Financial Analysis of the District's Funds**

The financial performance of the district as a whole is reflected in its governmental funds as well. The combined governmental funds equity increased by \$4.5 million during the 2017-18 fiscal year. The primary reasons for the increase in fund balance are:

#### **Factors Increasing Fund Equity**

- ♦ *Revenue* – Tax revenue came in higher during the 2017-18 fiscal year due to collections from the recently acquired portion of Buena Vista Township. There also was an unexpected payment made for a surplus from Middle Cities.
- ♦ *Staffing* – There were many vacancies at different periods throughout the 2017-2018 school year. These vacancies occurred in both ancillary and instructional positions. Although this is not an

ideal situation academically, it does result in lower costs for the District.

- ♦ *Food Service* – There was an increase in equity in the food service fund for the 2017-18 fiscal year. The fund increased by \$0.5 million. The district is planning to utilize some of these funds during the 2018-19 fiscal year to improve services.

#### **Factors Decreasing Fund Equity**

- ♦ *Enrollment* – The district's blended count for state aid funding purposes decreased by 283 FTEs, continuing a downward trend over the past ten years.

#### **General Fund Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. As a matter of practice, the District amends its budget periodically during the school year. These revisions are made in order to deal with unexpected changes in revenues and expenditures. The following analysis describes the reasons for the difference in the budgeted expenditure and actual results during the year. Amounts are expressed to the nearest million.

*Revenues* – There was an \$3.1 million General Fund budget to actual variance during this fiscal year. Much of this was due to the method used to budget the federal revenues. Other factors include:

- ♦ The *local source* revenues came in \$0.06 million higher than budgeted due to local property taxes coming in higher than expected.
- ♦ The *state source* revenues were \$0.4 million less than budgeted primarily due to deferring At Risk funds and funds not used in the GSRP grant which does not end until September 30<sup>th</sup>.

**School District of the City of Saginaw**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2018**

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- ◆ The *federal source* revenues were \$2.7 million less than budgeted. This was due to the budgeting of the entire grant which would not have been received by the end of the fiscal year for grants such as Title I and Title II part A.

*Expenditures* – Actual expenditures were under budget by \$4.9 million in the total General Fund. The significant changes by functional category are as follows:

- ◆ The *instruction* budget was under budget by \$3.1 million due to inability to staff positions and the method of budgeting used for the federal funds.
- ◆ The *supporting services* expenditures were under budget by \$1.9 million. This is primarily due to the grant budgeting for the instructional staff. In addition, there were some general fund vacancies that could not be filled that account for the differences in other areas such as pupil services and staff services.
- ◆ The *community services* category is under budget by \$0.09 million due to the budgetary method used for grant funds.

The other financing uses expenditures were close to the budgeted amounts and mainly consist of transfers to cover other funds including the transfers out to the debt service fund.

**Capital Asset and Debt Administration**

*Capital Assets* – By the end of 2018, the district had invested \$108.8 million (before depreciation) in a broad range of capital assets, including land, buildings and improvements, and other vehicles, and furniture and equipment. This amount represents an increase from last year. This increase is primarily due to reroofing projects during the year. More detailed information about capital assets can be found in the Notes to the financial statements.

The District's capital projects funds are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring major equipment necessary for providing educational programs for all students within the District.

The District had no significant construction in progress related to school building renovations and new construction at the end of the 2017-18 fiscal year.

The District's capital assets at year end are outlined in statement of net position and described in the notes to basic financial statements.

*Building Fund Series III* - This fund is used to account for the proceeds of the third series of bonds issued as part of the \$70,000,000 in bonds approved by the District's voters. The proceeds were used to construct a new middle school and provide security enhancements at two high schools and other various projects within the scope of the bond.

*Debt Administration* – On August 3, 2004 the taxpayers of the District approved a \$70,000,000 bond for improvement of the District's facilities. The bonds were issued in three series.

- ◆ The first series was issued in October of 2004 for \$22,130,000.
- ◆ In December 2014, the 2004 series was defeased by refunding bonds. This should result in an economic gain to the

# School District of the City of Saginaw

## Management Discussion and Analysis

### Year Ended June 30, 2018

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taxpayers of \$1.6 million over the remaining life of the bond through 2034.

- ◆ The second series was issued in June of 2006 for \$28,160,000. In March 2016, the 2006 series bond was defeased by refunding bonds. This resulted in an economic gain of \$2.7 million over the remaining life of the bond through 2036.
- ◆ In June of 2008, the third series were issued for \$19,540,000. In May 2017, the 2008 series bond was defeased by refunding bonds. This resulted in an economic gain of \$1.9 million over the remaining life of the bond through 2038.

More detailed information about the district's long-term debt is presented in the notes to the financial statements.

The district currently holds a Standard & Poor's "BBB+" rating on its bonded deb.

#### Other Considerations

The District conforms to the pronouncements of GASB (Governmental Accounting Standards Board) which apply to all state and local governmental entities. The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018. The School District has adopted Government Accounting Standards Board Statement 75. The standards require this change to be applied

retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2017 by \$29.5 million, restating it from (\$59.6 million) to (\$89.1 million).

Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

Statement No. 85, Omnibus 2017 addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, Certain Debt Extinguishment Issues is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. Statement No. 86 is effective for the fiscal year ending June 30, 2018.

Statement No. 83, Certain Asset Retirement Obligations establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, Fiduciary Activities improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be

**School District of the City of Saginaw**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2018**

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reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 85, Omnibus 2017 addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018. Statement No. 86, Certain Debt Extinguishment Issues is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending June 30, 2018.

Statement No. 87, Leases increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of

information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements improves the information that is disclosed in notes to the District's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities districts should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

## School District of the City of Saginaw Management Discussion and Analysis Year Ended June 30, 2018

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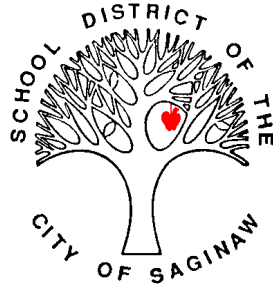
The School District is evaluating the impact that the above GASBs will have on its financial reporting.

### **Economic Factors and Next Year's Budget and Rates**

One of the most important factors when setting the District's budget is the uncertainty of the State's financial outlook. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2018 fiscal year is 10 percent and 90 percent of the February 2018 and September 2017 student counts, respectively. The 2018-19 budget was adopted in June 2018, based on an estimate of students that will be enrolled in September 2018 and February 2019. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations. Any reduction could result in further budget cuts.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director of Financial Services, School District of the City of Saginaw, 550 Millard Street, Saginaw, Michigan, 48607-1193, (989) 399-6521.



# **BASIC FINANCIAL STATEMENTS**

**School District of the City of Saginaw**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash	\$ 17,923,456
Accounts receivable	30,912
Due from other governmental units	12,277,813
Inventory	69,075
Total Current Assets	<u>30,301,256</u>
<b>Non-Current Assets</b>	
Capital assets not being depreciated	
Land	5,607,492
Capital assets - net of accumulated depreciation	
Buildings and additions	97,499,704
Equipment and furniture	4,621,506
Buses and other vehicles	1,074,433
Less: accumulated depreciation	<u>(48,093,377)</u>
Total Non-Current Assets	<u>60,709,758</u>
Total Assets	<u>91,011,014</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount relating to net pension liability	21,335,541
Deferred amount relating to the net OPEB	1,655,341
Deferred amount on refunding	690,476
Total Deferred Outflows of Resources	<u>23,681,358</u>
Total Assets and Deferred Outflows of Resources	<u>114,692,372</u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>
<b>Liabilities and Deferred Inflows of Resources</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 2,965,431
Due to other governmental units	3,333,192
Accrued payroll and related liabilities	4,215,526
Unearned revenue	807,954
Current portion of debt	1,530,000
Accrued interest	365,000
Total Current Liabilities	<u>13,217,103</u>
<b>Non-Current Liabilities</b>	
Compensated absences	654,344
Debt due in more than one year	49,563,659
Net pension liability	89,965,907
Net OPEB liability	30,616,815
Total Non-Current Liabilities	<u>170,800,725</u>
Total Liabilities	<u>184,017,828</u>
<b>Deferred Inflows of Resources</b>	
Deferred amount relating to net pension liability	14,044,899
Deferred amount relating to the net OPEB	1,035,072
Total Deferred Inflows of Resources	<u>15,079,971</u>
Total Liabilities and Deferred Inflows of Resources	<u>199,097,799</u>
<b>Net Position</b>	
Net investment in capital assets	10,574,844
Restricted for:	
Food service	1,646,003
Unrestricted:	
Unrestricted (deficit)	(96,626,274)
Total Net Position	<u>\$ (84,405,427)</u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Statement of Activities**  
**Year Ended June 30, 2018**

	Program Revenues				Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Functions/Programs</b>					
Governmental Activities					
Instruction	\$ 40,130,649	\$ 163,641	\$ 18,589,407	\$ -	\$ (21,377,601)
Supporting services	26,620,378	26,670	6,222,433	-	(20,371,275)
Community services	319,862	177,572	152,130	-	9,840
Food services	4,615,016	108,258	5,026,260	-	519,502
Interest and other charges	1,913,329	-	-	-	(1,913,329)
<b>Total Governmental activities</b>	<b>\$ 73,599,234</b>	<b>\$ 476,141</b>	<b>\$ 29,990,230</b>	<b>-</b>	<b>(43,132,863)</b>
General Revenues					
Property taxes - levied for operations					8,242,202
Property taxes - levied for debt retirement					3,533,521
State aid - Unrestricted					35,094,243
Investment earnings					8,229
Other					1,036,096
Total general revenues					47,914,291
Change in net position					4,781,428
Net position - July 1, as restated					(89,186,855)
Net position - June 30					<u>\$ (84,405,427)</u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

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	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 15,998,410	\$ 1,925,046	\$ 17,923,456
Accounts receivable	23,911	7,001	30,912
Due from other governmental units	11,548,856	728,957	12,277,813
Inventory	69,075	-	69,075
Total assets	<u>\$ 27,640,252</u>	<u>\$ 2,661,004</u>	<u>\$ 30,301,256</u>
<b>Liabilities</b>			
Accounts payable	\$ 2,238,280	\$ 697,151	\$ 2,935,431
Due to other governmental units	3,333,192	-	3,333,192
Accrued payroll and related liabilities	4,215,526	-	4,215,526
Unearned revenue	807,954	-	807,954
Total liabilities	<u>10,594,952</u>	<u>697,151</u>	<u>11,292,103</u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

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	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balance</b>			
Non-spendable			
Inventory	\$ 69,075	\$ -	\$ 69,075
Restricted			
Food service	-	1,695,584	1,695,584
Capital projects	-	268,269	268,269
Unassigned	16,976,225	-	16,976,225
Total fund balance	<u>17,045,300</u>	<u>1,963,853</u>	<u>19,009,153</u>
 Total liabilities and fund balance	 <u><u>\$ 27,640,252</u></u>	 <u><u>\$ 2,661,004</u></u>	 <u><u>\$ 30,301,256</u></u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**June 30, 2018**

<b>Total Fund Balances - Governmental Funds</b>		\$ 19,009,153
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Land	\$ 5,607,492	
Buildings and improvements	97,499,704	
Furniture and other equipment	4,621,506	
Buses and other vehicles	1,074,433	
Less: accumulated depreciation	<u>(48,093,377)</u>	60,709,758
Deferred outflows (inflows) of resources		
Deferred outflows of resources resulting from debt refunding	690,476	
Deferred outflows of resources resulting from the net pension liability	21,335,541	
Deferred outflows of resources resulting from the net OPEB liability	1,655,341	
Deferred inflows of resources resulting from the net pension liability	(14,044,899)	
Deferred inflows of resources resulting from the net OPEB liability	<u>(1,035,072)</u>	8,601,387
Certain liabilities are not due and payable in the current period and are not reported in the funds		
Unemployment		(30,000)
Interest on long-term debt		(365,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities		
Bonds payable	(46,450,000)	
Bond premium	(4,731,917)	
Bond discount	88,258	
Compensated absences	(654,344)	
Net pension liability	(89,965,907)	
Net OPEB liability	<u>(30,616,815)</u>	<u>(172,330,725)</u>
<b>Total Net Position - Governmental Activities</b>		<b>\$ <u>(84,405,427)</u></b>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2018**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 9,722,777	\$ 3,657,727	\$ 13,380,504
Intermediate sources	548,881	-	548,881
State sources	49,127,874	110,370	49,238,244
Federal sources	10,297,143	4,915,890	15,213,033
Total revenues	<u>69,696,675</u>	<u>8,683,987</u>	<u>78,380,662</u>
<b>Expenditures</b>			
Current:			
Instruction	38,681,025	-	38,681,025
Supporting services	26,471,698	-	26,471,698
Community services	318,890	-	318,890
Food services	-	4,608,335	4,608,335
Capital outlay	-	35,571	35,571
Debt services			
Principal	-	1,515,000	1,515,000
Interest	-	2,305,136	2,305,136
Bank fees	-	1,200	1,200
Total expenditures	<u>65,471,613</u>	<u>8,465,242</u>	<u>73,936,855</u>
Excess of revenues over expenditures	<u>4,225,062</u>	<u>218,745</u>	<u>4,443,807</u>
<b>Other financing sources (uses)</b>			
Transfer from other funds	-	110,702	110,702
Transfer to other funds	(110,702)	-	(110,702)
Total other financing sources (uses)	<u>(110,702)</u>	<u>110,702</u>	<u>-</u>
Net change in fund balance	4,114,360	329,447	4,443,807
Fund balance - July 1	12,930,940	1,634,406	14,565,346
Fund balance - June 30	<u>\$ 17,045,300</u>	<u>\$ 1,963,853</u>	<u>\$ 19,009,153</u>

See Accompanying Notes to the Financial Statements

**School District of the City of Saginaw**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2018**

<b>Net change in fund balances - total governmental funds</b>	\$ 4,443,807
Total change in net position reported for governmental activities in the statement of activities differs because: Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capitalized capital outlay	25,083
Depreciation	(1,799,177)
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	50,395
Interest	7,000
Unemployment	27,000
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(5,726,814)
Net change in deferrals of resources related to the net pension liability	6,271,555
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	306,809
Net change in deferrals of resources related to the net OPEB liability	(725,237)
Bond and note proceeds and capital leases are reported as financing sources in the 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. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	1,515,000
Change in deferred amount on debt refunding	(42,193)
Amortization of premium	438,987
Amortization of discount	(10,787)
<b>Change in net position of governmental activities</b>	<b>\$ 4,781,428</b>

See Accompanying Notes to the Financial Statements

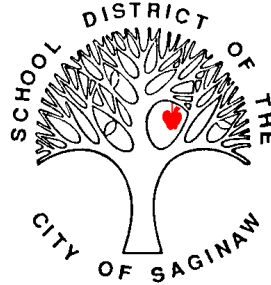
**School District of the City of Saginaw**  
**Statement of Fiduciary Net Position**  
**June 30, 2018**

	Private Purpose Trust Funds	Agency Fund
<b>Assets</b>		
Cash	\$ 563,886	\$ 548,724
Investments	1,480,147	-
Loans receivable	21,417	-
	<u>2,065,450</u>	<u>-</u>
Total assets	<u>2,065,450</u>	<u>\$ 548,724</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 72,469
Due to student and other groups	-	476,255
	<u>-</u>	<u>548,724</u>
Total liabilities	<u>-</u>	<u>\$ 548,724</u>
<b>Net position</b>		
Assets held for scholarships and loans	<u>\$ 2,065,450</u>	

**School District of the City of Saginaw**  
**Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds**  
**Year Ended June 30, 2018**

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	Private Purpose Trust Funds
<b>Additions</b>	
Local sources	<u>\$ 39,872</u>
<b>Deductions</b>	
Scholarships and awards	<u>38,529</u>
Change in net position	1,343
Net position - July 1	<u>2,064,107</u>
Net position - June 30	<u><u>\$ 2,065,450</u></u>



# **NOTES TO THE FINANCIAL STATEMENTS**

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 1 - Summary of Significant Accounting Policies**

The accounting policies of the School District of the City of Saginaw (School District) conform to accounting principles generally accepted in the United States of America as applicable to Governmental units. The following is a summary of the School District's significant accounting policies:

**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. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either Governmental or business type. All of the School District's activities are classified as Governmental activities.

The statement of net position presents Governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general District revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function and include charges for those programs and operating grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

**Fund Financial Statements**

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.

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 School District considers revenues to be available if they are collected within 120 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

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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compensated absences and 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. All other revenue items are considered to be available only when cash is received by the School District.

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

The School District reports the following major governmental funds:

*General Fund* – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

General fund expenditures are classified in accordance with the latest edition of the Accounting Manual for Michigan School Districts, issued by the Michigan Department of Education, as follows:

*Instruction* includes the activities dealing directly with the teaching of pupils or the interaction between pupils and teachers. Teaching may be provided through some other approved medium, such as television, telephone, radio, and correspondence. Included here are the activities of aides, assistants of any type, and supplies and materials which assist directly in the instructional process.

*Supporting services* are those services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and, to a lesser degree, community services. Supporting services exist as adjuncts for the fulfillment of the objectives of instruction, rather than as entities within themselves.

*Community services* consist of those activities that are not directly relatable to providing education for pupils in a school system. These include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, programs of custody and care of children, civic activities, and community welfare activities.

*Other transactions* consist of conduit-type (outgoing transfers) payments to other school districts or administrative units in the state or in another state not identified in the above classifications. Interfund transfers consist of transfers from one fund to another fund within the School District.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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The school district reports the following funds as non-major governmental funds:

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. They are used to segregate the transaction of particular activities from regular revenue and expenditure accounts. The School District maintains full control of these Funds. The special revenue fund maintained by the School District, as mandated by the State of Michigan, is the Food Service fund.

*Capital Project Funds* are used to account for the acquisition of capital assets of major capital projects not being financed by propriety or nonexpendable trust funds. Building Fund Series 3 consists of those activities that are directly relatable to expenditures of the Series 3 Bonds and the related capital costs for construction.

*Debt Service Funds* are used to record tax and interest revenue and the payment of interest, principal, and other expenditures on long-term debt by bond and note issues.

The following debt service funds were used during the year:

2014 Refunding Bond Fund  
2016 Refunding Bond Fund  
2017 Refunding Bond Fund

*Fiduciary Funds* are used to account for assets held by the School District in a trustee capacity or as an agent. The fiduciary fund types used by the School District are the Private Purpose Trust Funds, and Agency Funds.

*Private Purpose Trust Funds* are used to account for funds entrusted to the School District and the funds may only be used for specific purposes. They are accounted for in essentially the same manner as the governmental fund types, using similar measurement focus and basis of accounting. The School District maintains the Scholarship Fund. The Scholarship Fund is used to account for funds entrusted to the School District for scholarship loans and awards when the principal and interest of the trust may be spent, and for the receipt of investment earnings transferred from the Scholarship Endowment Fund for payment of scholarship loans and awards. The Scholarship Fund contains three separate private purpose trust funds which include the General Scholarship Fund, the Saginaw High School Alumni Memorial Scholarship Fund, and the Treanor Trust.

*Agency Funds* are used to account for assets held by the School District as an agent, are custodial in nature (assets equal liabilities), and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The School District maintains pooled accounts, but maintains agency funds which are used to account for the transactions of student clubs and organizations, and other groups.

**Assets, Liabilities and Net Position or Equity**

Outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2018, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Fund	5.3000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 69% of the School District's tax roll lies within the City of Saginaw.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and remitted to the School District by May 15.

*Due From/To Other Governmental Units* – Consists of amounts due to and from federal, state and local governmental units.

*Investments* – Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

*Inventories* – 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. General Fund inventory consists of various instructional and custodial supplies, furniture, and gasoline.

*Capital Assets* – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. 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 assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	15-50 years
Equipment and furniture	5-20 years
Buses and other vehicles	7-15 years

*Deferred Outflows of Resources* – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**Compensated Absences** – Sick days are earned by most employees at the rate of one day per month. Unlimited unused sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category. There is no contractual provision for payment of unused vacation.

The liability for compensated absences reported in the District-wide financial statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the termination method, in which leave amounts for employees who currently are eligible to receive termination payments are included. The amount reported is salary related and includes no fringe benefits, since the amount of said benefits would be immaterial.

**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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

**Pension** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported

by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**Deferred Inflows of Resources** – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

**Fund Balance** – Restrictions of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific restrictions of the fund balance accounts are summarized below.

*Non-spendable* – amounts that are not available in a spendable form.

*Inventory* - Created to indicate the portion of fund balance represented by inventories is not available for appropriation and expenditure.

*Restrictions* – amounts that are legally imposed or otherwise required by external parties to be used or a specific purpose.

*Restricted for food service* - Created to restrict the use of all resources received for the payment on the school district's food service program.

*Restricted for debt service* - Created to restrict the use of all resources received for the payment on the school district's long-term debt.

*Restricted for capital projects* - Created to restrict the use of all resources received by the Capital Projects Funds. This money is earmarked for major capital purchases.

*Committed* – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established modified, or rescinded by a resolution of the Board of Education.

*Assigned* – amounts intended to be used for specific purposes, as determined by the Board of Education. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

*Unassigned* – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Other**

*Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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*Economic Dependency* - The school district received approximately 70% of their General Fund revenue from the Michigan Department of Education. Due to the significance of this revenue source, the school district is considered to be economically dependent of the Michigan Department of Education.

*Concentrations* - Substantially all of the school district's employees work under collective bargaining agreements. Substantially all of the contracts agreements expired prior to yearend. Currently, the school district is preparing to negotiate those contacts.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standards**

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a

government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. Statement No. 86 is effective for the fiscal year ending June 30, 2018.

**Upcoming Accounting and Reporting Changes**

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the District's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities districts should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

The School District is evaluating the impact that the above GASBs will have on its financial reporting.

**NOTE 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
Pupil transportation services	\$ 2,830,228	\$ 2,870,334	\$ 40,106
Total other financing uses	-	110,702	110,702
Food service fund	4,590,969	4,608,335	17,366

**NOTE 3 - Deposits and Investments**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 17,923,456	\$ 1,112,610	\$ 19,036,066
Investment	-	1,480,147	1,480,147
	<u>\$ 17,923,456</u>	<u>\$ 2,592,757</u>	<u>\$ 20,516,213</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$20,402,343
Investments	105,807
Petty cash and cash on hand	<u>8,063</u>
Total	<u>\$20,516,213</u>

As of yearend, the School District had the following investments:

Investment	Fair Value
Equity Mutual Funds	\$ 66,742
Fixed Income Mutual Funds	<u>39,065</u>
	<u>\$ 105,807</u>

Interest rate risk – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. District repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk – The School District has no policy that would limit the amount that may be invested with any one issuer.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$20,948,207 of the School District's bank balance of \$21,453,056 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the district's investments were exposed to custodial credit risk.

Certain investments were donated to the School District to be used to generate income to award scholarships to worthy students. Individual scholarship provisions specify how the investments and related income may be used.

Certain endowments and funds raised for scholarships are directly deposited with the Saginaw Community Foundation and the school district has no rights to the principal investments.

**NOTE 4 - Fair Value Measurements**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2018:

- Equity and fixed income securities of \$105,807 are valued using quoted market prices (Level 1 inputs)

**NOTE 5 - Due From Other Governmental Units**

Due from other governmental units consists of the following:

Federal grants	\$ 3,078,436
State aid	8,448,463
Other	<u>750,914</u>
	<u>\$ 12,277,813</u>

All balances are deemed current and will be received in the following year.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 6 - Capital Assets**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 5,607,492	\$ -	\$ -	\$ 5,607,492
Capital assets being depreciated				
Buildings and additions	97,479,969	19,735	-	97,499,704
Equipment and furniture	4,621,506	-	-	4,621,506
Buses and other vehicles	1,069,085	5,348	-	1,074,433
Total capital assets being depreciated	103,170,560	25,083	-	103,195,643
Less accumulated depreciation for				
Buildings and additions	41,619,826	1,698,963	-	43,318,789
Equipment and furniture	3,668,895	95,340	-	3,764,235
Buses and other vehicles	1,005,479	4,874	-	1,010,353
Total accumulated depreciation	46,294,200	1,799,177	-	48,093,377
Net capital assets being depreciated	56,876,360	(1,774,094)	-	55,102,266
Net capital assets	\$ 62,483,852	\$ (1,774,094)	\$ -	\$ 60,709,758

Depreciation expense was charged to activities of the School District as follows:

**Governmental activities**

Depreciation expense	
Instruction	\$ 1,570,132
Support services	220,646
Community services	1,718
Food services	6,681
Total governmental activities	\$ 1,799,177

**NOTE 7 - Unearned Revenue**

Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant payments received prior to meeting all eligibility requirements	
At-Risk	\$ 366,360
Trig	100,457
Other	341,137
Total	\$ 807,954

**NOTE 8 - State Aid Anticipation Note**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 7,084,000	\$ -	\$ 7,084,000	\$ -

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
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**NOTE 9 - 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. Other long-term obligations include compensated absences, claims and judgments, termination benefits, compensated absences and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
General obligation bonds	\$ 47,965,000	\$ -	\$ 1515,000	\$ 46,450,000	\$ 1,530,000
Bond premium	5,170,904	-	438,987	4,731,917	-
Bond discount	(99,045)	-	(10,787)	(88,258)	-
Compensated absences	704,739	147,995	198,390	654,344	-
Total	<u>\$ 53,741,598</u>	<u>\$ 147,995</u>	<u>\$ 2,141,590</u>	<u>\$ 51,748,003</u>	<u>\$ 1,530,000</u>

General obligation bonds payable at year end, consist of the following:

\$14,525,000 Series 2014 refunding bond due in annual installments of \$450,000 to \$1,200,000 through May 1, 2034, interest at 3.70% to 5.00%	\$ 13,015,000
\$18,865,000 Series 2016 refunding bond due in annual installments of \$515,000 to \$1,395,000 through May 1, 2036, interest at 4.00% to 5.00%	17,700,000
\$15,735,000 Series 2017 refunding bond due in annual installments of \$310,000 to \$2,120,000 through May 1, 2038, interest at 4.00% to 5.00%	<u>15,735,000</u>
Total general obligation bonded debt	<u>\$ 46,450,000</u>

Future principal and interest requirements for general obligation bonded debt are as follows:

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2019	\$ 1,530,000	\$ 2,246,368	\$ 3,776,368
2020	1,595,000	2,179,619	3,774,619
2021	1,665,000	2,110,018	3,775,018
2022	1,750,000	2,030,119	3,780,119
2023	1,835,000	1,942,619	3,777,619
2024 - 2028	10,665,000	8,239,843	18,904,843
2029 - 2033	13,480,000	5,417,945	18,897,945
2034 - 2038	<u>13,930,000</u>	<u>1,919,500</u>	<u>15,849,500</u>
Total	<u>\$ 46,450,000</u>	<u>\$ 26,086,031</u>	<u>\$ 72,536,031</u>

The general obligation bonds are liquidated from the Debt Service Funds. As of year end, these funds had no fund balance remaining to pay this debt. Future debt and interest will be payable from future tax levies.

The total interest expenditure paid during the fiscal year was \$2,305,136.

**Compensated Absences**

Accrued compensated absences at year end consist of \$654,344 of accrued and earned sick time benefits. The entire amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

**Deferred Amount on Refunding**

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$759,474. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged

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to activities through fiscal year 2038. Activity in the current year is presented below:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
Deferred amount on refunding	<u>\$ 732,669</u>	<u>\$ -</u>	<u>\$ 42,193</u>	<u>\$ 690,476</u>

**Defeased Debt**

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2004 Issue Refunded	\$ 13,500,000
The final payment date is May 1, 2034	

**NOTE 10 - Risk Management**

The School District participates in a Municipal Risk Retention Pool Program through the Middle Cities Risk Management Trust. This program provides substantially all the insurance needs of the School District, including property, general liability, automobile and umbrella. The contributions made by the School District fund the program at rates predicated on expected losses, excess insurance premium contribution and administration costs, including appropriate state assessment. The possibility of additional claims exists but the amount

of liability to the School District would be immaterial by the time the aggregate stop-loss coverage is triggered. There also is a possibility of a refund due the School District. Therefore, neither contingent liabilities nor assets have been recognized on the School District's financial statements. For each of the past three years, there have been no changes to the coverage and there have been no insurance settlements which exceed insurance coverage.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. In addition, \$30,000 has been accrued in the district-wide financial statements for known claims incurred from January to June, 2018, and is payable in fiscal year 2018-19.

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal District. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the period ended June 30, 2018.

**NOTE 11 - Pension Plan**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the

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Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**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 are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who

previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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

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The schedule below summarizes pension contribution rates in effect for fiscal year 2017.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	19.03%
Member Investment Plan	3.0 - 7.0	19.03%
Pension Plus	3.0 - 6.4	18.40%
Defined Contribution	0.0	15.27%

Required contributions to the pension plan from the School District were \$8,142,926 for the year ending September 30, 2017.

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

At June 30, 2018, the School District reported a liability of \$87,965,907 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2016. The School District's proportion 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 pension contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was 0.3472 percent, which was an increase of 0.0095 percent from its proportion measured as of September 30, 2016. At September 30, 2017, the total pension expense for the School District was \$7,181,695.

At June 30, 2018, the School 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	Net
Difference between expected and actual experience	\$ 781,865	\$ (441,444)	\$ 340,421
Changes in assumptions	9,856,480	-	9,856,480
Net difference between projected and actual earnings on pension plan investments	-	(4,300,962)	(4,300,962)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,507,163	(5,025,432)	(2,518,269)
Total to be recognized in future	13,145,508	(9,767,838)	3,377,670
Employer contributions subsequent to the measurement date	8,190,033	(4,277,061)	-
	<u>\$ 21,335,541</u>	<u>\$ (14,044,899)</u>	<u>\$ 3,377,670</u>

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Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ending September 30	Amount:
2018	\$ (504,472)
2019	1,811,123
2020	1,999,715
2021	71,304
Total	<u><u>\$ 3,377,670</u></u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of Return:

- MIP and Basic Plans (Non-Hybrid): 7.5%
  - 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% 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.

Assumption changes as a result of an experience study for the period 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, 2017, is based on the results of an actuarial valuation date of September 30, 2016, 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: 4.5188.

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected 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

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major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.6
Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5
Short Term Investment Pools	2.0	(0.9)
	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.3% inflation.

**Rate of Return**

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 7.5% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.5%

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

**Sensitivity of the School District's Proportionate Share 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 7.5% (7.0% for the Hybrid Plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease (Non-Hybrid/Hybrid)* 6.5% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 7.5% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 8.5% / 8.0%
<u>\$ 117,195,653</u>	<u>\$ 89,965,907</u>	<u>\$ 67,040,195</u>

\*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.

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**Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the Pension Plan**

There were no significant payables to the pension plan that are not ordinary accruals to the district.

**NOTE 12 - Postemployment Benefits Other Than Pensions (OPEB)**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20-year period for the 2017 fiscal year.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2017.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.00%	5.91%
Personal Healthcare Fund (PHF)	0.00%	5.69%

Required contributions to the OPEB plan from the School District were \$2,691,723 for the year ended September 30, 2017.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the School District reported a liability of \$30,616,815 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was 0.3457 percent, which was the same percent measured as of September 30, 2016. At September 30, 2017, the total OPEB expense for the School District was \$2,048,552.

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At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Difference between expected and actual experience	\$ -	\$ (325,979)	\$ (325,979)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>2,985</u>	<u>(709,093)</u>	<u>(706,108)</u>
Total to be recognized in future	2,985	(1,035,072)	(1,032,087)
Employer contributions subsequent to the measurement date	<u>1,652,356</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 1,655,341</u></u>	<u><u>\$ (1,035,072)</u></u>	<u><u>\$ (1,032,087)</u></u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year Ending September 30	Amount:
2018	\$ (249,460)
2019	(249,460)
2020	(249,460)
2021	(249,460)
2022	<u>(34,247)</u>
Total	<u><u>\$ (1,032,087)</u></u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%

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- Investment Rate of Return: 7.5%
- Projected Salary Increases: 3.5 - 12.3%, including wage inflation at 3.5%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- 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.

*Other Assumptions:*

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 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 OPEB liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, 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: 5.4744

Recognition period for assets in years is 5.0000

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.6 %
Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	(0.9)
	<u>100.0%</u>	

*\*Long-term rates of return are net of administrative expenses and 2.3% inflation.*

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**Rate of Return**

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 11.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
<u>\$ 35,861,140</u>	<u>\$ 30,616,815</u>	<u>\$ 26,166,026</u>

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate**

The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.5%	Current Healthcare Cost Trend Rate 7.5%	1% Increase 8.5%
<u>\$ 25,928,327</u>	<u>\$ 30,616,815</u>	<u>\$ 35,940,267</u>

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2017 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**School District of the City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 13 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2018.

**NOTE 14 - Tax Abatements**

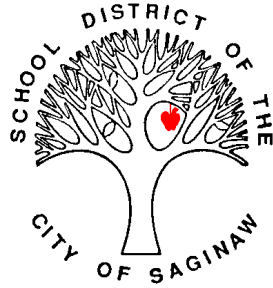
The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the City of Saginaw. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties

For the fiscal year ended June 30, 2018, the School District's property tax revenues were reduced by \$294,159 under these programs.

There are no significant abatements made by the School District.

**NOTE 15 - Adoption of New Accounting Standards**

As indicated in Note 1, the School District has adopted Government Accounting Standards Board Statement 75. This required the School District to record their proportionate share of the net OPEB liability and OPEB expense. Previously, these amounts were not recorded on the School District's statements. The standards require this change to be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2017 by \$29,578,118, restating it from (\$59,608,737) to (\$89,186,855).



# **REQUIRED SUPPLEMENTARY INFORMATION**

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>Revenue from local sources</b>				
General property taxes	\$ 6,700,000	\$ 8,170,000	\$ 8,177,667	\$ 7,667
Penalties and interest on delinquent taxes	60,000	60,000	64,535	4,535
Transportation	30,500	30,500	26,670	(3,830)
Earnings on investments	7,000	5,000	8,229	3,229
Athletic event revenue	82,750	82,750	81,311	(1,439)
Community service fees	90,000	90,000	96,261	6,261
Rental income	150,000	160,000	163,641	3,641
Insurance refunds	-	862,913	862,913	-
Grants	116,850	87,352	84,315	(3,037)
Other	62,900	62,900	157,235	94,335
Total local sources	<u>7,300,000</u>	<u>9,611,415</u>	<u>9,722,777</u>	<u>111,362</u>
<b>Revenue from state sources</b>				
Grants - unrestricted				
State school aid	33,731,424	35,194,334	35,094,243	(100,091)
Grants - restricted				
Unfunded actuarial accrued liability	4,877,272	4,883,505	4,887,277	3,772
At Risk	4,370,214	3,658,788	3,607,119	(51,669)
Special education headlee obligation	2,141,337	2,141,337	2,141,338	1
Great start readiness program	2,676,471	2,271,960	2,020,215	(251,745)
Technology readiness	243,974	243,974	246,066	2,092
Adult education	240,178	240,178	231,779	(8,399)
Vocational education	306,458	205,933	188,349	(17,584)
Home visits	311,894	249,215	170,377	(78,838)
Renaissance zones	110,172	110,172	109,402	(770)
Other state revenue	297,480	427,712	431,709	3,997
Total state sources	<u>49,306,874</u>	<u>49,627,108</u>	<u>49,127,874</u>	<u>(499,234)</u>

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>Revenue from federal sources</b>				
Grants restricted				
Title I cluster	\$ 8,248,949	\$ 8,248,949	\$ 6,583,460	\$ (1,665,489)
Title II part A cluster	1,916,489	1,916,489	1,030,791	(885,698)
Special education - IDEA cluster	1,754,780	1,754,780	1,636,787	(117,993)
Safe schools healthy students	508,819	508,819	467,935	(40,884)
Carl Perkins	391,470	391,470	380,381	(11,089)
Other federal revenues	616,805	211,987	197,789	(14,198)
Total federal sources	<u>13,437,312</u>	<u>13,032,494</u>	<u>10,297,143</u>	<u>(2,735,351)</u>
<b>Revenue from intermediate sources</b>				
Special education	<u>350,000</u>	<u>540,140</u>	<u>548,881</u>	<u>8,741</u>
<b>Total revenues</b>	<u>70,394,186</u>	<u>72,811,157</u>	<u>69,696,675</u>	<u>(3,114,482)</u>

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			(Over) Under
	Original	Final	Actual	Final Budget
<b>Instruction</b>				
Basic programs				
Elementary	\$ 14,356,363	\$ 13,778,831	\$ 13,258,253	\$ 520,578
Middle school	3,140,398	3,136,857	3,063,344	73,513
Senior high school	6,318,666	6,278,074	6,039,386	238,688
Other basic programs	3,529,563	2,973,240	2,645,831	327,409
Summer school	646,003	749,599	571,116	178,483
Total basic programs	<u>27,990,993</u>	<u>26,916,601</u>	<u>25,577,930</u>	<u>1,338,671</u>
Added needs				
Special education	5,987,304	6,607,265	6,097,141	510,124
Compensatory education	6,359,635	5,889,931	4,907,293	982,638
Vocational education	<u>2,143,458</u>	<u>2,137,091</u>	<u>1,996,314</u>	<u>140,777</u>
Total added needs	<u>14,490,397</u>	<u>14,634,287</u>	<u>13,000,748</u>	<u>1,633,539</u>
Continuing education - basic				
Basic	56,546	94,612	92,162	2,450
Secondary	<u>10,268</u>	<u>10,268</u>	<u>10,185</u>	<u>83</u>
Total continuing education - basic	<u>66,814</u>	<u>104,880</u>	<u>102,347</u>	<u>2,533</u>
Total instruction	<u>42,548,204</u>	<u>41,655,768</u>	<u>38,681,025</u>	<u>2,974,743</u>

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			(Over) Under
	Original	Final	Actual	Final Budget
<b>Supporting services</b>				
Pupil services				
Truancy	\$ 773,140	\$ 639,833	\$ 608,665	\$ 31,168
Guidance services	1,083,720	1,062,603	1,007,055	55,548
Health services	222,309	207,803	210,870	(3,067)
Psychological services	199,280	199,280	191,093	8,187
Speech pathology audiology	592,864	597,364	589,140	8,224
Social work services	811,466	762,371	729,708	32,663
Teacher consultant	66,683	66,683	65,786	897
Other pupil services	373,152	373,152	381,131	(7,979)
Total pupil services	<u>4,122,614</u>	<u>3,909,089</u>	<u>3,783,448</u>	<u>125,641</u>
 Instructional staff				
Improvement of instruction	2,637,962	3,357,033	2,429,049	927,984
Library	180,640	171,096	162,922	8,174
Audio visual	14,000	14,000	13,693	307
Technology assisted instruction	295,564	161,069	123,563	37,506
Supervision direction	1,671,381	1,504,388	1,241,041	263,347
Academic student assessment	266,875	200,144	200,830	(686)
Other instructional staff	1,000	1,000	-	1,000
Total instructional staff	<u>5,067,422</u>	<u>5,408,730</u>	<u>4,171,098</u>	<u>1,237,632</u>
 General administration				
Board of education	557,786	522,500	474,115	48,385
Executive administration	364,555	364,555	380,242	(15,687)
Total general administration	<u>922,341</u>	<u>887,055</u>	<u>854,357</u>	<u>32,698</u>
 School administration				
Office of the principal	<u>3,692,289</u>	<u>3,743,664</u>	<u>3,649,872</u>	<u>93,792</u>

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			(Over) Under
	Original	Final	Actual	Final Budget
<b>Supporting services (continued)</b>				
Business services				
Fiscal services	\$ 843,257	\$ 755,281	\$ 714,916	\$ 40,365
Internal services	72,839	72,839	65,489	7,350
Other business services	685,408	685,408	658,991	26,417
Total business services	<u>1,601,504</u>	<u>1,513,528</u>	<u>1,439,396</u>	<u>74,132</u>
Building operations				
Operation and maintenance of plant	6,653,471	6,742,520	6,589,669	152,851
Security	1,189,937	1,094,456	1,066,918	27,538
Total building operations	<u>7,843,408</u>	<u>7,836,976</u>	<u>7,656,587</u>	<u>180,389</u>
Pupil transportation services	<u>2,860,302</u>	<u>2,830,228</u>	<u>2,870,334</u>	<u>(40,106)</u>
Central services				
Planning, research, development and evaluation	151,341	143,460	139,685	3,775
Informational services	161,730	143,116	125,297	17,819
Staff services	489,852	582,751	530,110	52,641
Data processing services	746,704	746,704	664,424	82,280
Technology services	140,534	140,534	139,819	715
Other central services	-	-	46	(46)
Total central services	<u>1,690,161</u>	<u>1,756,565</u>	<u>1,599,381</u>	<u>157,184</u>
Other supporting services	<u>478,500</u>	<u>488,011</u>	<u>447,225</u>	<u>40,786</u>
Total supporting services	<u>28,278,541</u>	<u>28,373,846</u>	<u>26,471,698</u>	<u>1,902,148</u>

**School District of the City of Saginaw**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2018**

	Budgeted Amounts			(Over) Under
	Original	Final	Actual	Final Budget
<b>Community services</b>				
Direction	\$ 478,950	\$ 44,209	\$ 38,896	\$ 5,313
Activities	321,759	314,182	257,654	56,528
Non-public school pupils	77,098	54,587	22,340	32,247
Site improvement services	3,412	3,412	-	3,412
Total community services	881,219	416,390	318,890	97,500
 Total expenditures	 71,707,964	 70,446,004	 65,471,613	 4,974,391
<b>Other financing uses</b>				
Transfers out				
Transfer to 2014 Debt Service Fund	-	-	110,702	(110,702)
 Total expenditures and other financing uses	 71,707,964	 70,446,004	 65,582,315	 4,863,689
 Net change in fund balance	 (1,313,778)	 2,365,153	 4,114,360	 1,749,207
 Fund balance - July 1	 12,930,940	 12,930,940	 12,930,940	 -
 Fund balance - June 30	 \$ 11,617,162	 \$ 15,296,093	 \$ 17,045,300	 \$ 1,749,207

**School District of the City of Saginaw**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. School District's proportion of net pension liability (%)	0.34720%	0.33764%	0.33200%	0.39104%						
B. School District's proportionate share of net pension liability	\$ 89,965,907	\$ 84,239,093	\$ 81,388,351	\$ 86,133,407						
C. School District's covered-employee payroll	\$ 29,255,816	\$ 28,574,617	\$ 28,692,229	\$ 33,112,983						
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll	307.51%	294.80%	283.66%	260.12%						
E. Plan fiduciary net position as a percentage of total pension liability	64.21%	63.27%	63.17%	66.20%						

GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**School District of the City of Saginaw**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

		For the Years Ended June 30,									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A.	Statutorily required contributions	\$ 8,142,926	\$ 5,537,476	\$ 5,633,322	\$ 6,073,153						
B.	Contributions in relation to statutorily required contributions	<u>8,142,926</u>	<u>5,537,476</u>	<u>5,633,322</u>	<u>6,073,153</u>						
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
D.	School District's covered-employee payroll	\$ 28,381,962	\$ 29,221,665	\$ 28,336,074	\$ 28,034,423						
E.	Contributions as a percentage of covered-employee payroll	28.7%	18.9%	19.9%	21.7%						

Notes: Benefit Changes - There were no changes of benefit terms in 2017. Changes in Assumptions - There were no changes of benefit assumptions in 2017.

GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**School District of the City of Saginaw**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of each June Fiscal Year)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. School District's proportion of net OPEB liability (%)	0.34570%									
B. School District's proportionate share of net OPEB liability	\$ 30,616,815									
C. School District's covered-employee payroll	\$ 29,255,816									
D. School District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	104.65%									
E. Plan fiduciary net position as a percentage of total OPEB liability	36.39%									

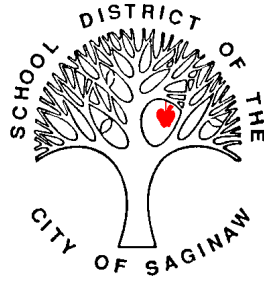
GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**School District of the City of Saginaw**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

		For the Years Ended June 30,									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A.	Statutorily required contributions	\$ 2,691,723									
B.	Contributions in relation to statutorily required contributions	<u>2,691,723</u>									
C.	Contribution deficiency (excess)	<u>\$ -</u>									
D.	School District's covered-employee payroll	\$ 28,381,962									
E.	Contributions as a percentage of covered-employee payroll	9.5%									

Notes: Benefit Changes - There were no changes of benefit terms in 2017. Changes in Assumptions - There were no changes of benefit assumptions in 2017.

GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.



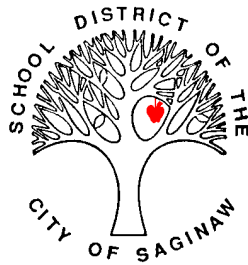
## **OTHER SUPPLEMENTARY INFORMATION**

**School District of the City of Saginaw**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2018**

	Special Revenue Fund	Capital Project Fund	Debt Service Funds			Total Nonmajor Governmental Funds
	Food Service Fund	Building Fund Series 3	2014 Refunding Bond Fund	2016 Refunding Bond Fund	2017 Refunding Bond Fund	
<b>Assets</b>						
Cash	\$ 1,640,941	\$ 284,105	\$ -	\$ -	\$ -	\$ 1,925,046
Accounts receivable	7,001	-	-	-	-	7,001
Due from other governments	728,957	-	-	-	-	728,957
Total assets	<u>\$ 2,376,899</u>	<u>\$ 284,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,661,004</u>
<b>Liabilities</b>						
Accounts payable	<u>\$ 681,315</u>	<u>\$ 15,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,151</u>
<b>Fund Balance</b>						
Restricted						
Food service	1,695,584	-	-	-	-	1,695,584
Capital projects	<u>-</u>	<u>268,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,269</u>
Total fund balance	<u>1,695,584</u>	<u>268,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,963,853</u>
Total liabilities, deferred inflows or resources and fund balance	<u>\$ 2,376,899</u>	<u>\$ 284,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,661,004</u>

**School District of the City of Saginaw**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2018**

	Special Revenue Fund	Capital Project Fund	Debt Service Funds			Total Nonmajor Governmental Funds
	Food Service Fund	Building Fund Series 3	2014 Refunding Bond Fund	2016 Refunding Bond Fund	2017 Refunding Bond Fund	
<b>Revenues</b>						
Local sources	\$ 108,258	\$ -	\$ 856,902	\$ 1,548,050	\$ 1,144,517	\$ 3,657,727
State sources	110,370	-	-	-	-	110,370
Federal sources	4,915,890	-	-	-	-	4,915,890
Total revenues	<u>5,134,518</u>	<u>-</u>	<u>856,902</u>	<u>1,548,050</u>	<u>1,144,517</u>	<u>8,683,987</u>
<b>Expenditures</b>						
Education						
Food services	4,608,335	-	-	-	-	4,608,335
Capital projects	-	35,571	-	-	-	35,571
Debt retirement						
Principal	-	-	510,000	650,000	355,000	1,515,000
Interest	-	-	618,269	897,400	789,467	2,305,136
Bank fees	-	-	500	650	50	1,200
Total expenditures	<u>4,608,335</u>	<u>35,571</u>	<u>1,128,769</u>	<u>1,548,050</u>	<u>1,144,517</u>	<u>8,465,242</u>
<b>Other financing sources (uses)</b>						
Transfers in						
General Fund	-	-	110,702	-	-	110,702
Net change in fund balance	526,183	(35,571)	(161,165)	-	-	329,447
Fund balance - July 1	<u>1,169,401</u>	<u>303,840</u>	<u>161,165</u>	<u>-</u>	<u>-</u>	<u>1,634,406</u>
Fund balance - June 30	<u>\$ 1,695,584</u>	<u>\$ 268,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,963,853</u>



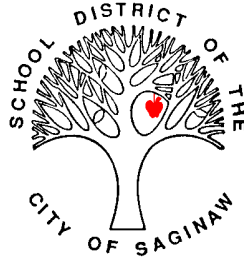
## **SPECIAL REVENUE FUNDS**

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

**Food Service Fund** - This fund is used to account for activities related to operation of cafeterias in the district's school buildings, providing nourishing breakfasts, lunches, and snacks to students in all grades.

**School District of the City of Saginaw**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2018**

	Food Service Fund		
	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>Revenues</b>			
Local sources	\$ 103,725	\$ 108,258	\$ 4,533
State sources	110,370	110,370	-
Federal sources	4,750,000	4,915,890	165,890
Total revenues	<u>4,964,095</u>	<u>5,134,518</u>	<u>170,423</u>
<b>Expenditures</b>			
Salaries	8,642	8,185	457
Employee benefits	4,952	3,485	1,467
Contracted services	1,722,750	1,759,174	(36,424)
Food cost	<u>2,854,625</u>	<u>2,837,491</u>	<u>17,134</u>
Total expenditures	<u>4,590,969</u>	<u>4,608,335</u>	<u>(17,366)</u>
Net change in fund balance	373,126	526,183	153,057
Fund balance - July 1	<u>1,169,401</u>	<u>1,169,401</u>	<u>-</u>
Fund balance - June 30	<u>\$ 1,542,527</u>	<u>\$ 1,695,584</u>	<u>\$ 153,057</u>



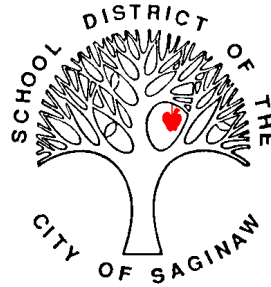
## CAPITAL PROJECTS FUNDS

**Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Building Fund - Series 3** - This fund is used to account for the proceeds of the third series of bonds issued as part of the \$70,000,000 in bonds approved by the District's voters. The proceeds will be used to construct a new middle school and provide security enhancements at two high schools.

**School District of the City of Saginaw  
Capital Project Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2018**

	<b>Nonmajor Fund</b>		
	Building Fund - Series 3		
	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>Revenues</b>			
Local sources			
Earnings on investments	\$ 1,500	\$ -	\$ (1,500)
<b>Expenditures</b>			
Capital outlay			
Building renovations	118,970	35,571	83,399
Net change in fund balance	(117,470)	(35,571)	81,899
Fund balance - beginning of year	303,840	303,840	-
Fund balance - end of year	<u>\$ 186,370</u>	<u>\$ 268,269</u>	<u>\$ 81,899</u>



## **DEBT SERVICE FUNDS**

**Debt Service Funds** are used to record tax and interest revenue and operating transfers in, and the payment of interest, principal and other expenditures on long-term bonded debt by bond issues.

**2014 Refunding Bond Fund** - This fund is used to account for the payment of principal and interest on bonds issued to renovate elementary school buildings.

**2016 Refunding Bond Fund** - This fund is used to account for the payment of principal and interest on bonds issued to renovate school buildings and construct one new middle school.

**2017 Refunding Bond Fund** - This fund is used to account for the payment of principal and interest on bonds issued for construction of Saginaw Arts and Science Academy and Zilwaukee and improvements to Arthur Hill High School and Saginaw High School.

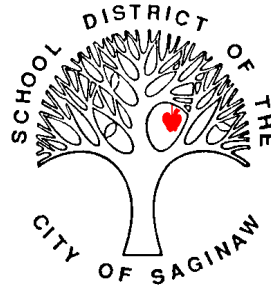
**School District of the City of Saginaw**  
**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2018**

	<b>Nonmajor Fund</b>			<b>Nonmajor Fund</b>		
	<b>2014 Refunding Bond Fund</b>			<b>2016 Refunding Bond Fund</b>		
	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>						
Local sources						
Property Tax	\$ 1,134,769	\$ 840,954	\$ (293,815)	\$ 1,548,050	\$ 1,548,050	\$ -
Penalties and Interest	15,500	15,948	448	-	-	-
Total local sources	<u>1,150,269</u>	<u>856,902</u>	<u>(293,367)</u>	<u>1,548,050</u>	<u>1,548,050</u>	<u>-</u>
 Total revenues	<u>1,150,269</u>	<u>856,902</u>	<u>(293,367)</u>	<u>1,548,050</u>	<u>1,548,050</u>	<u>-</u>
<b>Expenditures</b>						
Debt retirement						
Principal	510,000	510,000	-	650,000	650,000	-
Interest	618,269	618,269	-	897,550	897,400	150
Bank fees	500	500	-	500	650	(150)
Total expenditures	<u>1,128,769</u>	<u>1,128,769</u>	<u>-</u>	<u>1,548,050</u>	<u>1,548,050</u>	<u>-</u>
<b>Other financing sources (uses)</b>						
Transfers from General Fund	<u>-</u>	<u>110,702</u>	<u>110,702</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	21,500	(161,165)	(182,665)	-	-	-
Fund balance - July 1	<u>161,165</u>	<u>161,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ 182,665</u>	<u>\$ -</u>	<u>\$ (182,665)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**School District of the City of Saginaw**  
**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2018**

	<b>Nonmajor Fund</b>			<b>Total</b>		
	<b>2017 Refunding Bond Fund</b>					
	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>						
Local sources						
Property Tax	\$ 782,370	\$ 1,144,517	\$ 362,147	\$ 3,465,189	\$ 3,533,521	\$ 68,332
Penalties and Interest	-	-	-	15,500	15,948	448
Total local sources	<u>782,370</u>	<u>1,144,517</u>	<u>362,147</u>	<u>3,480,689</u>	<u>3,549,469</u>	<u>68,780</u>
 Total revenues	<u>782,370</u>	<u>1,144,517</u>	<u>362,147</u>	<u>3,480,689</u>	<u>3,549,469</u>	<u>68,780</u>
<b>Expenditures</b>						
Debt retirement						
Principal	-	355,000	(355,000)	1,160,000	1,515,000	355,000
Interest	781,870	789,467	(7,597)	2,297,689	2,305,136	7,447
Bank fees	<u>500</u>	<u>50</u>	<u>450</u>	<u>1,500</u>	<u>1,200</u>	<u>(300)</u>
Total expenditures	<u>782,370</u>	<u>1,144,517</u>	<u>362,147</u>	<u>3,459,189</u>	<u>3,821,336</u>	<u>362,147</u>
<b>Other financing sources (uses)</b>						
Transfers from						
General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,702</u>	<u>110,702</u>
 Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,500</u>	<u>(161,165)</u>	<u>(182,665)</u>
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,165</u>	<u>161,165</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,665</u>	<u>\$ -</u>	<u>\$ (182,665)</u>



## **FIDUCIARY FUNDS**

**Fiduciary Funds** are used to account for assets held by the School District in a trustee or agent capacity. The School District presently maintains the following Fiduciary Funds:

**Private Purpose Trust Funds** - Accounts for funds entrusted to the School District for scholarship loans and awards to worthy students when the principal and interest of the trust may be spent.

**Agency Funds** - Account for the amounts held by the District as fiscal agent.

**School District of the City of Saginaw**  
**Agency Funds**  
**Statement of Changes in Assets and Liabilities**  
**Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
<b>Assets</b>				
Cash	\$ 519,258	\$ 551,682	\$ 522,216	\$ 548,724
<b>Liabilities</b>				
Accounts payable	\$ 21,507	\$ 522,216	\$ 471,254	\$ 72,469
Due to student and other groups	497,751	551,682	573,178	476,255
Total liabilities	\$ 519,258	\$ 1,073,898	\$ 1,044,433	\$ 548,724

**School District of the City of Saginaw**  
**Agency Funds**  
**Schedule of Changes in Due to Student and Other Groups**  
**Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
<b>Student Groups</b>				
Senior High Schools				
Arthur Hill	\$ 62,110	\$ 57,152	\$ 44,759	\$ 74,503
Saginaw	32,030	39,218	35,703	35,545
Middle Schools				
Thompson	7,091	7,534	5,124	9,501
Elementary Schools				
Arthur Eddy	2,968	1,718	2,850	1,836
Chester Miller	12,590	9,862	6,387	16,065
Handley	48,897	37,973	37,190	49,680
Henry Doerr	(930)	357	-	(573)
Herig	5,659	15,038	16,050	4,647
Jessie Loomis	2,244	5,686	7,104	826
Jessie Rouse	1,502	4,211	5,115	598
Kempton	3,215	31,589	32,440	2,364
Merrill Park	8,680	10,752	10,883	8,549
Stone	2,525	12,761	11,138	4,148
Zilwaukee	8,353	22,041	23,064	7,330
Subtotal carried forward	196,934	255,892	237,807	215,019

(Continued)

**School District of the City of Saginaw**  
**Agency Funds**  
**Schedule of Changes in Due to Student and Other Groups**  
**Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Subtotal brought forward	\$ 196,934	\$ 255,892	\$ 237,807	\$ 215,019
Adult and Other Schools				
Alternative High School	9,887	-	24	9,863
Saginaw Career Complex	25,346	44,234	39,390	30,190
Saginaw Arts and Sciences Academy	82,239	170,650	166,577	86,312
	<u>314,406</u>	<u>470,776</u>	<u>443,798</u>	<u>341,384</u>
Total due to student groups				
	<u>314,406</u>	<u>470,776</u>	<u>443,798</u>	<u>341,384</u>
<b>Other Groups</b>				
21st century	8,702	-	21	8,681
Bus garage	8,418	789	438	8,769
SCRIPTS	3,550	596	602	3,544
FEMA	18,724	-	43	18,681
Parent resource	305	-	1	304
Project SOAR	5	-	-	5
Saginaw AAU sports	77	-	-	77
Social work	446	-	-	446
Special education	1	-	-	1
Special events	1,046	174	402	818
Special needs - district-wide	123,059	74,197	126,021	71,235
Staff development center	19,012	5,150	1,852	22,310
	<u>183,345</u>	<u>80,906</u>	<u>129,380</u>	<u>134,871</u>
Total due to other groups				
	<u>183,345</u>	<u>80,906</u>	<u>129,380</u>	<u>134,871</u>
Total due to student and other groups	<u>\$ 497,751</u>	<u>\$ 551,682</u>	<u>\$ 573,178</u>	<u>\$ 476,255</u>

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# STATISTICAL SECTION



This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the District's overall financial health.

The statistical section is organized into the following main categories

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

Sources - Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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# **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 35,710,299	\$ 34,258,089	\$ 33,881,253	\$ 33,674,362	\$ 33,181,278	\$ 15,441,776	\$ 11,819,708	\$ 10,826,270	\$ 10,483,502	\$ 10,574,844
Restricted	747,818	388,873	255,720	16,465	12,724	67,914	235,910	236,396	1,091,660	1,646,003
Unrestricted (deficit)	<u>(2,520,085)</u>	<u>(2,025,870)</u>	<u>(2,859,594)</u>	<u>(6,271,033)</u>	<u>(7,680,705)</u>	<u>(5,338,358)</u>	<u>(86,148,386)</u>	<u>(76,614,616)</u>	<u>(71,183,899)</u>	<u>(96,626,274)</u>
Total primary government net position	<u>\$ 33,938,032</u>	<u>\$ 32,621,092</u>	<u>\$ 31,277,379</u>	<u>\$ 27,419,794</u>	<u>\$ 25,513,297</u>	<u>\$ 10,171,332</u>	<u>\$ (74,092,768)</u>	<u>\$ (65,551,950)</u>	<u>\$ (59,608,737)</u>	<u>\$ (84,405,427)</u>

Note: The District adopted GASB 68 and 71 in 2015, prior years were not restated to reflect this change.

Note: The District adopted GASB 75 in 2018, prior years were not restated to reflect this change.

Source: School District of the City of Saginaw

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Expenses, Program Revenues, and Net (Expense)/ Revenue**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
Instruction	\$ 59,533,239	\$ 56,372,937	\$ 54,512,264	\$ 58,845,621	\$ 52,384,909	\$ 60,841,111	\$ 43,509,102	43,698,431	40,532,324	40,130,649
Supporting services										
Pupil personnel services	7,679,005	6,588,111	6,056,180	6,066,557	4,319,410	3,970,045	3,382,251	3,727,967	3,844,146	3,804,699
Instructional training	6,873,607	3,196,965	5,533,064	6,055,369	6,655,725	4,607,186	3,602,260	3,595,050	4,238,338	4,194,525
Board of Education	471,344	310,681	258,057	358,643	311,139	270,822	241,577	246,257	533,067	476,778
Executive administration	330,404	359,048	338,542	406,003	369,443	394,227	396,475	327,064	336,628	382,378
School administration	5,530,293	5,393,360	5,715,993	5,486,988	5,069,657	4,914,473	3,924,642	3,312,665	3,453,597	3,670,372
Fiscal services	951,101	1,046,520	966,919	680,058	655,844	667,175	734,943	650,808	698,350	718,931
Business services	1,574,894	1,916,762	1,784,229	1,189,001	1,712,655	1,154,985	978,050	721,520	784,064	728,549
Operation and maintenance of plant	9,598,970	9,340,451	8,929,339	7,544,050	6,922,006	7,852,426	6,920,784	6,539,421	6,510,310	6,626,680
Security	1,617,828	1,495,283	1,385,769	1,195,883	924,759	1,057,741	992,160	940,631	942,257	1,072,910
Pupil transportation services	2,663,829	2,162,586	2,108,014	2,404,041	2,453,470	2,519,069	2,965,851	2,646,175	2,836,922	2,886,455
Central services	2,831,981	2,259,373	2,058,870	1,719,475	1,847,733	1,816,843	1,500,610	1,445,132	1,772,807	1,608,364
Athletics	994,090	877,008	846,969	986,188	758,603	539,287	453,540	430,395	429,271	449,737
Total supporting services	41,117,346	34,946,148	35,981,945	34,092,256	32,000,444	29,764,279	26,093,143	24,583,085	26,379,757	26,620,378
Community services	655,016	1,667,596	435,617	215,781	314,166	236,293	390,671	391,597	518,870	319,862
Food services	4,407,443	3,837,247	3,619,645	5,166,446	5,319,233	5,126,282	4,967,777	4,773,967	4,572,746	4,615,016
Interest on long term debt	2,983,382	3,045,700	2,866,040	3,096,198	2,822,812	2,727,813	2,585,377	2,048,347	2,351,777	1,913,329
Total primary government expenses	108,696,426	99,869,628	97,415,511	101,416,302	92,841,564	98,695,778	77,546,070	75,495,427	74,355,474	73,599,234
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	461,764	779,221	1,226,525	998,853	739,415	351,126	290,370	520,888	459,241	476,141
Operating grants and contributions	31,963,486	30,436,936	30,254,693	37,111,295	32,628,482	25,712,946	26,212,515	34,012,121	30,104,578	29,990,230
Total primary government program revenues	32,425,250	31,216,157	31,481,218	38,110,148	33,367,897	26,064,072	26,502,885	34,533,009	30,563,819	30,466,371
<b>Net (Expense)/Revenue</b>										
Total primary government net expense	\$ (76,271,176)	\$ (68,653,471)	\$ (65,934,293)	\$ (63,306,154)	\$ (59,473,667)	\$ (72,631,706)	\$ (51,043,185)	\$ (40,962,418)	\$ (43,791,655)	\$ (43,132,863)

Source: School District of the City of Saginaw

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**General Revenues and Total Change in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Total primary government net expense	\$ (76,271,176)	\$ (68,653,471)	\$ (65,934,293)	\$ (63,306,154)	\$ (59,473,667)	\$ (72,631,706)	\$ (51,043,185)	\$ (40,962,418)	\$ (43,159,014)	\$ (43,132,863)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property taxes - operating	7,698,530	7,680,983	6,906,069	6,788,727	6,523,364	6,712,609	6,667,198	6,652,409	6,867,241	8,242,202
Property taxes - debt retirement	3,653,689	3,536,938	3,238,506	4,196,419	3,945,373	3,826,878	3,669,636	3,631,727	3,566,147	3,533,521
State aid-unrestricted	61,020,701	55,533,167	53,843,063	48,083,676	46,969,255	45,671,645	42,768,778	38,992,500	38,313,236	35,094,243
Investment earnings	364,774	329,852	320,893	131,624	23,873	2,673	2,603	10,784	5,956	8,229
Miscellaneous	<u>457,579</u>	<u>255,591</u>	<u>282,049</u>	<u>248,123</u>	<u>350,100</u>	<u>1,075,936</u>	<u>434,196</u>	<u>215,816</u>	<u>349,647</u>	<u>1,036,096</u>
Total primary government	<u>73,195,273</u>	<u>67,336,531</u>	<u>64,590,580</u>	<u>59,448,569</u>	<u>57,811,965</u>	<u>57,289,741</u>	<u>53,542,411</u>	<u>49,503,236</u>	<u>49,102,227</u>	<u>47,914,291</u>
<b>Change in Net Position</b>										
Total primary government	<u>\$ (3,075,903)</u>	<u>\$ (1,316,940)</u>	<u>\$ (1,343,713)</u>	<u>\$ (3,857,585)</u>	<u>\$ (1,661,702)</u>	<u>\$ (15,341,965)</u>	<u>\$ 2,499,226</u>	<u>\$ 8,540,818</u>	<u>\$ 5,943,213</u>	<u>\$ 4,781,428</u>

Source: School District of the City of Saginaw

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable*	\$ 507,093	\$ 203,133	\$ 161,269	\$ 344,032	\$ 193,517	\$ 300,165	\$ 53,474	\$ 57,823	\$ 57,187	\$ 69,075
Unassigned* (deficit)	<u>601,807</u>	<u>63,508</u>	<u>(1,579,254)</u>	<u>(5,444,781)</u>	<u>(6,350,592)</u>	<u>(4,463,342)</u>	<u>3,009,829</u>	<u>9,160,803</u>	<u>12,873,753</u>	<u>16,976,225</u>
Total general fund (deficit)	<u>\$ 1,108,900</u>	<u>\$ 266,641</u>	<u>\$ (1,417,985)</u>	<u>\$ (5,100,749)</u>	<u>\$ (6,157,075)</u>	<u>\$ (4,163,177)</u>	<u>\$ 3,063,303</u>	<u>\$ 9,218,626</u>	<u>\$ 12,930,940</u>	<u>\$ 17,045,300</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 5,787	\$ 5,483	\$ 4,655	\$ 4,574	\$ -	\$ -	\$ -	\$ -
Restricted*	24,460,277	14,918,844	7,582,717	5,204,643	3,690,652	1,905,788	2,275,192	2,015,893	1,634,406	1,963,853
Assigned*	196,051	213,192	93,946	-	-	-	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>186,365</u>	<u>(244,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 24,656,328</u>	<u>\$ 15,318,401</u>	<u>\$ 7,438,219</u>	<u>\$ 5,210,126</u>	<u>\$ 3,695,307</u>	<u>\$ 1,910,362</u>	<u>\$ 2,275,192</u>	<u>\$ 2,015,893</u>	<u>\$ 1,634,406</u>	<u>\$ 1,963,853</u>

**Note:** \* Prior to GASB 54 in 2011, restricted amounts were listed as reserved and assigned amounts were listed as designated

Source: School District of the City of Saginaw

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Governmental Funds Revenues**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Federal sources:										
Federal grants	\$ 19,951,623	\$ 18,393,285	\$ 19,885,214	\$ 22,278,053	\$ 17,021,716	\$ 10,952,567	\$ 10,745,925	\$ 14,956,298	\$ 12,313,465	\$ 10,297,143
Food services	3,790,372	3,484,170	3,546,997	4,661,276	5,038,675	4,654,288	4,498,119	4,672,788	5,106,283	4,915,890
Total federal sources	<u>23,741,995</u>	<u>21,877,455</u>	<u>23,432,211</u>	<u>26,939,329</u>	<u>22,060,391</u>	<u>15,606,855</u>	<u>15,244,044</u>	<u>19,629,086</u>	<u>17,419,748</u>	<u>15,213,033</u>
State sources:										
State grants	67,599,145	62,297,285	59,095,568	56,948,944	56,413,577	55,173,870	53,429,764	52,767,418	50,125,449	49,127,874
Debt service	340,911	340,897	340,902	1,022,638	340,881	-	-	-	-	-
Food services	575,004	527,793	502,111	129,635	168,444	138,491	141,741	125,846	187,913	110,370
Total state sources	<u>68,515,060</u>	<u>63,165,975</u>	<u>59,938,581</u>	<u>58,101,217</u>	<u>56,922,902</u>	<u>55,312,361</u>	<u>53,571,505</u>	<u>52,893,264</u>	<u>50,313,362</u>	<u>49,238,244</u>
Local sources:										
Property taxes	7,729,568	7,659,057	6,937,649	6,716,202	6,549,859	6,493,360	6,641,130	6,717,705	6,867,241	8,242,202
Food Service	363,165	317,511	259,342	38,694	96,262	114,398	95,916	67,065	100,408	108,258
Athletics	87,052	130,371	105,534	85,426	108,374	131,846	89,858	88,143	80,336	81,311
Capital projects	(41,041)	43,840	217,750	17,411	10,979	7,247	6,388	1,479	-	-
Debt service	3,697,042	3,542,214	3,238,506	4,209,581	3,978,241	3,838,438	3,690,226	3,704,577	3,587,387	3,549,469
Investment earnings	362,462	280,736	103,143	114,213	23,596	2,673	2,603	10,784	5,956	8,229
Gifts and grants	59,370	146,656	93,901	73,786	113,024	8,253	-	88,503	71,070	84,315
Tuition and rent	300	331,339	861,649	874,733	65,122	153,489	310,499	330,482	247,417	259,902
Miscellaneous	477,514	99,733	178,946	165,135	705,451	1,091,075	247,237	232,200	359,487	1,046,818
Total local sources	<u>12,735,432</u>	<u>12,551,457</u>	<u>11,996,420</u>	<u>12,295,181</u>	<u>11,650,908</u>	<u>11,840,779</u>	<u>11,083,857</u>	<u>11,240,938</u>	<u>11,319,302</u>	<u>13,380,504</u>
Intermediate sources:										
Special Education	<u>649,872</u>	<u>926,673</u>	<u>726,964</u>	<u>154,425</u>	<u>614,444</u>	<u>465,375</u>	<u>165,744</u>	<u>393,768</u>	<u>613,634</u>	<u>548,881</u>
Total revenues	<u>\$ 105,642,359</u>	<u>\$ 98,521,560</u>	<u>\$ 96,094,176</u>	<u>\$ 97,490,152</u>	<u>\$ 91,248,645</u>	<u>\$ 83,225,370</u>	<u>\$ 80,065,150</u>	<u>\$ 84,157,056</u>	<u>\$ 79,666,046</u>	<u>\$ 78,380,662</u>

Source: School District of the City of Saginaw

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current:										
Instruction	\$ 56,986,507	\$ 54,196,999	\$ 53,291,997	\$ 56,560,881	\$ 50,009,374	\$ 44,248,687	\$ 39,199,139	\$ 43,710,623	\$ 40,054,733	\$ 38,681,025
Supporting services										
Pupil personnel services	7,679,005	6,588,111	6,080,108	5,983,656	4,262,932	3,621,031	3,133,442	3,838,798	3,844,146	3,783,448
Instructional training, media, and curriculum	5,452,061	3,086,540	5,533,064	5,972,621	6,568,701	4,202,158	3,337,267	3,701,931	4,238,338	4,171,098
Board of Education	471,344	310,681	258,057	353,742	307,071	247,013	223,806	253,578	533,067	474,115
Executive administration	330,404	359,048	338,542	400,455	364,613	359,570	367,309	336,788	336,628	380,242
School administration	5,530,293	5,393,360	5,715,993	5,412,007	5,003,371	4,482,431	3,635,933	3,411,150	3,453,597	3,649,872
Fiscal Services	951,101	1,046,520	966,919	1,172,753	1,690,262	1,053,448	906,102	742,971	784,064	714,916
Business services	1,574,894	1,916,762	1,784,229	670,765	647,269	608,522	680,878	670,157	698,350	724,480
Central Services	2,831,981	2,259,373	2,058,870	1,695,978	1,823,574	1,657,120	1,390,221	1,488,096	1,772,807	1,599,381
Pupil transportation services	2,663,829	2,162,586	2,108,014	2,371,189	2,421,391	2,297,612	2,747,674	2,724,846	2,836,922	2,870,334
Operation and maintenance	9,598,970	9,340,451	8,929,339	7,440,959	6,831,500	7,162,102	6,411,670	6,733,838	6,510,310	6,589,669
Security	1,617,828	1,495,283	1,385,769	1,179,541	951,894	964,753	919,174	968,596	942,257	1,066,918
Athletics	994,090	877,008	846,969	972,712	748,684	491,877	438,176	443,191	429,271	447,225
Total supporting services	39,695,800	34,835,723	36,005,873	33,626,378	31,621,262	27,147,637	24,191,652	25,313,940	26,379,757	26,471,698
Community services	599,649	1,612,229	380,250	160,414	258,800	230,596	364,249	405,415	537,251	318,890
Food services	4,371,769	3,801,574	3,583,972	5,130,773	5,296,140	4,851,987	4,624,780	4,764,108	4,562,704	4,608,335
Capital outlay	2,966,158	9,356,273	7,475,348	2,250,176	1,516,574	1,847,382	48,959	551,498	946,018	35,571
Debt service										
Principal	1,765,172	1,843,023	1,936,503	2,589,602	2,190,388	1,950,000	1,510,000	1,470,000	1,365,000	1,515,000
Interest	2,971,382	3,054,700	2,984,040	3,081,198	2,834,812	2,738,813	2,533,311	2,021,698	2,488,106	2,305,136
Payments to escrow agent	-	-	-	-	-	-	15,686,299	21,460,847	-	-
Bond issuance costs	-	-	-	-	-	-	131,662	163,860	164,549	-
Miscellaneous	1,725	1,225	1,001	1,587	92,440	1,315	1,750	2,750	1,650	1,200
Total primary government expenses	<u>\$ 109,358,162</u>	<u>\$ 108,701,746</u>	<u>\$ 105,658,984</u>	<u>\$ 103,401,009</u>	<u>\$ 93,819,790</u>	<u>\$ 83,016,417</u>	<u>\$ 88,291,801</u>	<u>\$ 99,864,739</u>	<u>\$ 76,499,768</u>	<u>\$ 73,936,855</u>
Debt service as a percentage of noncapital expenditures	4.5%	4.9%	5.0%	5.6%	5.4%	5.8%	4.6%	3.5%	5.1%	5.2%

**Notes:** This schedule includes all data from the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (3,715,803)	\$ (10,180,186)	\$ (9,564,808)	\$ (5,910,857)	\$ (2,571,145)	\$ 208,953	\$ (8,226,651)	\$ (15,707,683)	\$ 3,166,278	\$ 4,443,807
<b>Other Financing Sources (Uses)</b>										
Transfers in	4,241,435	4,630,631	660,909	700,864	782,053	851,690	669,240	-	-	110,702
Transfers out	(4,241,435)	(4,630,631)	(660,909)	(700,864)	(782,053)	(851,690)	(669,240)	-	-	(110,702)
Proceeds from issuance of bonds	-	-	-	-	-	-	14,525,000	18,865,000	15,735,000	-
Payments to escrow agent	-	-	-	-	-	-	-	-	(17,506,987)	-
Premium on issuance of bonds	-	-	-	-	-	-	1,421,447	2,738,707	1,936,536	-
Discount on issuance of bonds	-	-	-	-	-	-	(128,486)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	15,817,961	21,603,707	164,549	-
<b>Net change in fund balances</b>	<u>\$ (3,715,803)</u>	<u>\$ (10,180,186)</u>	<u>\$ (9,564,808)</u>	<u>\$ (5,910,857)</u>	<u>\$ (2,571,145)</u>	<u>\$ 208,953</u>	<u>\$ 7,591,310</u>	<u>\$ 5,896,024</u>	<u>\$ 3,330,827</u>	<u>\$ 4,443,807</u>

Source: School District of the City of Saginaw



# **REVENUE CAPACITY**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(Unaudited)*

Fiscal Year	Taxable Value					Estimated Actual Value	Total Direct Rate*
	City of Saginaw	City of Zilwaukee	Kochville Township	Buena Vista Charter Township	Total		
2008-09	739,172,861	43,430,467	167,058,884	-	949,662,212	1,899,324,424	18.0000
2009-10	628,758,288	44,337,034	178,973,639	-	852,068,961	1,704,137,922	18.0000
2010-11	555,914,271	44,045,694	177,086,811	-	777,046,776	1,554,093,552	18.0000
2011-12	525,673,847	44,681,216	172,847,017	-	743,202,080	1,486,404,160	18.0000
2012-13	494,068,537	44,726,586	160,646,711	-	699,441,834	1,398,883,668	18.0000
2013-14	465,586,387	42,679,004	160,614,323	-	668,879,714	1,337,759,428	18.0000
2014-15	445,128,521	42,560,584	167,948,179	-	655,637,284	1,311,274,568	18.0000
2015-16	456,021,469	42,417,707	174,745,561	-	673,184,737	1,346,369,474	18.0000
2016-17	448,428,692	41,195,206	170,935,181	-	660,559,079	1,321,118,158	18.0000
2017-18	445,499,617	39,729,330	170,673,785	154,698,228	810,600,960	1,621,201,920	18.0000

**Note:** Total actual value is estimated by doubling the taxable value.

In 2017-18 a portion of Buena Vista Charter Township became part of the Districts taxable value

\* Per \$1,000 of taxable value.

**Source:** Taxable values provided by City of Saginaw, City of Zilwaukee, Kochville Township and Buena Vista Charter Township

# SCHOOL DISTRICT OF THE CITY OF SAGINAW

## Direct and Overlapping Property Tax Rates

### Last Ten Fiscal Years

(rate per \$1,000 of taxable value)

Fiscal Year	District Direct Rates			Overlapping Rates				
	Operating Millage	Debt Millage	Total	City of Saginaw	City of Zilwaukee	Kochville Township	Buena Vista Charter Township	State of Michigan
2008	18.0000	3.9000	21.9000	34.0200	13.3400	1.0000		6.0000
2009	18.0000	3.9000	21.9000	36.6650	13.3370	1.0000		6.0000
2010	18.0000	3.9000	21.9000	36.6650	13.3370	1.0000		6.0000
2011	18.0000	3.9000	21.9000	36.6650	13.3370	1.0000		6.0000
2012	18.0000	5.3000	23.3000	36.6650	13.3370	1.0000		6.0000
2013	18.0000	5.3000	23.3000	36.6650	13.3370	1.0000		6.0000
2014	18.0000	5.3000	23.3000	38.1083	13.3370	1.0000		6.0000
2015	18.0000	5.3000	23.3000	38.1083	13.3370	1.0000		6.0000
2016	18.0000	5.3000	23.3000	38.1083	13.3370	1.0000		6.0000
2017	18.0000	5.3000	23.3000	38.1083	13.3370	1.0000		6.0000
2018	18.0000	5.3000	23.3000	38.1083	13.3370	1.0000	14.0000	6.0000

**Note:**

City of Saginaw rates are used in this schedule because their portion of the School District's assessed valuation is the largest. Comparative rates are provided for the City of Zilwaukee, and Kochville Township. The rates were provided by the Saginaw County Equalization Department. In 2017-18 a portion of Buena Vista Charter Township became part of the District's taxable value.

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
*(Unaudited)*

Tax Payer	2018			2009		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Consumers Energy Company	\$ 31,595,212	1	3.90%	\$ 16,880,912	2	1.78%
Linear Motion LLC	6,833,026	2	0.84%	5,212,624	5	0.55%
General Motors LLC	4,205,427	3	0.52%	38,509,523	1	4.06%
Charter Communications II	3,252,300	4	0.40%	NA		0.00%
HCII 1015 S Washington Ave LLC	3,036,911	5	0.37%	NA		0.00%
Riverfront Medical Realty LLC	2,999,051	6	0.37%	N/A		0.00%
Community Hospital Services	2,926,803	7	0.36%	N/A		0.00%
Hausbeck Pickle Co.	2,900,672	8	0.36%	N/A		0.00%
Menard LLC	2,381,841	9	0.29%	N/A		0.00%
Bancroft Project Saginaw LLC	2,057,064	10	0.25%	N/A		0.00%
Delphi Corporation	N/A		0.00%	14,809,244	3	1.56%
Enterprise Automotive	N/A		0.00%	5,804,400	4	0.61%
CMI-Schneible Co.	N/A		0.00%	4,157,000	6	0.44%
Machining Enterprises	N/A		0.00%	4,105,900	7	0.43%
Corvus Nodular Interests II, LLC	N/A		0.00%	3,564,841	8	0.38%
SSP Associates Inc.	N/A		0.00%	3,517,860	9	0.00%
Housing Urban Dev.	N/A		0.00%	3,113,416	10	0.33%
<b>Totals</b>	<b>\$ 62,188,307</b>		<b>7.67%</b>	<b>\$ 99,675,720</b>		<b>7.94%</b>

**Note:** The above assessed valuations were provided by the City of Saginaw Assessing Division.

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
*(dollar amounts expressed in thousands) (Unaudited)*

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Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	11,363	11,326	99.67%	-	11,326	99.67%
2010	11,136	11,065	99.36%	-	11,065	99.36%
2011	10,083	10,043	99.60%	-	10,043	99.60%
2012	10,985	10,806	98.37%	-	10,806	98.37%
2013	10,546	10,425	98.85%	-	10,425	98.85%
2014	10,375	10,306	99.33%	-	10,306	99.33%
2015	10,387	10,258	98.76%	-	10,258	98.76%
2016	10,289	10,337	100.47%	-	10,337	100.47%
2017	10,250	10,230	99.80%	-	10,230	99.80%
2018	11,770	11,660	99.07%	-	11,660	99.07%

**Note:** The School District maintained a debt service levy from 2009-2011 of 3.9000 mills and from 2012-2018 of 5.3000 mills.



# **DEBT CAPACITY**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Outstanding Debt by Type**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Other Bonds</b>	<b>Durant Bonds</b>	<b>Net Premium (Discount/Costs)</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income*</b>	<b>Per Capita**</b>
2009	61,840,000	3,510,000	1,719,516	(47,203)	67,022,313	4.74%	1,309
2010	60,845,000	2,945,000	1,436,493	(45,531)	65,180,962	4.34%	1,247
2011	59,795,000	2,355,000	1,139,990	(43,859)	63,246,131	4.70%	1,235
2012	58,630,000	1,745,000	325,388	202,608	60,902,996	4.39%	1,189
2013	57,340,000	1,170,000	-	193,406	58,703,406	4.21%	1,156
2014	55,990,000	570,000	-	184,204	56,744,204	4.08%	1,128
2015	54,050,000	-	-	1,228,270	55,278,270	4.00%	1,109
2016	50,470,000	-	-	3,847,656	54,317,656	3.79%	1,101
2017	47,610,000	-	-	5,426,859	53,036,859	3.75%	1,083
2018	46,450,000	-	-	4,643,659	51,093,659	3.58%	1,050

**Note:** Details of the Districts outstanding debt can be found in the notes to the financial statements  
The Durant general obligation bonds are paid directly by the State of Michigan.  
Percentage of Personal Income has been revised to reflect revised personal income figures issued by the U.S. Department of Commerce  
The District did not have any serial bonds or capital leases during the periods presented  
The District did not have any serial bonds or capital leases during the periods presented

\* Personal income data can be found on page 13-2 Demographic and Economic Statistics

\*\* Population information can be found on page 13-2 Demographic and Economic Statistics

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property *</b>	<b>Per Capita **</b>
2009	61,840,000	747,818	61,092,182	3.22%	1,086
2010	60,845,000	436,996	60,408,004	3.54%	1,179
2011	59,795,000	(244,231)	60,039,231	3.86%	1,148
2012	58,630,000	16,465	58,613,535	3.94%	1,145
2013	57,340,000	-	57,340,000	4.10%	1,129
2014	55,990,000	-	55,990,000	4.19%	1,113
2015	54,050,000	239,405	53,810,595	4.10%	1,080
2016	50,050,000	428,534	49,621,466	3.69%	1,006
2017	47,610,000	161,165	47,448,835	3.59%	969
2018	46,450,000	-	46,450,000	2.87%	954

**Note:** Details of the Districts outstanding debt can be found in the notes to the financial statements  
Percentage of Personal Income has been revised to reflect revised personal income figures issued by the U.S. Department of Commerce

\* Property values can be found on page 11-2 Assessed and Estimated Actual Value of Taxable Property

\*\* Population information can be found on page 13-2 Demographic and Economic Statistics

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**

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<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt *</u>
City of Saginaw	\$ 8,692,330	100.00%	\$ 8,692,330
Kochville Township	4,468,749	89.11%	3,982,102
County of Saginaw	116,460,524	13.17%	15,337,851
Saginaw I.S.D.	695,000	13.34%	92,713
			<hr/>
Subtotal, overlapping debt			28,104,996
School District of the City of Saginaw direct debt			<hr/> 51,093,659
Total direct and overlapping debt			<hr/> <hr/> \$ 79,198,655

**Note:** The Durant general obligation bonds are paid directly by the State of Michigan and, thus, are not represented above.

\*Overlapping debt is calculated as the issuer's proportionate share of the debt of other local governmental units that overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative assessed property values.

Overlapping debt amounts are provided by the Municipal Advisory Council of Michigan.

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>State Equalized Value (SEV)*</b>	<b>Debt Limit**</b>	<b>Total Debt***</b>	<b>Less Debt Not Subject to Limit</b>	<b>Net Debt Subject to Limit</b>	<b>Legal Debt Margin</b>	<b>Net Debt Subject to Limit as % of Debt Limit</b>
2008-09	949,662,212	142,449,332	67,022,313	5,229,516	61,792,797	80,656,535	43%
2009-10	852,068,961	127,810,344	65,180,962	4,381,493	60,799,469	67,010,875	48%
2010-11	777,046,776	116,557,016	63,246,131	3,494,990	59,751,141	56,805,875	51%
2011-12	743,202,080	111,480,312	60,902,996	2,070,388	58,832,608	52,647,704	53%
2012-13	699,441,834	104,916,275	58,703,406	1,170,000	57,533,406	47,382,869	55%
2013-14	668,879,714	100,331,957	56,744,204	570,000	56,174,204	44,157,753	56%
2014-15	655,637,284	98,345,593	55,278,270	-	55,278,270	43,067,323	56%
2015-16	673,184,737	100,977,711	54,317,656	-	54,317,656	46,660,055	54%
2016-17	660,559,079	99,083,862	53,036,859	-	53,036,859	46,047,003	54%
2017-18	810,600,960	121,590,144	51,093,659	-	51,093,659	70,496,485	42%

\* SEV information can be found on page 11-2 Assessed and Estimated Actual Value of Taxable Property

\*\* Debt limit is equal to 15% of SEV

\*\*\* Outstanding debt information can be found on page 12-2 Outstanding Debt by Type



## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**  
*(Unaudited)*

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<b>Calendar Year</b>	<b>Population*</b>	<b>Personal Income**</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate***</b>
2008	51,218	1,415,255,776	27,632	14.40%
2009	52,285	1,502,618,615	28,739	21.80%
2010	51,224	1,344,425,104	26,246	17.50%
2011	51,230	1,385,822,730	27,051	9.70%
2012	50,790	1,393,931,550	27,445	10.20%
2013	50,303	1,391,280,374	27,658	8.70%
2014	49,844	1,380,728,644	27,701	8.70%
2015	49,347	1,433,481,003	29,049	5.50%
2016	48,984	1,414,217,064	28,871	4.80%
2017	48,677	1,427,258,317	29,321	4.30%

**Note: Information was not available for the current year at the time of this report, therefore, the previous 10 years are shown.**

\* Data provided by Saginaw Future Inc. as quoted from American Community Survey (3 yr estimate/US Census Bureau)

\*\* Per capita income for the city of Saginaw was unavailable, median income was used

\*\*\* Data provided by the Michigan Employment Security Commission

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**Principal Employers**  
**Current Year and Nine Years Ago**  
*(Unaudited)*

Employer	Type of Business	2018			2009		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Nexteer Automotive (Delphi)	Automotive	5,200	1	15.58%	3,873	2	12.42%
Covenant Health Care	Medical	4,512	2	13.52%	4,129	1	13.24%
St. Mary's of Michigan	Medical	1,800	3	5.39%	2,200	3	7.05%
Morley Companies	Display, Interactive Services, Travel	1,750	4	5.24%	N/A	N/A	0.00%
Meijer	Department Store	1,425	5	4.27%	825	8	2.65%
Saginaw Valley State University	Education	1,071	6	3.21%	924	7	2.96%
Hemlock Semiconductor Corp.	Polycrystalline silicon	1,000	7	3.00%	1,460	4	4.68%
Frankenmuth Bavarian Inn	Restaurant, Hotel	940	8	2.82%	1,000	6	3.21%
Aleda E. Lutz Veteran Medical Ctr	Medical	904	9	2.71%	750	9	2.40%
County of Saginaw	Government	676	10	2.03%	N/A	N/A	0.00%
School District of the City of Saginaw	Education	N/A		0.00%	1,390	5	4.46%
Zehnder's of Frankenmuth	Restaurant	N/A		0.00%	725	10	2.32%
<b>Subtotal</b>		<u>19,278</u>		<u>57.76%</u>	<u>17,276</u>		<u>55.40%</u>
<b>All others</b>		<u>14,096</u>		<u>42.24%</u>	<u>13,910</u>		<u>44.60%</u>
<b>Total</b>		<u><u>33,374</u></u>		<u><u>100.00%</u></u>	<u><u>31,186</u></u>		<u><u>100.00%</u></u>

**Note:** Nexteer Automotive purchased Delphi Automotive Systems.

**Source:** Saginaw Future Inc. and Michigan Economic Development Corporation



# **OPERATING INFORMATION**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time

**Operating Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Net Expenditures and Other Financing Uses</b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced Meals</b>	
2009	9,970	109,358,162	10,969	-12.48%	541	18.43	78.40%	
2010	9,302	108,701,746	11,686	6.54%	479	19.42	75.63%	
2011	8,904	105,658,984	11,866	1.54%	461	19.31	74.11%	
2012	8,540	103,401,009	12,108	2.04%	429	19.91	80.69%	
2013	8,113	93,819,790	11,564	-4.49%	374	21.69	80.69%	*
2014	7,695	83,016,417	10,788	-6.71%	367	20.97	80.29%	*
2015	7,425	88,420,287	11,908	10.38%	358	20.74	72.12%	*
2016	6,959	99,864,739	14,350	20.51%	379	18.36	73.27%	*
2017	6,760	94,006,755	13,906	-3.09%	118	57.29	75.43%	*
2018	6,404	74,047,557	11,563	-16.85%	349	18.35	79.62%	*

**Note:** Includes general, special revenue, debt service and capital project funds.  
Transfers between Governmental Funds are eliminated to more accurately reflect expenditures and other uses.  
2014-2015 Supplemental Nutrition reported in the Spring 2015 Membership.  
2014-2015 and 2015-2016 include other financing uses from the refunding of general bonded debt.  
\* District participated in the Community Eligibility Provision (formerly Community Eligibility Option)  
Under this program all students are provided free meals

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**School Building Information - Last Ten Fiscal Years**  
*(Unaudited)*

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Elementary</b>										
Arthur Eddy (1955)										
Square feet	89,570	89,570	89,570	89,570	89,570	89,570	89,570	89,570	89,570	89,570
Capacity	622	622	622	622	622	622	622	622	622	622
Enrollment	432	384	258	308	306	-	468	485	428	397
Chester Miller (1963)										
Square feet	34,367	34,367	34,367	34,367	34,367	34,367	34,367	34,367	34,367	34,367
Capacity	404	404	404	404	404	404	404	404	404	404
Enrollment	336	302	362	349	353	355	323	350	339	292
Coulter (1971)										
Square feet	39,373	39,373	39,373	39,373	39,373	39,373	39,373	39,373	39,373	39,373
Capacity	343	343	343	343	343	343	343	343	343	343
Enrollment	146	145	167	-	-	-	-	-	-	-
Edith Baillie (1967)										
Square feet	38,312	38,312	38,312	38,312	38,312	38,312	38,312	38,312	38,312	38,312
Capacity	522	522	522	522	522	522	522	522	522	522
Enrollment	-	-	-	-	-	-	-	-	-	-
Emerson (1967)										
Square feet	47,421	47,421	47,421	47,421	47,421	47,421	47,421	47,421	47,421	47,421
Capacity	612	612	612	612	612	612	612	612	612	612
Enrollment	-	-	-	-	-	-	-	-	-	-
Fuerbringer (1931)										
Square feet	29,919	29,919	29,919	29,919	29,919	-	-	-	-	-
Capacity	462	462	462	462	462	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Handley (1929)*^										
Square feet	119,344	119,344	119,344	119,344	119,344	119,344	119,344	119,344	119,344	119,344
Capacity	1,459	1,459	1,459	1,459	1,459	1,459	1,459	1,459	1,459	1,459
Enrollment	420	426	447	452	428	432	496	449	480	423
Heavenrich (1961)										
Square feet	45,595	45,595	45,595	45,595	45,595	45,595	45,595	45,595	45,595	45,595
Capacity	612	612	612	612	612	612	612	612	612	612
Enrollment	301	310	292	283	403	414	-	-	-	-

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**School Building Information - Last Ten Fiscal Years**  
*(Unaudited)*

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Herig (1973)										
Square feet	52,044	52,044	52,044	52,044	52,044	52,044	52,044	52,044	52,044	52,044
Capacity	475	475	475	475	475	475	475	475	475	475
Enrollment	383	395	370	380	423	428	420	425	435	399
Houghton (1956)										
Square feet	61,443	61,443	61,443	61,443	61,443	61,443	61,443	61,443	61,443	61,443
Capacity	704	704	704	704	704	704	704	704	704	704
Enrollment	348	325	283	256	337	387	-	-	-	-
Jerome (1976)										
Square feet	42,450	42,450	42,450	42,450	42,450	42,450	42,450	42,450	42,450	42,450
Capacity	402	402	402	402	402	402	402	402	402	402
Enrollment	288	250	257	232	-	-	-	-	-	-
Jessie Loomis (1931)										
Square feet	57,300	57,300	57,300	57,300	57,300	57,300	57,300	57,300	57,300	57,300
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	393	377	426	403	459	451	445	432	386	387
Jessie Rouse (1955)										
Square feet	49,850	49,850	49,850	49,850	49,850	49,850	49,850	49,850	49,850	49,850
Capacity	452	452	452	452	452	452	452	452	452	452
Enrollment	287	280	239	284	303	314	338	313	287	303
John Moore (1963)										
Square feet	28,267	28,267	28,267	28,267	28,267	28,267	28,267	28,267	28,267	28,267
Capacity	358	358	358	358	358	358	358	358	358	358
Enrollment	-	-	-	-	-	-	-	-	-	-
Jones (1960)										
Square feet	34,093	34,093	34,093	34,093	34,093	34,093	34,093	34,093	34,093	34,093
Capacity	492	492	492	492	492	492	492	492	492	492
Enrollment	-	-	-	-	-	-	-	-	-	-
Kempton (1962)										
Square feet	46,082	46,082	46,082	46,082	46,082	46,082	46,082	46,082	46,082	46,082
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	440	405	433	453	432	440	399	412	395	403

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**School Building Information - Last Ten Fiscal Years**  
*(Unaudited)*

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Longfellow (1965)										
Square feet	58,736	58,736	58,736	58,736	58,736	58,736	58,736	58,736	58,736	58,736
Capacity	582	582	582	582	582	582	582	582	582	582
Enrollment	180	308	175	185	-	-	-	-	-	-
Merrill Park (1960)										
Square feet	39,932	39,932	39,932	39,932	39,932	39,932	39,932	39,932	39,932	39,932
Capacity	552	552	552	552	552	552	552	552	552	552
Enrollment	311	319	269	254	289	283	273	309	319	296
Morley (1936)										
Square feet	34,025	34,025	34,025	34,025	34,025	-	-	-	-	-
Capacity	462	462	462	462	462	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Nelle Haley (1957)										
Square feet	33,778	33,778	33,778	33,778	33,778	33,778	33,778	33,778	33,778	33,778
Capacity	492	492	492	492	492	492	492	492	492	492
Enrollment	-	-	-	-	-	-	-	-	-	-
Salina (1958)										
Square feet	-	-	-	-	-	-	-	-	-	-
Capacity	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Stone (1970)										
Square feet	52,935	52,935	52,935	52,935	52,935	52,935	52,935	52,935	52,935	52,935
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	290	268	233	205	263	283	326	391	374	391
Webber (1966)										
Square feet	44,933	44,933	44,933	44,933	44,933	44,933	44,933	-	-	-
Capacity	662	662	662	662	662	662	662	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Zilwaukee (1925)										
Square feet	49,195	49,195	49,195	49,195	49,195	49,195	49,195	49,195	49,195	49,195
Capacity	507	507	507	507	507	507	507	507	507	507
Enrollment	354	319	341	432	400	399	277	267	321	354

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**School Building Information - Last Ten Fiscal Years**  
*(Unaudited)*

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Middle</b>										
Central ('83)Ruben Daniels Middle										
Square feet	128,150	128,150	128,150	128,150	128,150	128,150	128,150	128,150	128,150	128,150
Capacity	982	982	982	982	982	982	982	982	982	982
Enrollment	331	474	402	444	458	454	454	-	-	-
North (1922)*										
Square feet	113,889	113,889	113,889	113,889	113,889	-	-	-	-	-
Capacity	1,210	1,210	1,210	1,210	1,210	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
South (1922)^										
Square feet	-	-	-	-	-	-	-	-	-	-
Capacity	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Webber (1922)/ K-8 (2008)°										
Square feet	139,310	139,310	139,310	139,310	139,310	139,310	139,310	139,310	139,310	139,310
Capacity	1,504	1,504	1,504	1,504	1,504	1,504	1,504	1,504	1,504	1,504
Enrollment	395	-	-	-	-	-	-	-	-	-
W.E. Thompson (2009)										
Square feet	145,807	145,807	145,807	145,807	145,807	145,807	145,807	145,807	145,807	145,807
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	943	731	633	572	530	532	599	533	482	434
<b>High</b>										
Arthur Hill (1940)										
Square feet	276,344	276,344	276,344	276,344	276,344	276,344	276,344	276,344	276,344	276,344
Capacity	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286
Enrollment	1,431	1,301	1,117	1,036	973	945	1,103	864	760	691
Saginaw High (1954)										
Square feet	270,044	270,044	270,044	270,044	270,044	270,044	270,044	270,044	270,044	270,044
Capacity	2,018	2,018	2,018	2,018	2,018	2,018	2,018	2,018	2,018	2,018
Enrollment	955	805	681	611	651	615	768	567	538	537

\* In 2007 and 2008 North Middle School was used as an elementary school for students displaced from the former Handley building which was demolished in 2006

^ In 2009, South Middle School was used renamed Handley and used for elementary purpose

° In 2008 Webber Middle School began servicing students in grades K-8 and was then demolished in 2016

**SCHOOL DISTRICT OF THE CITY OF SAGINAW**  
**School Building Information - Last Ten Fiscal Years**  
*(Unaudited)*

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other</b>										
Saginaw Career Complex (1972)										
Square feet	204,335	204,335	204,335	204,335	204,335	204,335	204,335	204,335	204,335	204,335
Capacity	950	950	950	950	950	950	950	950	950	950
Enrollment	754	647	505	566	602	562	492	445	439	443
Ruben Daniels (SASA) (1965)										
Square feet	112,860	112,860	112,860	112,860	112,860	112,860	112,860	112,860	112,860	112,860
Capacity	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Enrollment	538	693	722	668	664	646	688	626	574	540
Longstreet (1953)										
Square feet	46,940	46,940	46,940	46,940	46,940	46,940	46,940	46,940	46,940	46,940
Capacity	375	375	375	375	375	375	375	375	375	375
Enrollment	-	-	-	-	-	-	-	-	-	-
Hillier Education Center (1992)										
Square feet	5,916	5,916	5,916	5,916	5,916	5,916	5,916	5,916	5,916	5,916
Capacity	75	75	75	75	75	75	75	75	75	75
Enrollment	32	30	15	-	-	-	-	-	-	-

Source: School District of the City of Saginaw