



WALKERVILLE PUBLIC SCHOOLS
WALKERVILLE, MICHIGAN

FINANCIAL STATEMENTS
and
SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2015



Vredeveld Haefner LLC

CPA's

WALKERVILLE PUBLIC SCHOOLS

TABLE OF CONTENTS

| FINANCIAL SECTION | <u>PAGE</u> |
|---|-------------|
| Independent Auditors' Report | 1-2 |
| Management's Discussion and Analysis | 3-7 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 9 |
| Statement of Activities | 11 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 12 |
| Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position | 13 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 14 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 15 |
| Statement of Assets and Liabilities - Fiduciary Fund | 16 |
| Notes to Financial Statements | 17-33 |
| Required Supplementary Information | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 35 |
| Defined Benefit Pension Plan | |
| Schedule of Schedule of District's Proportionate Share of Net Pension Liability | 36 |
| Schedule of Employer Contributions | 37 |
| Combining and Individual Fund Statements and Schedules | |
| General Fund | |
| Schedule of Revenues - Budget and Actual | 39 |
| Schedule of Expenditures - Budget and Actual | 40 |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 41 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 42 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | |
| Food Service Fund | 43 |
| Agency Fund | |
| Detailed Schedule of Assets and Liabilities | 44 |
| SINGLE AUDIT SECTION | |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 45-46 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 | 47-48 |
| Schedule of Expenditures of Federal Awards | 49-51 |
| Schedule of Findings and Questioned Costs | 52 |



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INDEPENDENT AUDITORS' REPORT

October 28, 2015

Members of the Board of Education
Walkerville Public Schools
Walkerville, 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 Walkerville Public Schools, Walkerville, Michigan, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Walkerville Public Schools as of June 30, 2015, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the schedules on pages 35 through 37 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 District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Urodeuxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Walkerville Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial highlights

- An installment purchase agreement was entered into to replace the problematic boilers in the high school. This will reduce future repair costs.
- There was an increase in student enrollment.

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., payments on debt).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, supporting services, community services, food services, athletics, and interest on long-term debt. The District does not have any business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund which are considered to be major funds. Data for the other five governmental funds, which are considered to be nonmajor funds, are combined into a single, aggregated presentation. Individual fund information for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general and all special revenue funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resource of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for governmental activities in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information includes this management discussion and analysis as well as a schedule of general fund budget to actual information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$1,190,478 at the close of the most recent fiscal year.

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

Net position of the District decreased from \$2,324,248 to \$(1,190,478) at June 30, 2014 and 2015, respectively. The primary reason for the decrease is the District's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, in 2015.

A summary of the Statement of Net Position providing financial information on the District as a whole:

| | Governmental Activities | |
|---|--------------------------------|--------------------|
| | <u>2015</u> | <u>2014</u> |
| Assets | | |
| Current and other assets | \$1,262,620 | \$1,211,696 |
| Capital assets | 3,424,287 | 3,502,683 |
| Total assets | <u>4,686,907</u> | <u>4,714,379</u> |
| Deferred outflows of resources | | |
| Deferred outflows related to pensions | 401,852 | - |
| Deferred charge on refunding | 62,070 | - |
| Total deferred outflows of resources | <u>463,922</u> | <u>-</u> |
| Liabilities | | |
| Current liabilities | 491,454 | 381,496 |
| Long-term liabilities | 5,455,786 | 2,008,535 |
| Total liabilities | <u>5,947,240</u> | <u>2,390,031</u> |
| Deferred inflows of resources | | |
| Deferred inflows related to pensions | 394,067 | - |
| Net position | | |
| Net investment in capital assets | 1,246,368 | 1,737,976 |
| Restricted | 301,036 | 414,493 |
| Unrestricted (deficit) | (2,737,882) | 171,879 |
| Total net position | <u>\$(1,190,478)</u> | <u>\$2,324,348</u> |

A summary of the Statement of Activities presents changes in net position from operating results:

| | Governmental Activities | |
|---|--------------------------------|------------------|
| | <u>2015</u> | <u>2014</u> |
| Revenue | | |
| Program revenue | | |
| Charges for services | \$ 70,677 | \$ 65,499 |
| Operating grants and contributions | 901,165 | 881,863 |
| Capital grants and contributions | 22,454 | 150 |
| General revenue | | |
| Property taxes – operations | 542,869 | 519,306 |
| Property taxes – debt service | 181,172 | 147,294 |
| Property taxes – renaissance zone | 46,090 | 69,139 |
| Grants and contributions not restricted to specific programs | 1,667,682 | 1,593,896 |
| Other | 3,642 | 1,400 |
| Total revenue | <u>3,435,751</u> | <u>3,278,547</u> |

| | Governmental Activities (continued) | |
|--|--|---------------------------|
| | <u>2015</u> | <u>2014</u> |
| Expenses | | |
| Instruction | 1,704,955 | 1,722,563 |
| Supporting services | 1,308,350 | 1,186,031 |
| Community services | 3,342 | 16,332 |
| Food service | 227,825 | 217,910 |
| Athletics | 69,067 | 53,933 |
| Interest | 57,141 | 77,988 |
| Total expenses | <u>3,370,680</u> | <u>3,274,757</u> |
| Increase in net position | 65,071 | 3,790 |
| Net position - beginning of year, as restated | <u>(1,255,549)</u> | <u>2,320,558</u> |
| Net position - end of year | <u><u>\$(1,190,478)</u></u> | <u><u>\$2,324,348</u></u> |

Beginning net position was restated by \$3,579,897 to reflect the implementation of GASB Statement Nos. 68 and 71.

Governmental activities

During the year the District expended 51% of its total expenses on instruction and 39% on support services such as guidance service, transportation, building operation and maintenance and administration. The remaining 10% of expenses was used to provide food service, athletics and interest on long-term debt.

Financial analysis of the government's funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$779,885, a decrease of \$64,907 in comparison with the prior year. This decrease is primarily the result of costs associated with refunding bonds in the 2005/2014 Refunding Bonds fund.

The general fund is the chief operating fund of the District. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$400,374. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13% of total general fund expenditures.

The capital projects fund is used to account for the accumulation and disbursement of resources for capital projects. Fund balance at the end of the year amounted to \$247,726, an increase of \$680 from the previous year. This increase is the result of interest earnings.

Budgetary Highlights

- There were several personnel changes in middle and high school staff and the Athletic Director position was filled during the year. The Student Services/Federal Programs Director resigned late in the year and allowed the new Student Services/Guidance Counselor to work in tandem for a period of time for training.
- Propane was purchased at a lower rate for the second year in a row.

- Discussions to enhance efficient use of funds and further reduce expenditures were ongoing and implemented during the year.
- Amendments included adjustments to federal grants as awarded and to include carryover amounts.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2015, amounted to \$3,424,287 (net of accumulated depreciation).

The District's capital assets (net of depreciation) are summarized as follows:

| | |
|--------------------------------------|------------------------------------|
| | Governmental Activities |
| Land | \$ 76,874 |
| Buildings, equipment and vehicles | <u>3,347,413</u> |
| Total | <u>\$3,424,287</u> |

During the year, the District purchased a boiler and received a contributed school sign. Additional information on the District's capital assets can be found in Note 5 of this report.

Debt. At the end of the current fiscal year, the District had long-term debt outstanding of \$5,455,786.

The District's debt is summarized as follows:

| | |
|---------------------------------|---------------------------|
| Bonds | \$1,795,000 |
| Net pension liability | 3,564,589 |
| Installment purchase agreements | 73,123 |
| Compensated absences | <u>23,074</u> |
| Total | <u>\$5,455,786</u> |

Additional information on the District's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2015-16 fiscal year:

- The district expects student enrollment to remain relatively stable.
- Changes in staff due to departures will affect instructional cost for 2015-16.
- Pass through funds from the ESD are expected to decrease.
- Benefit costs are expected to increase.
- There will be increased costs for needed building updates.
- Increased supply costs due to curriculum refinements and updates in Math and Science.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Walkerville Public Schools, 145 East Lathrop, Walkerville, Michigan, 49459.

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BASIC FINANCIAL STATEMENTS

WALKERVILLE PUBLIC SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2015

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Cash and investments | \$ 695,544 |
| Accounts receivable | 3,046 |
| Due from other governments | 532,545 |
| Prepaid items | 25,978 |
| Inventory | 5,507 |
| Capital assets, net | |
| Land | 76,874 |
| Buildings, furniture and equipment, and vehicles | <u>3,347,413</u> |
| Total assets | <u>4,686,907</u> |
| Deferred outflows of resources | |
| Deferred outflows related to pensions | 401,852 |
| Deferred charge on refunding | <u>62,070</u> |
| Total deferred outflows of resources | <u>463,922</u> |
| Liabilities | |
| Accounts payable | 52,173 |
| Accrued payroll | 171,623 |
| Fringe benefits payable | 135,025 |
| Unearned revenue | 61,181 |
| Notes payable | 71,452 |
| Noncurrent liabilities | |
| Net pension liability | 3,564,589 |
| Due within one year | 214,486 |
| Due in more than one year | <u>1,676,711</u> |
| Total liabilities | <u>5,947,240</u> |
| Deferred inflows of resources | |
| Deferred inflows related to pensions | <u>394,067</u> |
| Net position | |
| Net investment in capital assets | 1,246,368 |
| Restricted for | |
| Capital projects | 258,672 |
| Debt service | 42,364 |
| Unrestricted (deficit) | <u>(2,737,882)</u> |
| Total net position | <u>\$ (1,190,478)</u> |

The accompanying notes are an integral part of these financial statements.

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WALKERVILLE PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue</u> |
|---|---------------------|---------------------------------|---|---|----------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| Instruction | \$ 1,704,955 | \$ - | \$ 678,891 | \$ - | \$ (1,026,064) |
| Support services | 1,308,350 | 31,978 | 19,431 | 22,454 | (1,234,487) |
| Community services | 3,342 | - | - | - | (3,342) |
| Food service | 227,825 | 32,592 | 202,843 | - | 7,610 |
| Athletics | 69,067 | 6,107 | - | - | (62,960) |
| Interest on long-term debt | 57,141 | - | - | - | (57,141) |
| | <u>\$ 3,370,680</u> | <u>\$ 70,677</u> | <u>\$ 901,165</u> | <u>\$ 22,454</u> | <u>(2,376,384)</u> |
| Total governmental activities | | | | | |
| General revenues | | | | | |
| Property taxes | | | | | |
| Operating | | | | | 542,869 |
| Debt | | | | | 181,172 |
| Renaissance zone | | | | | 46,090 |
| Gain on sale of capital assets | | | | | 1,656 |
| Unrestricted grants and contributions | | | | | 1,667,682 |
| Interest earnings | | | | | 1,986 |
| | | | | | <u>2,441,455</u> |
| Total general revenues | | | | | |
| Change in net position | | | | | 65,071 |
| Net position, beginning of year, as restated | | | | | <u>(1,255,549)</u> |
| Net position, end of year | | | | | <u>\$ (1,190,478)</u> |

The accompanying notes are an integral part of these financial statements.

WALKERVILLE PUBLIC SCHOOLS

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2015

| | <u>General</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--|-------------------|-----------------------------|--|---------------------|
| Assets | | | | |
| Cash and investments | \$ 385,513 | \$ 271,868 | \$ 38,163 | \$ 695,544 |
| Accounts receivable | 2,559 | - | 487 | 3,046 |
| Due from other funds | 24,142 | - | 55,732 | 79,874 |
| Due from other governments | 525,632 | - | 6,913 | 532,545 |
| Prepaid items | 25,978 | - | - | 25,978 |
| Inventory | - | - | 5,507 | 5,507 |
| Total assets | <u>\$ 963,824</u> | <u>\$ 271,868</u> | <u>\$ 106,802</u> | <u>\$ 1,342,494</u> |
| Liabilities and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 42,559 | \$ - | \$ 895 | \$ 43,454 |
| Salaries payable | 171,623 | - | - | 171,623 |
| Fringe benefits payable | 135,025 | - | - | 135,025 |
| Due to other funds | 55,632 | 24,142 | 100 | 79,874 |
| Unearned revenue | 61,181 | - | - | 61,181 |
| Notes payable | 71,452 | - | - | 71,452 |
| Total liabilities | <u>537,472</u> | <u>24,142</u> | <u>995</u> | <u>562,609</u> |
| Fund balances | | | | |
| Non-spendable | | | | |
| Inventory | - | - | 5,507 | 5,507 |
| Prepaid items | 25,978 | - | - | 25,978 |
| Restricted | | | | |
| Food service | - | - | 34,699 | 34,699 |
| Debt service | - | - | 42,364 | 42,364 |
| Committed | | | | |
| Capital projects | - | - | 10,946 | 10,946 |
| Debt service | - | - | 12,291 | 12,291 |
| Assigned | | | | |
| Capital projects | - | 247,726 | - | 247,726 |
| Unassigned | 400,374 | - | - | 400,374 |
| Total fund balances | <u>426,352</u> | <u>247,726</u> | <u>105,807</u> | <u>779,885</u> |
| Total liabilities and fund balances | <u>\$ 963,824</u> | <u>\$ 271,868</u> | <u>\$ 106,802</u> | <u>\$ 1,342,494</u> |

The accompanying notes are an integral part of these financial statements.

WALKERVILLE PUBLIC SCHOOLS

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2015

| | |
|--|------------------------------|
| Fund balances - total governmental funds | \$ 779,885 |
| Amounts reported for <i>governmental activities</i> in the statement of net position are different because | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | |
| Add - capital assets (net) | 3,424,287 |
| Certain liabilities, such as bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| Deduct - debt payable | (1,891,197) |
| Deduct - net pension liability | (3,564,589) |
| Deduct - deferred inflows related to pension | (394,067) |
| Add - deferred outflows related to pension | 401,852 |
| Add - deferred outflows related to charge on refunding | 62,070 |
| Deduct - accrued interest on bonds and installment notes | <u>(8,719)</u> |
| Net position of governmental activities | <u>\$ (1,190,478)</u> |

The accompanying notes are an integral part of these financial statements.

WALKERVILLE PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>General</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---|-------------------|-----------------------------|--|-------------------|
| Revenues | | | | |
| Local sources | \$ 752,338 | \$ 680 | \$ 214,349 | \$ 967,367 |
| State sources | 1,912,083 | - | 7,425 | 1,919,508 |
| Federal sources | 330,997 | - | 195,418 | 526,415 |
| Total revenues | <u>2,995,418</u> | <u>680</u> | <u>417,192</u> | <u>3,413,290</u> |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 1,613,132 | - | - | 1,613,132 |
| Support services | 1,269,084 | - | - | 1,269,084 |
| Community services | 3,342 | - | - | 3,342 |
| Payments to other governmental entities | 1,319 | - | - | 1,319 |
| Food service | - | - | 228,241 | 228,241 |
| Athletics | 69,067 | - | - | 69,067 |
| Debt service | | | | |
| Payment to escrow agent | - | - | 61,245 | 61,245 |
| Bond issuance costs | - | - | 32,755 | 32,755 |
| Principal | 59,709 | - | 160,000 | 219,709 |
| Interest | 25,653 | - | 29,603 | 55,256 |
| Total expenditures | <u>3,041,306</u> | <u>-</u> | <u>511,844</u> | <u>3,553,150</u> |
| Revenues over (under) expenditures | <u>(45,888)</u> | <u>680</u> | <u>(94,652)</u> | <u>(139,860)</u> |
| Other financing sources (uses) | | | | |
| Refunding bonds and installment note | 73,297 | - | 955,000 | 1,028,297 |
| Payment to escrow agent | - | - | (955,000) | (955,000) |
| Sale of capital assets | 1,656 | - | - | 1,656 |
| Transfers in | 15,000 | - | - | 15,000 |
| Transfers out | - | - | (15,000) | (15,000) |
| Total other financing sources (uses) | <u>89,953</u> | <u>-</u> | <u>(15,000)</u> | <u>74,953</u> |
| Net changes in fund balances | 44,065 | 680 | (109,652) | (64,907) |
| Fund balances, beginning of year | <u>382,287</u> | <u>247,046</u> | <u>215,459</u> | <u>844,792</u> |
| Fund balances, end of year | <u>\$ 426,352</u> | <u>\$ 247,726</u> | <u>\$ 105,807</u> | <u>\$ 779,885</u> |

The accompanying notes are an integral part of these financial statements.

WALKERVILLE PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2015

| | |
|--|--------------------|
| Net changes in fund balances - total governmental funds | \$ (64,907) |
|--|--------------------|

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

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

| | |
|-------------------------------|-----------|
| Add - capital outlay | 73,297 |
| Deduct - depreciation expense | (172,498) |

| | |
|--|--------|
| Contributed capital asset that was not recorded in the governmental funds. | 20,805 |
|--|--------|

Long-term debt proceeds provide current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

| | |
|---|-----------|
| Deduct - bonds issued | (955,000) |
| Deduct - installment note issued | (73,297) |
| Add - principal payments on bonds and installment notes payable | 1,214,709 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

| | |
|--|----------------|
| Deduct - decrease in deferred outflows related to pensions | 190,482 |
| Add - decrease in net pension liability | 226,678 |
| Deduct - decrease in deferred inflows related to pensions | (394,067) |
| Add - decrease in compensated absences | 754 |
| Add - decrease in accrued interest payable | 5,873 |
| Deduct - amortization of refunding loss | <u>(7,758)</u> |

| | |
|--|-------------------------|
| Change in net position of governmental activities | <u>\$ 65,071</u> |
|--|-------------------------|

The accompanying notes are an integral part of these financial statements.

WALKERVILLE PUBLIC SCHOOLS
FIDUCIARY FUND
STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2015

| | <u>Agency Fund</u> |
|--------------------------|-------------------------------|
| Assets | |
| Cash and investments | \$ <u>29,379</u> |
| Total assets | \$ <u><u>29,379</u></u> |
| Liabilities | |
| Due to student groups | \$ <u>29,379</u> |
| Total liabilities | \$ <u><u>29,379</u></u> |

The accompanying notes are an integral part of these financial statements.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Walkerville Public Schools, Walkerville, Michigan (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The District is located in the Counties of Oceana, Newaygo, and Mason. The District provides education and related services to approximately 290 students in grades kindergarten through 12th and preschool. The District is governed by a seven member School Board elected by District residents and is administered by a superintendent appointed by the School Board.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Walkerville Public Schools. There are no component units to be included. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported in total. The District has no business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Major governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the receipt and disbursement of bond proceeds and other funding sources that are utilized to make significant capital purchases.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Additionally, the District reports the following fund types:

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

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental funds.

The *Capital Projects Funds* account for the accumulation and disbursement of resources for the construction of capital projects.

The *Agency Fund* is used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments. The District maintains one agency fund.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund also uses the *accrual basis of accounting*, but does not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized when due.

All governmental funds are accounted for on a spending or "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available, spendable resources".

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of "available, spendable resources" during a period.

Budgets and Budgetary Accounting

Comparisons to budget are presented for General and Special Revenue Funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

1. Prior to June 1, the District Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue funds.
5. Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the District are governed by Michigan Law. The appropriation ordinances are based on the projected expenditures budget of the various functions of the District. Any amendment to the original budget must meet the requirements of Michigan Law. The District did amend its budget for the current fiscal year. Any revisions that alter the total expenditures of any activity must be approved by the School Board.

Cash and Investments

Michigan law and District policy authorizes the District to invest in:

- a. Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States, or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days' notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States or federal agency obligation repurchase agreements, and bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds that are composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

Due to and Due from Other Funds

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the food service fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time the inventory is consumed.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 10-45 |
| Furniture and equipment | 7-35 |
| Vehicles | 8 |

Unearned Revenue

Governmental funds report \$61,181 of *unearned revenue* at year-end in connection with grants received in advance of related expenditures being incurred. The balance of unearned revenues will be recorded as revenue in future years when related expenditures are incurred.

Long-Term Obligations

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has several items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The District also has items that qualify for reporting in this category relating to pension as described in Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category relating to pension as described in Note 6.

Compensated Absences

Liabilities related to vested sick pay are not recorded in the fund financial statements but are recorded in the statement of net position because they are not expected to be liquidated with expendable available financial resources.

State Aid Revenue

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by the State of Michigan School Aid Appropriation Act. State funding accounted for 64% of the general fund revenue for the year. A certain portion of State Aid received by the District is restricted to cover specified expenses of the District, including special education costs. The unrestricted portion is for use in the general operations of the District.

Property Taxes

The District levies its property taxes December 1 which are due by February 15. Taxes are collected and paid to the District by Townships within the District. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the District 100% for the delinquent real taxes. Collection of delinquent personal property taxes remains the responsibility of the Village or Townships. The District levied 18 mills for operations on non-homestead properties and 2.5 mills for debt service on both homestead and non-homestead.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and medical benefits to employees. The District carries commercial insurance for general liability, property and casualty, health claims, and workers compensation. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

Fund Equity

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the entities governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by management as authorized by the entities governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed by resolution of the District's Board.

The District Superintendent or his/her designee may assign fund balance as provided for by the Board.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. DEFICIT NET POSITION

At year-end the District reported a deficit net position of \$1,190,478.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that the District shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the activity level. The approved budgets of the District for these budgetary funds were adopted at the activity level. During the year ended June 30, 2015, the

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

District incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated.

| | <u>Budget</u> | <u>Actual</u> | <u>Negative Variance</u> |
|---|---------------|---------------|------------------------------|
| General Fund | | | |
| Pre-school | \$ 59,665 | \$ 63,429 | \$ (3,764) |
| Payments to other governmental entities | 750 | 1,319 | (569) |
| Interest expense | 23,525 | 25,653 | (2,128) |

4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

| | <u>Governmental Activities</u> | <u>Fiduciary Fund</u> | <u>Total</u> |
|----------------------|------------------------------------|---------------------------|--------------|
| Cash and investments | \$695,544 | \$29,379 | \$724,923 |

These deposits and investments are in one financial institution located in Michigan. All accounts are in the name of the District and a specific fund or common account. They are recorded in District records at fair value.

Investment and deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of year-end, \$118,832 of the District's bank balance of \$368,832 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the District does not have, a policy for investment custodial credit risk which is more restrictive than state law. Of the above cash and investments, \$361,126 was invested in overnight repurchase agreements which were uninsured, unregistered and held by the District's bank which is also the counterparty for these particular agreements.

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

| | <u>Balance July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2015</u> |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 76,874 | \$ - | \$ - | \$ 76,874 |
| Total capital assets, not being depreciated | 76,874 | - | - | 76,874 |
| Capital assets, being depreciated | | | | |
| Building and improvements | 4,642,885 | 73,297 | - | 4,716,182 |
| Furniture and equipment | 1,113,718 | 20,805 | - | 1,134,523 |
| Vehicles | 625,499 | - | 52,239 | 573,260 |
| Total capital assets, being depreciated | 6,382,102 | 94,102 | 52,239 | 6,423,965 |

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

| | Balance July 1, <u>2014</u> | <u>Additions</u> | <u>Deletions</u> | Balance June 30, <u>2015</u> |
|--|--|-------------------------|-------------------------|---|
| Less accumulated depreciation for | | | | |
| Building and improvements | 1,814,282 | 109,550 | - | 1,923,832 |
| Furniture and equipment | 732,213 | 30,239 | - | 762,452 |
| Vehicles | 409,798 | 32,709 | 52,239 | 390,268 |
| Total accumulated depreciation | 2,956,293 | 172,498 | 52,239 | 3,076,552 |
| Net capital assets, being depreciated | 3,425,809 | (78,396) | - | 3,347,413 |
| Governmental activities capital assets, net | \$3,502,683 | \$(78,396) | \$ - | \$3,424,287 |

Depreciation expense was charged to functions/programs as follows:

| | |
|---|------------------|
| Governmental activities | |
| Instruction | \$109,550 |
| Supporting services | 62,948 |
| | \$172,498 |
| Total depreciation expense - governmental activities | \$172,498 |

6. DEFINED BENEFIT PENSION PLAN

Defined Benefit Plan

Plan Description

The District contributes to the Michigan Public School Employees Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by state statute.

The Office of Retirement Systems (the "System") issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909.

Benefits Provided

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

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. 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.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (September 30, 2014):

| | |
|--|-----------------------|
| Active plan members | 210,777 |
| Inactive employees or beneficiaries currently receiving benefits | 204,512 |
| Inactive employees entitled but not yet receiving benefits | <u>16,979</u> |
| Total | <u><u>432,268</u></u> |

Member Contributions

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Their options are described in detail under Pension Reform 2012 beginning on page 23. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

Employer Contributions

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits. The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature.

Contributions

The majority of the members currently participate on a contributory basis, as described above. Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of the September 30, 2014 valuation will be amortized over a 22 year period for the 2014 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2014.

| Benefit Structure | Member | Employer |
|------------------------|----------|--------------|
| Basic | 0.0-4.0% | 18.34-19.61% |
| Member Investment Plan | 3.0-7.0 | 18.34-19.61 |
| Pension Plus | 3.0-6.4 | 18.11 |
| Defined Contribution | 0.00 | 15.44-16.61 |

Net Pension Liability

The plan's net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

MPSERS (Plan) Net Pension Liability—Non-University

As of September 30, 2014

| | |
|--|-------------------------|
| Total pension liability | \$65,160,887,182 |
| Plan fiduciary net position | 43,134,384,072 |
| Net pension liability | \$22,026,503,110 |
| | |
| Plan fiduciary net position as a percentage of total pension liability | 66.20% |
| Net pension liability as a percentage of covered-employee payroll | 250.11% |

Year 1 MPSERS GASB 68 implementation recognizes a 0.00% change in the reporting unit's proportionate share between beginning net pension liability and ending net pension liability.

MPSERS (Plan) Net Pension Liability—Non-University

As of October 1, 2013

| | |
|------------------------------|-------------------------|
| Total pension liability | \$62,859,499,994 |
| Plan fiduciary net position | 39,427,686,072 |
| Net pension liability | \$23,431,813,922 |

Proportionate Share of Reporting Unit's Net Pension Liability

At September 30, 2014, the Reporting Unit reported a liability of \$3,564,589 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013. The Reporting Unit's proportionate share of the net pension liability was based on statutorily required contributions in relation to all reporting units' statutorily required contributions for the measurement period. At September 30, 2014, the Reporting Unit's proportionate share percent was .01618 percent.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return *</u> |
|--------------------------------------|--------------------------|---|
| Domestic Equity Pools | 28.0% | 4.8% |
| Alternative Investment Pools | 18.0% | 8.5% |
| International Equity | 16.0% | 6.1% |
| Fixed Income Pools | 10.5% | 1.5% |
| Real Estate and Infrastructure Pools | 10.0% | 5.3% |
| Absolute Return Pools | 15.5% | 6.3% |
| Short Term Investment Pools | <u>2.0%</u> | (.2%) |
| | 100% | |

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

Rate of Return

For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 12.58%. 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 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

As required by GASB Statement No. 68, the following presents the reporting unit's proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the reporting unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

| 1% Decrease (Non-Hybrid/Hybrid) 7.0% / 6.0% | Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 8.0% / 7.0% | 1% Increase (Non-Hybrid/Hybrid) 9.0% / 8.0% |
|---|---|---|
| \$4,773,117 | \$3,564,589 | \$2,649,128 |

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed every year. If the actuarial valuation is not calculated as of the plan's fiscal year-end, the total pension liability is required to be rolled forward from the actuarial valuation date to the pension plan's fiscal year-end.

The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions

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

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions

| | | |
|-------------------------------------|--|--|
| Wage Inflation Rate: | 3.5% | |
| Investment Rate of Return | | |
| - MIP and Basic Plans (Non-Hybrid): | 8.0% | |
| - Pension Plus Plan (Hybrid): | 7.0% | |
| Projected Salary Increases: | 3.5 - 12.3%, including wage inflation at 3.5% | |
| Cost-of-Living Pension Adjustments: | 3% Annual Non-Compounded for MIP Members | |
| Healthcare Cost Trend Rate: | 8.5% 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. 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. | |

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, 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: 4.8457
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2014 MPSERS Comprehensive Annual Financial Report.

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

For the year ended June 30, 2015 the employer recognized pension expense of \$288,742. The District reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows Of <u>Resources</u> | Deferred Inflows Of <u>Resources</u> |
|--|--|---|
| Differences in experience | \$ - | \$ - |
| Differences in assumptions | 131,543 | - |
| Excess (deficit) investment returns | - | 394,067 |
| Change in proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date * | 270,309 | - |
| | 270,309 | - |
| Total | \$401,852 | \$394,067 |

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 2016.

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

| | |
|------------|-------------|
| 2016 | \$ (64,312) |
| 2017 | (64,312) |
| 2018 | (64,312) |
| 2019 | (69,588) |
| 2020 | - |
| Thereafter | - |
| | - |
| Total | \$(262,524) |

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Defined Contribution Plan Description

Public Act 75 of 2010 established the Pension Plus Plan which provides all individuals hired on or after July 1, 2010, with a combined Defined Benefit and Defined Contribution benefit structure. Any member of MPERS who became a member of MPERS on or after July 1, 2010 is a Pension Plus member.

Employees under the Pension Plus Plan are automatically enrolled in the defined contribution component of the plan with a default employee contribution rate of 2 percent of the employee's pay. Employees may increase their personal contribution up to the annual IRS limit or can elect out of contributing. The District is required to match 50 percent of the employee contribution up to 1 percent of the employee's pay. For the year ended June 30, 2015, District and employee contributions were \$7,277 and \$6,865, respectively.

Other Post-Employment Benefits

Retirees have the option of health coverage which is funded on a pay-as-you-go basis by the plan. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPERS with the balance deducted from the monthly pension. Pension recipients are eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage with the following exceptions:

1. Retirees not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums.
2. Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with vested deferred benefits, are eligible for partially employer paid health benefit coverage (no payment if less than 21 years of service).

7. DEBT

Short-term Debt

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2015:

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|---|-------------------------------------|------------------|------------------|--------------------------------------|
| Michigan Municipal Bond Authority note payable; due in seven monthly payments with final payment due in August 2015; interest payable at .43% | \$75,742 | \$500,000 | \$504,290 | \$71,452 |

Short term debt is issued for cash flow purposes.

The District directs payments on the notes payable to an irrevocable trust to provide resources to repay the state aid notes when they are due in fiscal year 2015. The resources held in trust are pooled with other districts participating in the state aid note program and invested in securities

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

guaranteed by the US Government. As a result, the liability in the amount of \$429,950 has been removed from the fund and government-wide financial statements.

Long-term Debt

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2015:

| | <u>Balance July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2015</u> | <u>Due Within One Year</u> |
|--|-------------------------------------|--------------------|--------------------|--------------------------------------|--|
| Governmental Activities | | | | | |
| \$695,000 Energy Conservation Improvement Bonds due in annual installments of \$20,000 to \$55,000 through 2024; interest payable at 4.20% to 4.85% | \$ 450,000 | \$ - | \$ 35,000 | \$ 415,000 | \$ 35,000 |
| \$1,680,000 General Obligation Refunding Bonds; due in annual installments of \$10,000 to \$140,000 through 2024; interest payable at 3.00% to 4.30% | 1,200,000 | - | 1,095,000 | 105,000 | 105,000 |
| \$955,000 General Obligation Refunding Bonds; due in annual installments of \$105,000 to \$130,000 through 2024; interest payable at 2% | - | 955,000 | - | 955,000 | - |
| \$73,297 Boiler installment purchase; due in annual installments of \$7,330 through 2024, interest payable at 1.8%. | - | 73,297 | 7,330 | 65,967 | 7,330 |
| \$380,000. School Bus Bonds due in annual installments of \$60,000 to \$65,000 through 2020, interest payable at 1.45 to 2.55%. | 380,000 | - | 60,000 | 320,000 | 60,000 |
| \$70,000 Bus installment purchase; due in semi-annual installments of \$8,750 through 2014; interest payable at 2.50% | 10,222 | - | 10,222 | - | - |
| \$21,470 Bus installment purchase; due in semi-annual installments of \$7,157 plus interest at 1.05% | 14,313 | - | 7,157 | 7,156 | 7,156 |
| | 2,054,535 | 1,028,297 | 1,214,709 | 1,868,123 | 214,486 |
| Unamortized refunding loss | (69,828) | - | (7,758) | (62,070) | - |
| Compensated absences | 23,828 | - | 754 | 23,074 | - |
| Total long-term debt | \$2,008,535 | \$1,028,297 | \$1,207,705 | \$1,829,127 | \$214,486 |

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

The annual requirements to amortize all debt outstanding (excluding unamortized refunding loss and compensated absences) as of June 30, 2015 are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|--------------|--------------------|------------------|
| 2016 | \$ 214,486 | \$ 48,070 |
| 2017 | 217,330 | 42,152 |
| 2018 | 222,330 | 37,012 |
| 2019 | 232,330 | 31,571 |
| 2020 | 232,330 | 55,619 |
| 2021-2025 | 749,317 | 47,377 |
| Total | \$1,868,123 | \$261,801 |

Compensated absences are expected to be liquidated with general fund resources.

During fiscal 2015, the District issued \$955,000 of General Obligation Unlimited Tax refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for debt service. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advance refunding was undertaken to reduce total debt service payments by \$149,560, which resulted in an economic gain of \$95,575.

8. INTERFUND TRANSACTIONS

Interfund receivables and payables are utilized to facilitate temporary cash flow needs for other funds. Amounts due to and from other funds at year-end are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | | | <u>Total</u> |
|------------------------|---------------------|-------------------------|-----------------------|-----------------|
| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Nonmajor Funds</u> | |
| General fund | \$ - | \$24,142 | \$ - | \$24,142 |
| Nonmajor funds | 55,632 | - | 100 | 55,732 |
| Total | \$55,632 | \$24,142 | \$100 | \$79,874 |

Transfers were used to move revenues from the General fund to the Food Service fund totaling \$15,000 for indirect costs.

9. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the District.

WALKERVILLE PUBLIC SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

10. PRIOR PERIOD ADJUSTMENT

Beginning net position of the District was decreased by \$3,791,267 to record the net pension liability in accordance with the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Beginning net position of the District was increased by \$211,370 to record deferred outflows in accordance with the implementation of Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

11. SUBSEQUENT EVENT

Subsequent to year-end the District issued \$500,000 of school aid notes for cash flow purposes.

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REQUIRED SUPPLEMENTARY INFORMATION

WALKERVILLE PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|---|-----------------------|-------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | \$ 694,130 | \$ 756,995 | \$ 752,338 | \$ (4,657) |
| State sources | 1,747,712 | 1,933,254 | 1,912,083 | (21,171) |
| Federal sources | <u>254,993</u> | <u>406,216</u> | <u>330,997</u> | <u>(75,219)</u> |
| Total revenues | <u>2,696,835</u> | <u>3,096,465</u> | <u>2,995,418</u> | <u>(101,047)</u> |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 1,458,559 | 1,677,644 | 1,613,132 | 64,512 |
| Support services | 1,171,591 | 1,355,086 | 1,269,084 | 86,002 |
| Community services | 10,275 | 7,851 | 3,342 | 4,509 |
| Athletics | 53,290 | 69,075 | 69,067 | 8 |
| Payments to other governmental entities | 500 | 750 | 1,319 | (569) |
| Debt service | | | | |
| Principal | 81,400 | 62,400 | 59,709 | 2,691 |
| Interest expense | <u>-</u> | <u>23,525</u> | <u>25,653</u> | <u>(2,128)</u> |
| Total expenditures | <u>2,775,615</u> | <u>3,196,331</u> | <u>3,041,306</u> | <u>155,025</u> |
| Revenues over (under) expenditures | <u>(78,780)</u> | <u>(99,866)</u> | <u>(45,888)</u> | <u>53,978</u> |
| Other financing sources (uses) | | | | |
| Issuance of note payable | - | 73,297 | 73,297 | - |
| Sale of capital assets | - | 1,700 | 1,656 | (44) |
| Transfers in | <u>-</u> | <u>15,000</u> | <u>15,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>89,997</u> | <u>89,953</u> | <u>(44)</u> |
| Net changes in fund balance | (78,780) | (9,869) | 44,065 | 53,934 |
| Fund balance, beginning of year | <u>382,287</u> | <u>382,287</u> | <u>382,287</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 303,507</u> | <u>\$ 372,418</u> | <u>\$ 426,352</u> | <u>\$ 53,934</u> |

WALKERVILLE PUBLIC SCHOOLS

DEFINED BENEFIT PENSION PLAN SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>2014</u> |
|---|--------------|
| District's proportion of the net pension liability (asset) | 0.01618% |
| District's proportionate share of the net pension liability (asset) | \$ 3,564,589 |
| Covered employee payroll | 1,434,840 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 248.43% |
| Plan fiduciary net position as a percentage of total pension liability | 66.20% |

Notes to schedule:

Above dates are based on measurement date, which may not necessarily tie to the fiscal year.

WALKERVILLE PUBLIC SCHOOLS
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>2015</u> |
|--|----------------|
| Actuarial determined contributions | \$ 474,039 |
| Contributions in relation to the actuarially determined contribution | <u>474,039</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered employee payroll | \$ 9,590,248 |
| Contributions as a percentage of covered employee payroll | 4.9% |

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

WALKERVILLE PUBLIC SCHOOLS

GENERAL FUND SCHEDULE OF REVENUES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|-----------------------------------|-----------------------|---------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 498,450 | \$ 543,000 | \$ 542,869 | \$ (131) |
| Library penal fines | 12,000 | 12,000 | 11,547 | (453) |
| National Forest | 35,000 | 35,000 | 22,850 | (12,150) |
| Interest | 2,500 | 2,500 | 721 | (1,779) |
| Athletic events | 8,180 | 6,780 | 6,107 | (673) |
| Rents | - | 2,500 | 2,500 | - |
| Other | <u>138,000</u> | <u>155,215</u> | <u>165,744</u> | <u>10,529</u> |
| Total local sources | <u>694,130</u> | <u>756,995</u> | <u>752,338</u> | <u>(4,657)</u> |
| State sources | | | | |
| Foundation allowance | 1,399,000 | 1,492,900 | 1,492,944 | 44 |
| MPSERS | 74,175 | 128,400 | 128,534 | 134 |
| Special education | 46,610 | 38,100 | 38,181 | 81 |
| At risk | 119,000 | 115,416 | 88,362 | (27,054) |
| Michigan school readiness program | - | 74,963 | 78,053 | 3,090 |
| Renaissance zone | 92,380 | 46,100 | 46,090 | (10) |
| Best practice incentive | 8,427 | 14,300 | 14,789 | 489 |
| Other | <u>8,120</u> | <u>23,075</u> | <u>25,130</u> | <u>2,055</u> |
| Total state sources | <u>1,747,712</u> | <u>1,933,254</u> | <u>1,912,083</u> | <u>(21,171)</u> |
| Federal sources | | | | |
| Title I | 142,449 | 181,749 | 161,321 | (20,428) |
| Title II | 25,019 | 29,150 | 25,122 | (4,028) |
| Title III | - | - | 3,562 | 3,562 |
| Migrant education | 76,525 | 189,253 | 136,271 | (52,982) |
| Other | <u>11,000</u> | <u>6,064</u> | <u>4,721</u> | <u>(1,343)</u> |
| Total federal sources | <u>254,993</u> | <u>406,216</u> | <u>330,997</u> | <u>(75,219)</u> |
| Total Revenues | <u>\$ 2,696,835</u> | <u>\$ 3,096,465</u> | <u>\$ 2,995,418</u> | <u>\$ (101,047)</u> |

WALKERVILLE PUBLIC SCHOOLS

GENERAL FUND SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

| Expenditures | Budget Amounts | | Actual Amount | Variance Positive (Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Current | | | | |
| Instruction | | | | |
| Elementary | \$ 514,750 | \$ 543,750 | \$ 543,702 | \$ 48 |
| High school | 304,960 | 277,692 | 277,685 | 7 |
| Middle school | 226,205 | 268,425 | 268,383 | 42 |
| Pre-school | - | 59,665 | 63,429 | (3,764) |
| Special education | 151,875 | 137,200 | 136,428 | 772 |
| Compensatory education | 260,769 | 390,912 | 323,505 | 67,407 |
| Total instruction | 1,458,559 | 1,677,644 | 1,613,132 | 64,512 |
| Support services | | | | |
| Guidance services | 76,685 | 91,784 | 80,285 | 11,499 |
| Improvement of instruction | 27,049 | 35,522 | 32,464 | 3,058 |
| Educational media services | 17,300 | 21,160 | 20,567 | 593 |
| Supervision/director of instruction | 25,490 | 39,963 | 28,295 | 11,668 |
| Student Assessment | - | 3,350 | 1,666 | 1,684 |
| Board of Education | 36,350 | 39,850 | 35,376 | 4,474 |
| Executive administration | 102,125 | 105,550 | 105,352 | 198 |
| Principal | 184,106 | 193,260 | 192,705 | 555 |
| Fiscal services | 64,540 | 62,890 | 62,796 | 94 |
| Other business services | 16,600 | 26,600 | 20,181 | 6,419 |
| Operations and maintenance | 310,950 | 422,868 | 405,821 | 17,047 |
| Security | 16,200 | 1,200 | 1,130 | 70 |
| Transportation | 198,051 | 217,140 | 194,382 | 22,758 |
| Information management | 96,145 | 93,949 | 88,064 | 5,885 |
| Total support services | 1,171,591 | 1,355,086 | 1,269,084 | 86,002 |
| Community services | 10,275 | 7,851 | 3,342 | 4,509 |
| Athletics | 53,290 | 69,075 | 69,067 | 8 |
| Payments to other governmental entities | 500 | 750 | 1,319 | (569) |
| Debt service | | | | |
| Principal | 81,400 | 62,400 | 59,709 | 2,691 |
| Interest expense | - | 23,525 | 25,653 | (2,128) |
| Total expenditures | \$ 2,775,615 | \$ 3,196,331 | \$ 3,041,306 | \$ 155,025 |

WALKERVILLE PUBLIC SCHOOLS

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

| | Special | Debt Service | | | Capital | Total |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|
| | Revenue | Energy | 2005/2014 | Debt | Projects | |
| | Food | Conservation | Refunding | Service | Public | |
| | Service | Bonds | Bonds | | Improvement | |
| Assets | | | | | | |
| Cash and investments | \$ - | \$ 12,291 | \$ 13,766 | \$ 12,106 | \$ - | \$ 38,163 |
| Accounts receivable | 487 | - | - | - | - | 487 |
| Due from other funds | 28,194 | - | 16,592 | - | 10,946 | 55,732 |
| Due from other governments | 6,913 | - | - | - | - | 6,913 |
| Inventory | 5,507 | - | - | - | - | 5,507 |
| Total Assets | <u>\$ 41,101</u> | <u>\$ 12,291</u> | <u>\$ 30,358</u> | <u>\$ 12,106</u> | <u>\$ 10,946</u> | <u>\$ 106,802</u> |
| Liabilities and fund balance | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 895 | \$ - | \$ - | \$ - | \$ - | \$ 895 |
| Due to other funds | - | - | - | 100 | - | 100 |
| Total Liabilities | <u>895</u> | <u>-</u> | <u>-</u> | <u>100</u> | <u>-</u> | <u>995</u> |
| Fund balances | | | | | | |
| Non-spendable | | | | | | |
| Inventory | 5,507 | - | - | - | - | 5,507 |
| Restricted | | | | | | |
| Food service | 34,699 | - | - | - | - | 34,699 |
| Debt service | - | - | 30,358 | 12,006 | - | 42,364 |
| Committed | | | | | | |
| Capital projects | - | - | - | - | 10,946 | 10,946 |
| Debt service | - | 12,291 | - | - | - | 12,291 |
| Total fund balance | <u>40,206</u> | <u>12,291</u> | <u>30,358</u> | <u>12,006</u> | <u>10,946</u> | <u>105,807</u> |
| Total liabilities and fund balances | <u>\$ 41,101</u> | <u>\$ 12,291</u> | <u>\$ 30,358</u> | <u>\$ 12,106</u> | <u>\$ 10,946</u> | <u>\$ 106,802</u> |

WALKERVILLE PUBLIC SCHOOLS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Special Revenue</u> | <u>Debt Service</u> | | | <u>Capital Projects</u> | <u>Total</u> |
|---|----------------------------|--|--|-------------------------|-------------------------------|-------------------|
| | <u>Food Service</u> | <u>Energy Conservation Bonds</u> | <u>2005/2014 Refunding Bonds</u> | <u>Debt Service</u> | <u>Public Improvement</u> | |
| Revenues | | | | | | |
| Local sources | \$ 32,592 | \$ 23,552 | \$ 82,411 | \$ 75,794 | \$ - | \$ 214,349 |
| State sources | 7,425 | - | - | - | - | 7,425 |
| Federal sources | 195,418 | - | - | - | - | 195,418 |
| Total revenues | <u>235,435</u> | <u>23,552</u> | <u>82,411</u> | <u>75,794</u> | <u>-</u> | <u>417,192</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Food service | 228,241 | - | - | - | - | 228,241 |
| Debt service | | | | | | |
| Payment to escrow agent | - | - | 61,245 | - | - | 61,245 |
| Bond issuance costs | - | - | 32,755 | - | - | 32,755 |
| Principal | - | - | 100,000 | 60,000 | - | 160,000 |
| Interest | - | 11,261 | 9,233 | 9,109 | - | 29,603 |
| Total expenditures | <u>228,241</u> | <u>11,261</u> | <u>203,233</u> | <u>69,109</u> | <u>-</u> | <u>511,844</u> |
| Revenues over (under) expenditures | <u>7,194</u> | <u>12,291</u> | <u>(120,822)</u> | <u>6,685</u> | <u>-</u> | <u>(94,652)</u> |
| Other financing sources (uses) | | | | | | |
| Bond issuance | - | - | 955,000 | - | - | 955,000 |
| Payment to escrow agent | - | - | (955,000) | - | - | (955,000) |
| Transfers out | (15,000) | - | - | - | - | (15,000) |
| Total other financing sources (uses) | <u>(15,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15,000)</u> |
| Net changes in fund balances | (7,806) | 12,291 | (120,822) | 6,685 | - | (109,652) |
| Fund balances, beginning of year | <u>48,012</u> | <u>-</u> | <u>151,180</u> | <u>5,321</u> | <u>10,946</u> | <u>215,459</u> |
| Fund balances, end of year | <u>\$ 40,206</u> | <u>\$ 12,291</u> | <u>\$ 30,358</u> | <u>\$ 12,006</u> | <u>\$ 10,946</u> | <u>\$ 105,807</u> |

WALKERVILLE PUBLIC SCHOOLS

FOOD SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local sources | \$ 29,000 | \$ 32,000 | \$ 32,592 | \$ 592 |
| State sources | 5,800 | 7,425 | 7,425 | - |
| Federal sources | <u>178,200</u> | <u>194,700</u> | <u>195,418</u> | <u>718</u> |
| Total revenues | <u>213,000</u> | <u>234,125</u> | <u>235,435</u> | <u>1,310</u> |
| Expenditures | | | | |
| Current | | | | |
| Salaries | 58,550 | 60,500 | 59,138 | 1,362 |
| Fringe benefits | 40,130 | 44,210 | 44,994 | (784) |
| Supplies | 8,300 | 3,640 | 2,745 | 895 |
| Food supplies | 109,700 | 124,275 | 121,364 | 2,911 |
| Contracted services | <u>1,500</u> | <u>1,500</u> | <u>-</u> | <u>1,500</u> |
| Total expenditures | <u>218,180</u> | <u>234,125</u> | <u>228,241</u> | <u>5,884</u> |
| Revenues over (under) expenditures | (5,180) | - | 7,194 | 7,194 |
| Other financing sources | | | | |
| Transfer out | <u>-</u> | <u>(15,000)</u> | <u>(15,000)</u> | <u>-</u> |
| Net changes in fund balance | (5,180) | (15,000) | (7,806) | 7,194 |
| Fund balance, beginning of year | <u>48,012</u> | <u>48,012</u> | <u>48,012</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 42,832</u> | <u>\$ 33,012</u> | <u>\$ 40,206</u> | <u>\$ 7,194</u> |

WALKERVILLE PUBLIC SCHOOLS

AGENCY FUND DETAILED SCHEDULE OF ASSETS AND LIABILITIES

JUNE 30, 2015

| | | |
|--------------------------|----|---------------|
| Assets | | |
| Cash and investments | \$ | <u>29,379</u> |
| Liabilities | | |
| Due to student groups | | |
| Band | \$ | 4,613 |
| Basketball | | 973 |
| Box tops | | 3,101 |
| Class of 2015 | | 259 |
| Class of 2016 | | 1,212 |
| Class of 2017 | | 3,188 |
| Class of 2018 | | 288 |
| Class of 2019 | | 287 |
| Cross country | | 3,257 |
| Elm lockers | | 3,984 |
| Miscellaneous | | (286) |
| National honor society | | 916 |
| Library | | 1,299 |
| Boosters | | 89 |
| Scholarship fund | | 2,574 |
| Recreation group | | 2,249 |
| Student council | | <u>1,376</u> |
| Total liabilities | \$ | <u>29,379</u> |

SINGLE AUDIT SECTION



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

October 28, 2015

Members of the Board of Education
Walkerville Public Schools
Walkerville, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Walkerville Public Schools, Walkerville, Michigan (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Specializing in services to governmental and nonprofit entities

Purpose of this Report

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

Ordenold Haefner LLC



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

October 28, 2015

Members of the Board of Education
Walkerville Public Schools
Walkerville, Michigan

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Uredewald Haefner LLC

WALKERVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Grant Number | Approved Grant Award Amount | Accrued (Deferred) Revenue July 1, 2014 | Cash Received | Expenditures | | Accrued (Deferred) Revenue June 30, 2015 |
|---|---------------------------|-----------------|--------------------------------------|--|------------------|------------------------------|-----------------------------|---|
| | | | | | | (Memo Only) Prior Year(s) | Year Ended June 30, 2015 | |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | |
| Title I, Part A | 84.010 | 141530 1314 | \$ 155,855 | \$ 48,093 | \$ 48,559 | \$ 126,093 | \$ 466 | \$ - |
| Title I, Part A | 84.010 | 151530 1415 | 181,749 | - | 114,423 | - | 160,855 | 46,432 |
| Total | | | 337,604 | 48,093 | 162,982 | 126,093 | 161,321 | 46,432 |
| | | | | | | | | |
| Migrant Education - School Year Migrant | 84.011 | 141890 1314 | 74,977 | 23,380 | 23,380 | 74,977 | - | - |
| Migrant Education - Summer Migrant Education | 84.011 | 141830 1314 | 61,775 | 22,295 | 61,775 | 22,295 | 39,480 | - |
| Migrant Education - School Year Migrant | 84.011 | 151890 1415 | 85,554 | - | 40,605 | - | 76,759 | 36,154 |
| Migrant Education - Summer Migrant Education | 84.011 | 151830 1415 | 64,219 | - | - | - | 20,032 | 20,032 |
| Total | | | 286,525 | 45,675 | 125,760 | 97,272 | 136,271 | 56,186 |
| | | | | | | | | |
| Improving Teacher Quality | 84.367 | 150520 1415 | 29,150 | - | 24,079 | - | 25,121 | 1,042 |
| Total passed through Michigan Department of Education | | | 653,279 | 93,768 | 312,821 | 223,365 | 322,713 | 103,660 |
| | | | | | | | | |
| Passed through Shelby Public Schools | | | | | | | | |
| English Language Acquisition | 84.365 | 140580 1314 | 3,868 | 3,868 | 3,868 | - | - | - |
| English Language Acquisition | 84.365 | 150580 1415 | 3,562 | - | - | - | 3,562 | 3,562 |
| Total | | | 7,430 | 3,868 | 3,868 | - | 3,562 | 3,562 |
| | | | | | | | | |
| Direct funding | | | | | | | | |
| Rural Education Achievement Program | 84.358 | S358A122348 | 11,028 | 1,943 | 1,943 | - | - | - |
| Rural Education Achievement Program | 84.358 | S358A132348 | 8,419 | 6,619 | 8,419 | 6,619 | 1,800 | - |
| Rural Education Achievement Program | 84.358 | S358A142348 | 6,064 | - | 2,921 | - | 2,921 | - |
| Total direct funding | | | 25,511 | 8,562 | 13,283 | 6,619 | 4,721 | - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 686,220 | 106,198 | 329,972 | 229,984 | 330,996 | 107,222 |

WALKERVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Grant Number | Approved Grant Award Amount | Accrued (Deferred) Revenue July 1, 2014 | Cash Received | Expenditures | | Accrued (Deferred) Revenue June 30, 2015 |
|---|---------------------------|-----------------|--------------------------------------|--|------------------|------------------------------|-----------------------------|---|
| | | | | | | (Memo Only) Prior Year(s) | Year Ended June 30, 2015 | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | |
| Nutrition Cluster | | | | | | | | |
| Non-Cash Assistance (USDA Commodities) | | | | | | | | |
| Entitlement Commodities | 10.555 | | \$ 8,961 | \$ - | \$ 8,961 | \$ - | \$ 8,961 | \$ - |
| Cash Assistance | | | | | | | | |
| Summer Food Service Program | 10.559 | 140900 914 | 4,094 | 4,094 | 4,094 | - | - | - |
| Summer Food Service Program | 10.559 | 141900 914 | 420 | 420 | 420 | - | - | - |
| Summer Food Service Program | 10.559 | 140900 1014 | 9,843 | - | 9,843 | - | 9,843 | - |
| Summer Food Service Program | 10.559 | 141900 1014 | 1,011 | - | 1,011 | - | 1,011 | - |
| Summer Food Service Program | 10.559 | N/A | 5,731 | - | - | - | 5,731 | 5,731 |
| Total | | | 21,099 | 4,514 | 15,368 | - | 16,585 | 5,731 |
| National School Breakfast Program | | | | | | | | |
| Breakfast | 10.553 | 151970 | 50,113 | - | 50,113 | - | 50,113 | - |
| Breakfast | 10.553 | 141970 | 8,090 | - | 8,090 | - | 8,090 | - |
| Total | | | 58,203 | - | 58,203 | - | 58,203 | - |
| National School Lunch Program | | | | | | | | |
| Lunch | 10.555 | 151960 | 95,577 | - | 95,577 | - | 95,577 | - |
| Lunch | 10.555 | 141960 | 14,912 | - | 14,912 | - | 14,912 | - |
| Total | | | 110,489 | - | 110,489 | - | 110,489 | - |
| Total Cash Assistance | | | 189,791 | 4,514 | 184,060 | - | 185,277 | 5,731 |
| Total Nutrition Cluster | | | 198,752 | 4,514 | 193,021 | - | 194,238 | 5,731 |
| Child and Adult Care Food Program | 10.558 | 141920 | 138 | - | 138 | - | 138 | - |
| Child and Adult Care Food Program | 10.558 | 151920 | 1,043 | - | 1,043 | - | 1,043 | - |
| Total | | | 1,181 | - | 1,181 | - | 1,181 | - |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 199,933 | 4,514 | 194,202 | - | 195,419 | 5,731 |

WALKERVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Grant Number | Approved Grant Award Amount | Accrued (Deferred) Revenue July 1, 2014 | Cash Received | Expenditures | | Accrued (Deferred) Revenue June 30, 2015 |
|---|---------------------------|-----------------|--------------------------------------|--|------------------|------------------------------|-----------------------------|---|
| | | | | | | (Memo Only) Prior Year(s) | Year Ended June 30, 2015 | |
| Total Federal Financial Assistance | | | \$ 886,153 | \$ 110,712 | \$ 524,174 | \$ 229,984 | \$ 526,415 | \$ 112,953 |

Notes to Schedule of Expenditures of Federal Awards

1. This schedule is presented on the accrual basis of accounting.
2. Expenditures in this schedule are in agreement with amounts reported in the financial statements.
3. The amounts reported on the Recipient Entitlement Balance Report agree with this schedule for USDA donated food commodities.
4. The amounts reported on the Grant Section Auditor Report reconcile with this schedule.

WALKERVILLE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

| | | |
|---|------------|----------------------------|
| Type of auditors' report issued | Unmodified | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____ yes | <u> X </u> no |
| Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported |
| Noncompliance material to financial statements noted? | _____ yes | <u> X </u> no |

Federal Awards

| | | |
|--|------------|----------------------------|
| Internal control over major programs: | | |
| Material weakness(es) identified? | _____ yes | <u> X </u> no |
| Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported |
| Type of auditors' report issued on compliance for major programs | Unmodified | |
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | _____ yes | <u> X </u> no |

Identification of major programs:

| | |
|------------------------|---|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
| 10.553, 10.555, 10.559 | Nutrition Cluster |

| | |
|---|--------------------------------|
| Dollar threshold used to distinguish between Type A and B programs: | <u> \$300,000 </u> |
| Auditee qualified as low-risk auditee? | <u> X </u> yes _____ no |

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted