

# **West Bloomfield School District**

---

**Financial Report  
with Supplemental Information  
June 30, 2016**

# West Bloomfield School District

---

## Contents

<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-12
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenue, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18-19
Fiduciary Funds - Statement of Fiduciary Net Position	20
Notes to Financial Statements	21-41
<b>Required Supplemental Information</b>	42
Budgetary Comparison Schedule - General Fund	43
Schedule of West Bloomfield School District's Proportionate Share of the Net Pension Liability - Michigan Public School Employees' Retirement System Determined as of the Plan Year Ended September 30, 2015	42
Schedule of West Bloomfield School District's Contributions - Michigan Public School Employees' Retirement System Determined as of the Year Ended June 30, 2016	43
Note to Required Supplemental Information	46
<b>Other Supplemental Information</b>	47
Nonmajor Governmental Funds:	
Combining Balance Sheet	48-49
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	50-51
Schedule of Bonded Indebtedness	52-53
<b>Federal Awards Supplemental Information</b>	Issued Under Separate Cover

## Independent Auditor's Report

To the Board of Education  
West Bloomfield School District

### **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 West Bloomfield School District as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise West Bloomfield School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

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 West Bloomfield School District as of June 30, 2016 and the respective changes in its financial position and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education  
West Bloomfield School District

### ***Required Supplemental Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Bloomfield School District's basic financial statements. The nonmajor governmental funds combining balance sheet and combining statement of revenue, expenditures, and changes in fund balances, the schedule of bonded indebtedness, and detail of bonded debt are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The nonmajor governmental funds combining balance sheet and combining statement of revenue, expenditures, and changes in fund balances, and the schedule of bonded indebtedness 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 nonmajor governmental funds combining balance sheet and combining statement of revenue, expenditures, and changes in fund balances, and the schedule of bonded indebtedness are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education  
West Bloomfield School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2016 on our consideration of West Bloomfield School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Bloomfield School District's internal control over financial reporting and compliance.

*Plante & Morse, PLLC*

September 27, 2016

# West Bloomfield School District

## Management's Discussion and Analysis

This section of West Bloomfield School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2016. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund, the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

These financial statements contain the following elements:

Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)

### Basic Financial Statements

Government-wide Financial Statements      Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

*Budgetary Information for Major Funds*

*Proportionate Share of the Net Pension Liability*

*Contributions MPERS Determined as of the Year Ended June 30, 2016*

Other Supplemental Information

# **West Bloomfield School District**

## **Management's Discussion and Analysis (Continued)**

### ***Reporting the School District as a Whole - Government-wide Financial Statements***

One of the most important questions asked about West Bloomfield School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. The statements were prepared to include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or expenses paid. These two statements report the School District's net position - the difference between assets, deferred outflows of resources, and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the specified goal of the School District is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors (such as the quality of the education provided, test scores, favorable class size, percentage of students who go on to college, and the safety of the schools) to assess the overall health of West Bloomfield School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

### ***Reporting the School District's Most Significant Funds - Fund Financial Statements***

West Bloomfield School District's fund financial statements provide detailed information concerning the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (such as the Cafeteria, Special Education Center Program, and Community Education Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other funds (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

# West Bloomfield School District

## Management's Discussion and Analysis (Continued)

**Governmental Funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. A reconciliation is also provided to help readers understand the differences between the accounting methods used to report results for the governmental activities (reported in the statement of net position and the statement of activities) and governmental funds (fund level statements).

### ***The School District as Trustee - Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### ***The School District as a Whole***

#### **Summary of Net Position**

The statement of net position provides the perspective of West Bloomfield School District as a whole. Table I provides a summary of the School District's net position as of June 30, 2016 and 2015 as follows:

Table I

	Governmental Activities	
	June 30	
	2016	2015
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 16.1	\$ 14.9
Capital assets	114.2	116.9
Total assets	130.3	131.8
<b>Deferred Outflows of Resources</b>	10.5	6.0
Total assets and deferred outflow of resources	140.8	137.8

# West Bloomfield School District

## Management's Discussion and Analysis (Continued)

Table I (continued)

	Governmental Activities	
	June 30	
	2016	2015
	(in millions)	
<b>Liabilities</b>		
Current liabilities	\$ 9.5	\$ 23.5
Long-term liabilities	59.1	58.9
Net pension liability	93.3	89.3
Total liabilities	161.9	171.7
<b>Deferred Inflow of Resources</b>	7.2	6.6
Total liabilities and deferred inflow of resources	169.1	178.3
<b>Net Position</b>		
Net investment in capital assets	57.9	50.3
Restricted	0.7	1.0
Unrestricted	(86.9)	(91.8)
Total net position	<u>\$ (28.3)</u>	<u>\$ (40.5)</u>

The above analysis focuses on the net position (see Table I). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was (\$28.3 million) at June 30, 2016. Net investment in capital assets, totaling \$57.9 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, totaling (\$86.9 million), was unrestricted.

As required by the Government Accounting Standards Board (GASB), the School District adopted GASB Statement Nos. 68 and 71. These standards required the inclusion of the School District's proportionate share of the Michigan Public School Employees' Retirement Plan within the School District's financial statements, effective on July 1, 2014. All governments participating in the retirement plan were required to adopt these new standards.

# West Bloomfield School District

## Management's Discussion and Analysis (Continued)

The (\$86.9 million) balance in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year, as will changes in the School District's share of the pension obligation.

### Summary of Activities

The results of this year's operations for West Bloomfield School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years ended June 30, 2016 and 2015 as follows:

Table 2

	Governmental Activities	
	2016	2015
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 3.1	\$ 3.2
Operating grants and contributions	11.0	13.7
General revenue:		
Property taxes	26.1	26.5
State foundation allowance	38.9	39.4
Other	1.9	-
Total revenue	<u>81.0</u>	<u>82.8</u>
<b>Functions/Program Expenses</b>		
Instruction	39.0	43.1
Support services	22.3	23.9
Athletics	1.1	1.1
Food services	1.6	1.9
Community services	1.9	2.1
Interest on long-term debt	2.5	2.8
Other	0.4	0.2
Total functions/program expenses	<u>68.8</u>	<u>75.1</u>
<b>Increase in Net Position</b>	12.2	7.7
<b>Net Position - Beginning of year</b>	<u>(40.5)</u>	<u>(48.2)</u>
<b>Net Position - End of year</b>	<u>\$ (28.3)</u>	<u>\$ (40.5)</u>

# **West Bloomfield School District**

## **Management's Discussion and Analysis (Continued)**

As reported in the statement of activities, the cost of all of our governmental activities this year was \$68.8 million. Certain activities were partially funded from those who benefited from the programs (\$3.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11.0 million). We paid for the remaining "public benefit" portion of our governmental activities with \$26.1 million in taxes, \$38.9 million in state foundation allowance, and \$1.9 million with our other revenue, such as interest and general entitlements. The School District experienced an increase in net position of \$12.2 million.

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

### **The School District's Funds**

As we noted earlier, West Bloomfield School District uses funds to help it control and manage money for particular purposes. This fund-by-fund breakdown of revenue and expenditures (and related assets and liabilities) helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$7 million, which is an increase of \$4.2 million from last year. The primary reason for the increase in combined fund balance is an increase in the General Fund balance of \$4.6 million, which is discussed in more detail below. Also notable is a decrease in the Building and Site Sinking Fund balance of \$.3 million due to spending more for budgeted projects than in the previous year (the Sinking Fund provides flexibility in amounts expended each year). The Capital Projects Fund balance decreased by \$156,000 due to the continued expenditure of the remaining funds from the 2011 bond (see capital asset section below for further information). Additional details regarding significant changes by fund are as follows:

In the General Fund, our principal operating fund, the fund balance increased approximately \$4.6 million to a balance of \$5.6 million because operating revenue exceeded operating expenditures by approximately \$2 million. The primary source of revenue for the General Fund is the School District's foundation allowance, which was \$8,796 per funded pupil full time equivalents (FTE) for the fiscal year ended June 30, 2016. The funded pupil FTE count experienced an increase of 70 FTEs compared to the previous year, the School District had budgeted for an operating surplus; therefore, the increase in fund balance was expected.

In the Special Revenue Funds, the fund balance increased approximately \$39,000. The change is mainly due to the excess of revenue over expenditures in the Cafeteria Fund of \$39,000. The School District outsources the Cafeteria Fund (noninstructional support service) function to Aramark Education, LLC and the fund is budgeted to return a nominal operating surplus again next year.

# West Bloomfield School District

## Management's Discussion and Analysis (Continued)

In the Debt Service Funds, the fund balance decreased approximately \$2,000 to \$1.03 million. The debt service millage rate remains at the same levy of 7.5 mills for 2016-2017, which is projected to provide sufficient revenue in order to meet annual debt service fund expenditure obligations and maintain an adequate fund balance.

### General Fund Budgetary Highlights

Over the course of the year, West Bloomfield School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The budget was amended in February 2016 and final amendments to the budget were adopted by the board in June 2016. Amendments reflected changes due to enrollment, state and federal grants, changes in staffing levels, and collective bargaining agreement settlements. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information in these financial statements.

There were revisions made to the 2015-2016 General Fund original budget. Budgeted revenue was increased by approximately \$1.7 million due to adjustments in local, state, federal, and interdistrict sources of revenue. Final budgeted expenditures were increased by approximately \$1 million to reflect changes in staffing levels, contractual personnel costs, and expenditures for supplies, contracted services, and other School District needs.

The final amended budget and actual amounts at June 30, 2016 depict an unfavorable variance for revenue combined with transfers in/out of \$228,660 (-0.35 percent) and a favorable variance in expenditures of \$1,799,068 (+3 percent) between final budgets and actual results.

### Capital Assets and Debt Administration

#### *Capital Assets*

As of June 30, 2016, the School District had \$190 million invested in a broad range of capital assets, including land, buildings, building improvements, vehicles, furniture, and equipment. This amount represents a net increase (including additions and disposals) of approximately \$.8 million from last year.

	2016	2015
Land	\$ 7,764,664	\$ 8,147,575
Construction in progress	60,337	204,281
Buildings and building improvements	151,766,446	149,817,135
Buses and other vehicles	3,318,049	3,476,994
Furniture and equipment	<u>26,862,265</u>	<u>27,319,294</u>
Total capital assets	189,771,761	188,965,279
Less accumulated depreciation	<u>(75,580,524)</u>	<u>(72,048,551)</u>
Net capital assets	<u><u>\$ 114,191,237</u></u>	<u><u>\$ 116,916,728</u></u>

# West Bloomfield School District

## Management's Discussion and Analysis (Continued)

We present more detailed information about our capital assets in the notes to the financial statements.

### Debt

At the end of this year, the School District had \$55.2 million in bonds outstanding versus \$66.8 million in the previous year. Those bonds consisted of the following:

	2016	2015
General obligation bonds	<u>\$ 55,180,000</u>	<u>\$ 66,815,000</u>

The School District's general obligation bond rating is "A2" with Moody's Investors Service and "A" with Standard & Poor's. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$55.2 million is significantly below this \$254.9 million statutorily imposed limit.

Other obligations include accrued sick leave and voluntary severance incentive packages. We present more detailed information about our long-term liabilities in the notes to the financial statements.

### Economic Factors and Next Year's Budgets and Rates

The Board of Education and administration consider many factors when setting the School District's fiscal year budget. The most important factors affecting the School District revenue are the student count, the state foundation allowance, and categorical per-pupil funding for various state initiatives. Total revenue from state sources accounts for approximately 90 percent of the School District's revenue. The State also sets the rates that school districts must pay each year for retirement expense on behalf of local school district employees. For 2016-2017, the net result of all changes in the aforementioned funding from state sources combined with the increase in the retirement rate is budgeted at a net increase of \$63 on a per-pupil FTE basis.

The student count continues to be blended, using 90 percent from the October 2016 count and 10 percent from the February 2016 count. The 2016-2017 budget was adopted on June 20, 2016 and was based on a projected enrollment. Based on early enrollment data at the start of the 2016-2017 school year, we anticipate that the fall student count will be slightly favorable compared to the estimates used in creating the 2016-2017 budget. Once the final student count and related per-pupil funding are validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

# **West Bloomfield School District**

---

## **Management's Discussion and Analysis (Continued)**

Since the School District's revenue is heavily dependent on the State for funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts. The School District will also amend the budget to reflect any change from the amounts originally budgeted once the October enrollment is known and all hiring commitments are complete.

Given the State's ongoing economic issues, the School District is doing everything possible to maintain programs for students and to continually look for economies in all facets of school operations so that the School District can continue to provide a high-value education to its students and remain financially stable.

The debt service millage rate is projected to decrease by 1.4 mills for the 2017-2018 school year; this may provide the district with an opportunity to refinance existing debt and/or seek approval of a bond issue in the near future to protect and enhance the significant investment in school facilities, equipment, and instructional technology.

# West Bloomfield School District

## Statement of Net Position June 30, 2016

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 3)	\$ 5,855,072
Due from other governmental units	8,906,498
Inventories	12,928
Prepaid costs and other assets	44,348
Restricted assets (Note 7)	1,299,701
Capital assets - Net (Note 4)	<u>114,191,237</u>
Total assets	130,309,784
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 6)	922,177
Deferred outflows related to pensions (Note 9)	<u>9,574,271</u>
Total deferred outflows of resources	<u>10,496,448</u>
Total assets and deferred outflows of resources	140,806,232
<b>Liabilities</b>	
Accounts payable	493,813
Accrued payroll and other liabilities	5,473,126
Line of credit (Note 6)	3,000,000
Due to other funds	116,900
Unearned revenue (Note 1)	380,940
Noncurrent liabilities (Note 6):	
Due within one year	11,592,482
Due in more than one year	47,545,104
Net pension liability (Note 9)	<u>93,251,748</u>
Total liabilities	161,854,113
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions (Note 9)	<u>7,218,430</u>
Total total liabilities and deferred inflows of resources	<u>169,072,543</u>
<b>Net Position</b>	
Net investment in capital assets	57,867,719
Restricted:	
Debt service	699,009
Capital projects	56,311
Unrestricted	<u>(86,889,350)</u>
Total net position	<u><u>\$ (28,266,311)</u></u>

# West Bloomfield School District

## Statement of Activities Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 38,992,319	\$ 6,068	\$ 5,638,235	\$ (33,348,016)
Support services	22,270,270	-	3,819,322	(18,450,948)
Athletics	1,110,082	317,955	-	(792,127)
Food services	1,609,379	772,400	793,464	(43,515)
Community services	1,915,379	2,034,504	-	119,125
Payments to other public schools (ISDs, LEAs)	35,786	-	-	(35,786)
Interest	2,538,027	-	726,622	(1,811,405)
Debt issuance costs	157,064	-	-	(157,064)
<b>Total primary government</b>	<b>\$ 68,628,306</b>	<b>\$ 3,130,927</b>	<b>\$ 10,977,643</b>	<b>(54,519,736)</b>
General revenue:				
Taxes:				
Property taxes, levied for general purposes				11,158,171
Property taxes, levied for debt service				12,783,209
Property taxes, levied for capital projects				2,116,576
State aid not restricted to specific purposes				38,934,528
Interest and investment earnings				7,152
Gain on the sale of capital assets				1,463,616
Other				256,950
<b>Total general revenue</b>				<b>66,720,202</b>
<b>Change in Net Position</b>				<b>12,200,466</b>
<b>Net Position - Beginning of year</b>				<b>(40,466,777)</b>
<b>Net Position - End of year</b>				<b>\$ (28,266,311)</b>

# West Bloomfield School District

## Governmental Funds Balance Sheet June 30, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments (Note 3)	\$ 5,787,192	\$ 67,880	\$ 5,855,072
Due from other governmental units	8,851,666	54,832	8,906,498
Due from other funds (Note 5)	-	345,387	345,387
Inventories	-	12,928	12,928
Prepaid costs and other assets	44,348	-	44,348
Restricted assets (Note 7)	-	1,299,701	1,299,701
Total assets	<b><u>\$14,683,206</u></b>	<b><u>\$ 1,780,728</u></b>	<b><u>\$ 16,463,934</u></b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 438,350	\$ 113,913	\$ 552,263
Accrued payroll-related liabilities	5,052,046	87,292	5,139,338
Line of credit (Note 6)	3,000,000	-	3,000,000
Due to other funds (Note 5)	403,837	-	403,837
Unearned revenue (Note 1)	159,374	221,566	380,940
Total liabilities	9,053,607	422,771	9,476,378
<b>Fund Balances</b>			
Nonspendable - Prepaid assets	44,348	-	44,348
Restricted:			
Capital projects	-	286,202	286,202
Debt service	-	1,032,797	1,032,797
Food service	-	38,958	38,958
Unassigned	5,585,251	-	5,585,251
Total fund balances	<b><u>5,629,599</u></b>	<b><u>1,357,957</u></b>	<b><u>6,987,556</u></b>
Total liabilities and fund balances	<b><u>\$14,683,206</u></b>	<b><u>\$ 1,780,728</u></b>	<b><u>\$ 16,463,934</u></b>

# West Bloomfield School District

## Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position Year Ended June 30, 2016

**Fund Balance Reported in Governmental Funds** \$ 6,987,556

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Cost of capital assets	\$ 189,771,761	
Accumulated depreciation	<u>(75,580,524)</u>	114,191,237

Deferred outflows related to pension payments made subsequent to the measurement date	6,280,589
---	-----------

Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:

Bonds payable including premium and deferred charges	(57,209,410)	
Compensated absences	(1,662,000)	
Capital lease	<u>(266,176)</u>	(59,137,586)

Accrued interest payable is not included as a liability in governmental funds	(333,788)
---	-----------

Deferred charges from bond refunding	922,177
--------------------------------------	---------

Deferred outflow related to pensions	3,293,682
--------------------------------------	-----------

Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities	(93,251,748)
--	--------------

Deferred inflows related to pension investment returns and changes in assumptions are not reported in the governmental funds	<u>(7,218,430)</u>
--	--------------------

**Net Position of Governmental Activities** **\$ (28,266,311)**

# West Bloomfield School District

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>			
Local sources	\$ 11,972,555	\$ 17,612,914	\$ 29,585,469
State sources	43,931,248	314,815	44,246,063
Federal sources	1,984,922	1,455,791	3,440,713
Interdistrict sources	4,278,613	477,708	4,756,321
Total revenue	62,167,338	19,861,228	82,028,566
<b>Expenditures</b>			
Current:			
Instruction	37,283,141	392,314	37,675,455
Support services	21,165,931	243,241	21,409,172
Athletics	1,076,244	-	1,076,244
Food services	-	1,497,142	1,497,142
Community services	9,013	1,852,942	1,861,955
Debt service:			
Principal	58,446	10,800,000	10,858,446
Interest	12,948	2,568,344	2,581,292
Other	-	157,064	157,064
Capital outlay	337,138	2,600,786	2,937,924
Intergovernmental expenditure	35,786	-	35,786
Total expenditures	59,978,647	20,111,833	80,090,480
<b>Excess of Revenue Over (Under) Expenditures</b>	2,188,691	(250,605)	1,938,086
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	1,947,050	-	1,947,050
Transfers in (Note 5)	147,632	468,807	616,439
Transfers out (Note 5)	-	(616,439)	(616,439)
Face value of debt issued	324,622	8,508,200	8,832,822
Premium on debt issued	-	967,675	967,675
Payment to escrow agent	-	(9,522,062)	(9,522,062)
Total other financing sources (uses)	2,419,304	(193,819)	2,225,485
<b>Net Change in Fund Balances</b>	4,607,995	(444,424)	4,163,571
<b>Fund Balances - Beginning of year</b>	1,021,604	1,802,381	2,823,985
<b>Fund Balances - End of year</b>	<b>\$ 5,629,599</b>	<b>\$ 1,357,957</b>	<b>\$ 6,987,556</b>

# West Bloomfield School District

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 4,163,571</b>
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, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	\$ (4,741,356)
Capitalized capital outlay	<u>2,499,299</u> (2,242,057)
Governmental funds report proceeds from sale of assets as revenue; in the statement of activities, these are recorded net of carrying value of the disposed assets	(483,434)
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities	(8,325,000)
Debt on capital lease increases long-term liabilities in the statement of activities	(324,622)
Underwriter's discount/premium reported as expenditures/revenue in the funds and amortized in the statement of activities	(1,097,189)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	20,197,308
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	43,265
Changes in deferred inflows/outflows related to pensions are recorded in the statement of activities, but not reported in the governmental funds until paid	(2,533,896)
Change in pension expense	2,657,274

# West Bloomfield School District

---

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Continued) Year Ended June 30, 2016**

Compensated absences, as well as self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was paid out than was earned (or more was earned than paid out)

\$ 145,246

**Change in Net Position of Governmental Activities**

**\$ 12,200,466**

# West Bloomfield School District

---

## Fiduciary Fund Statement of Fiduciary Net Position June 30, 2016

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and investments (Note 3)	\$ 301,075
Due from other funds (Note 5)	<u>58,450</u>
Total assets	<u><b>\$ 359,525</b></u>
<b>Liabilities - Due to student groups</b>	<u><b>\$ 359,525</b></u>

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies

The accounting policies of West Bloomfield School District (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School 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 are normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

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

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

# West Bloomfield School District

---

## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies (Continued)

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

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

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund is used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The School District presently maintains a Student Activities (Agency) Fund for the high school, middle schools, and elementary schools to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

The School District reports the following major governmental funds:

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

# West Bloomfield School District

---

## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies (Continued)

Additionally, the School District reports the following fund types:

**Sinking Fund** - The Sinking Fund is used to account for construction and repair of buildings.

**2011 Capital Projects Fund** - The 2011 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for technology, safety, and school bus replacement. The fund operates until the purpose for which it was created is accomplished.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Cafeteria, Special Education Center Program, and Community Education Funds. Any operating deficit generated by these activities is the responsibility of the General Fund. The main sources of revenue for these funds are food sales to pupils, free/reduced breakfast and lunch reimbursement from federal funds, funds received from the State, funds received from the Intermediate School District, and tuition from community education programs.

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

**Student Activities Agency Fund** - The School District presently maintains an Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

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

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income is recorded in the fund for which the investment account was established.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds."

The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year for taxes that are due on September 15. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies (Continued)

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

**Restricted Assets** - The unspent bond proceeds and related interest of the 2011 Capital Projects Bonds and the cash proceeds from the Sinking Fund millage are required to be set aside for capital projects. Additionally, the Debt Service Funds' cash is required to be used for future bond payments. As such, these amounts have been classified as restricted assets.

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

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

Buildings and building improvements	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and other equipment	5 to 10 years

**Unearned Revenue** - Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the School District had unearned community education and summer school tuition received of \$380,940 recorded as unearned revenue.

**Compensated Absences** - The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation and sick leave benefits and a voluntary severance incentive. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

# West Bloomfield School District

---

## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies (Continued)

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. One is the deferred charge for the unfunded pension benefit obligation reported in the government-wide statement of net position. The second item is deferred charges on bond refunding.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. The deferred inflows related to investment earnings and revenue in support of pension payments made subsequent to the measurement date.

**Fund Balance** - Fund balance classifications comprise a hierarchy primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are composed of the following - nonspendable, restricted, committed, assigned, and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact

# West Bloomfield School District

---

## Notes to Financial Statements June 30, 2016

### Note 1 - Summary of Significant Accounting Policies (Continued)

- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or for enabling legislation for use for a specific purpose
- Committed: Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- Assigned: Amounts for which there is intent to spend resources on specific purposes expressed by the superintendent of schools and the deputy superintendent for business operations, who are authorized by policy and approved by the Board of Education to make assignments.
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

The Board of Education has adopted a fund balance policy. The fund balance policy prescribes the minimum fund balance as 10 percent of expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

**Pensions** - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

### Note 2 - Stewardship, Compliance, and Accountability

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

# West Bloomfield School District

---

## Notes to Financial Statements June 30, 2016

### **Note 2 - Stewardship, Compliance, and Accountability (Continued)**

The budget document presents information by fund, function, and object. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The School District did not have significant expenditure budget variances.

**Sinking Fund Compliance** - The Sinking Fund accounts for construction and repair of buildings. The School District has complied with the applicable provisions of §1212(1) of the State of Michigan School Code and the State of Michigan Department of Treasury Letter No. 01-95.

### **Note 3 - Deposits and Investments**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated two banks for the deposit of its funds.

# West Bloomfield School District

---

## Notes to Financial Statements June 30, 2016

### Note 3 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$8,417,829 had \$7,917,829 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk of Investments** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. There were no investment securities that were uninsured and unregistered and held at June 30, 2016.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 3 - Deposits and Investments (Continued)

**Concentration of Credit Risk** - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in money market funds.

**Foreign Currency Risk** - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

### Note 4 - Capital Assets

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

	Balance July 1, 2015	Reclassifications	Additions/ Transfers	Disposals	Balance June 30, 2016
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 8,147,575	\$ -	\$ -	\$ (382,911)	\$ 7,764,664
Construction in progress	204,281	(204,281)	60,337	-	60,337
Subtotal	8,351,856	(204,281)	60,337	(382,911)	7,825,001
Capital assets being depreciated:					
Buildings and building/land improvements	149,817,135	204,281	1,939,038	(194,008)	151,766,446
Furniture and equipment	27,319,294	-	492,255	(949,284)	26,862,265
Buses and other vehicles	3,476,994	-	7,669	(166,614)	3,318,049
Subtotal	180,613,423	204,281	2,438,962	(1,309,906)	181,946,760
Accumulated depreciation:					
Buildings and building improvements	47,785,157	-	3,075,463	(140,138)	50,720,482
Furniture and equipment	21,173,848	-	1,644,027	(919,292)	21,898,583
Buses and other vehicles	3,089,546	-	21,866	(149,953)	2,961,459
Subtotal	72,048,551	-	4,741,356	(1,209,383)	75,580,524
Net capital assets being depreciated	108,564,872	204,281	(2,302,394)	(100,523)	106,366,236
Net capital assets	\$ 116,916,728	\$ -	\$ (2,242,057)	\$ (483,434)	\$ 114,191,237

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 4 - Capital Assets (Continued)

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

Governmental activities:

Instruction	\$ 2,831,120
Support services	1,575,467
Community services	139,330
Food services	120,721
Athletics	<u>74,718</u>
Total governmental activities	<u>\$ 4,741,356</u>

The School District has active construction projects at year end related to the sinking fund. At June 30, 2016, the School District's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sinking Fund	<u>\$ 62,287</u>	<u>\$ 655,309</u>

### Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From General Fund	Total
Student Activities Fund	\$ 58,450	\$ 58,450
Nonmajor funds	<u>345,387</u>	<u>345,387</u>
Total	<u>\$ 403,837</u>	<u>\$ 403,837</u>

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund balances represent cash and investments that are held in the General Fund on behalf of other funds or held in the debt funds on behalf of other debt funds. All interfund balances are expected to be repaid within one year.

Transfer In	<u>Transfer Out</u> Nonmajor Governmental Funds
General Fund	\$ 147,632
Nonmajor governmental funds	468,807
Total	<u>\$ 616,439</u>

Interfund transfers represent transfers from Special Revenue Funds to the General Fund to cover indirect costs, as well as transfers between debt funds to transfer remaining fund balances.

### Note 6 - Long-term Debt and Line of Credit

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences and early termination benefits.

The School District has a \$10,000,000 bank flex line of credit note to be used for operating cash flow. The line of credit note bears interest, which is due monthly, at a LIBOR-based rate, which had an effective rate of 1.23 percent at June 30, 2016. The School District borrowed on the line of credit note during the fiscal year and the outstanding balance on the line of credit note as of June 30, 2016 was \$3,000,000. The flex line matures on July 3, 2016. Subsequent to year end, the School District renewed its line of credit in the amount of \$10,000,000, maturing on July 3, 2017.

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 6 - Long-term Debt and Line of Credit (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds	\$ 66,815,000	\$ 8,325,000	\$ 19,960,000	\$ 55,180,000	\$ 11,215,000
Less deferred amounts:					
Bond premium	1,390,460	967,675	328,725	2,029,410	315,285
Deferred outflows - Deferred interest from refunding bonds	(1,201,554)	-	(279,377)	(922,177)	-
Total bonds payable	67,003,906	9,292,675	20,009,348	56,287,233	11,530,285
Compensated absences	1,807,246	18,830	164,076	1,662,000	-
Capital leases	-	324,622	58,446	266,176	62,197
Total governmental activities	<u>\$ 68,811,152</u>	<u>\$ 9,636,127</u>	<u>\$ 20,231,870</u>	<u>\$ 58,215,409</u>	<u>\$ 11,592,482</u>

Years Ending June 30	Governmental Activities				
	Principal	Interest	Interest Subsidy	Net Interest	Total - Net
2017	\$ 11,215,000	\$ 2,316,557	\$ (730,950)	\$ 1,585,607	\$ 12,800,607
2018	10,940,000	1,891,608	(675,300)	1,216,308	12,156,308
2019	9,340,000	1,606,207	(615,900)	990,307	10,330,307
2020	9,270,000	1,226,459	(552,900)	673,559	9,943,559
2021	4,395,000	865,550	(487,350)	378,200	4,773,200
2022-2027	10,020,000	2,044,728	(1,480,575)	564,153	10,584,153
Total	<u>\$ 55,180,000</u>	<u>\$ 9,951,109</u>	<u>\$ (4,542,975)</u>	<u>\$ 5,408,134</u>	<u>\$ 60,588,134</u>

### Governmental Activities

General obligation bonds consist of the following:

\$14,135,000 serial and term bonds due in annual installments of \$3,025,000 through May 1, 2017; interest at 3.625 percent	\$ 3,025,000
\$15,000,000 serial and term bonds due in annual installments of \$1,050,000 to \$1,250,000 through May 1, 2027; interest at 5.30 percent to 6.70 percent. This bond also includes a federal interest subsidy of 5.70 percent.	12,975,000
\$8,975,000 serial and term bonds due in annual installments of \$1,275,000 to \$2,100,000 through May 1, 2020; interest at 3.00 percent to 5.00 percent	7,525,000

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 6 - Long-term Debt and Line of Credit (Continued)

\$18,225,000 serial and term bonds due in annual installments of \$2,510,000 to \$2,955,000 through May 1, 2020; interest at 2.18 percent	\$ 11,080,000
\$6,245,000 serial and term bonds due in annual installments of \$1,500,000 through May 1, 2018; interest at 1.17 percent	3,000,000
\$11,025,000 serial and term bonds due in annual installments of \$1,845,000 to \$1,855,000 through May 1, 2021; interest at 4.00 percent to 5.00 percent	9,250,000
\$8,325,000 serial and term bonds due in annual installments of \$1,310,000 to \$1,460,000 from May 1, 2019 through May 1, 2024; interest at 4.00 percent.	<u>8,325,000</u>
Total	<u>\$ 55,180,000</u>

**Capital Leases** - The School District has entered into a lease agreement as lessee for financing the purchase of copiers. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

Years Ending June 30	Amount
2017	\$ 72,738
2018	72,738
2019	72,738
2020	<u>72,738</u>
Total	290,952
Less amount representing interest	<u>24,776</u>
Present value of net minimum lease payments	<u>\$ 266,176</u>

Other governmental activities long-term obligations include employee compensated absences of \$1,662,000.

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 6 - Long-term Debt and Line of Credit (Continued)

**Advance and Current Refundings** - During the year, the School District issued \$8,325,000 in general obligation bonds with an interest rate of 4.00 percent. The proceeds of these bonds were used to advance refund \$9,160,000 of outstanding 2006 refunding bonds with an interest rates of 4.00 percent. The net proceeds of \$9,338,862 (after payment of \$137,014 in issuance costs) were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments and the liability for the bonds has been removed from the School District's long-term obligations. The advance refunding reduced total debt service payments by \$957,275, which represents an economic gain of \$856,321.

**Defeased Debt** - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2016, \$66,640,000 of bonds outstanding are considered defeased.

### Note 7 - Restricted Assets

The balances for the restricted asset accounts are as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$ 241,306
Debt service fund cash	1,030,974
Sinking fund cash	<u>27,421</u>
Total restricted assets	<u>\$ 1,299,701</u>

### Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District participates in the SET-SEG risk pool for claims relating to property loss, torts, and errors and omissions. The School District has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 8 - Risk Management (Continued)

The SET-SEG risk pool operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the service pool that the service pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the School District.

### Note 9 - Michigan Public School Employees' Retirement System

**Plan Description** - The School District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing MI 48909.

**Contributions** - Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each School District's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

The School District's contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS.

The range of rates are as follows:

#### School District

October 1, 2014 - September 30, 2015	18.76% - 23.07%
October 1, 2015 - June 30, 2016	14.56% - 18.95%

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 9 - Michigan Public School Employees' Retirement System (Continued)

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School District's required and actual contributions to the plan for the year ended June 30, 2016 totaled \$8,574,720. The School District's required and actual contributions include an allocation of \$2,533,896 in revenue received from the State of Michigan and remitted to the system to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2016.

**Benefits Provided** - Benefit provisions of the defined benefit pension plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members who do not receive an annual increase, they are eligible to receive a supplemental payment in those years in which investment earnings exceed actuarial assumptions.

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 9 - Michigan Public School Employees' Retirement System (Continued)

**Net Pension Liability, Deferrals, and Pension Expense** - At June 30, 2016, the School District reported a liability of \$93,251,748 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014, which used updated procedures to roll forward the estimated liability to September 30, 2015. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2015, the School District's proportion was 0.38179 percent.

For the year ended June 30, 2016, the School District recognized pension expense of \$6,704,158, exclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Resources
Difference between expected and actual experience	\$ -	\$ (308,877)
Changes of assumptions	2,296,056	-
Net difference between projected and actual earnings on pension plan assets	475,975	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(4,375,657)
The School District's contributions subsequent to the measurement date	6,802,240	-
Total	<u>\$ 9,574,271</u>	<u>\$ (4,684,534)</u>

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 9 - Michigan Public School Employees' Retirement System (Continued)

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

Years Ending <u>June 30</u>	<u>Amount</u>
2017	\$ (915,938)
2018	(915,938)
2019	(1,040,411)
2020	<u>959,784</u>
Total	<u>\$ (1,912,503)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

**Actuarial Assumptions** - The total pension liability as of September 30, 2015 is based on the results of an actuarial valuation date of September 30, 2014 and rolled forward:

Actuarial cost method	Entry age normal cost actuarial cost method
Investment rate of return	7.00 to 8.00 percent, net of investment expenses based on the groups
Salary increases	3.50 - 12.3 percent, including wage inflation of 3.5 percent
Mortality basis	RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3 percent annual noncompounded for MIP members

The actuarial assumptions used for the September 30, 2013 valuation were based on the results of an actuarial experience study for the period from October 1, 2007 to September 30, 2012. As a result of this study, the actuarial assumptions were adjusted to more closely reflect actual experience.

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 9 - Michigan Public School Employees' Retirement System (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00-8.00 percent depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.0 %	5.9 %
Private equity pools	18.0	9.2
International equity pools	16.0	7.2
Fixed-income pools	10.5	0.9
Real estate and infrastructure pools	10.0	4.3
Real return, opportunistic, and absolute pool	15.5	6.0
Short-term investment pools	2.0	-
Total	100.0 %	

# West Bloomfield School District

## Notes to Financial Statements June 30, 2016

### Note 9 - Michigan Public School Employees' Retirement System (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the School District calculated using the discount rate of 7.00-8.00 percent, depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (7.00 percent) or 1.00 percentage point higher (9.00 percent) than the current rate:

<u>1.00 Percent Decrease (6.00 - 7.00 Percent)</u>	<u>Current Discount Rate (7.00 - 8.00 Percent)</u>	<u>1.00 Percent Increase (8.00 - 9.00 Percent)</u>
<u>\$ 120,225,408</u>	<u>\$ 93,251,748</u>	<u>\$ 70,511,848</u>

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

**Payable to the Pension Plan** - At June 30, 2016, the School District reported a payable of \$976,226 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**Postemployment Benefits Other Than Pensions (OPEB)** - Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees sets the employer contribution rate annually to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 2.2 percent to 2.71 percent of covered payroll for the period from July 1, 2015 to September 30, 2015 and from 6.4 percent to 6.83 percent of covered payroll for the period from October 1, 2015 through June 30, 2016 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403B account.

# West Bloomfield School District

---

## Notes to Financial Statements June 30, 2016

### **Note 9 - Michigan Public School Employees' Retirement System (Continued)**

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2016, 2015, and 2014 were \$1,741,875, \$1,419,000, and \$1,490,000, respectively. In addition, a portion ranging from 35-100 percent of the the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

### **Note 10 - Upcoming Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2018.

## **Required Supplemental Information**

---

# West Bloomfield School District

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 11,770,180	\$ 11,939,639	\$ 11,972,555	\$ 32,916
State sources	42,539,410	43,936,097	43,931,248	(4,849)
Federal sources	2,215,910	2,213,418	1,984,922	(228,496)
Interdistrict sources	<u>4,190,062</u>	<u>4,327,136</u>	<u>4,278,613</u>	<u>(48,523)</u>
Total revenue	60,715,562	62,416,290	62,167,338	(248,952)
<b>Expenditures - Current</b>				
Instruction:				
Basic programs	28,281,762	29,020,202	28,637,803	(382,399)
Added needs	8,840,832	8,867,811	8,505,055	(362,756)
Adult and continuing education	157,903	132,702	140,283	7,581
Support services:				
Pupil	4,812,195	4,445,215	4,419,658	(25,557)
Instructional staff	2,596,718	2,584,115	2,479,975	(104,140)
General administration	753,443	810,079	780,785	(29,294)
School administration	3,876,942	4,054,459	3,885,017	(169,442)
Business	1,142,064	1,010,204	937,104	(73,100)
Operations and maintenance	4,132,795	4,142,837	3,794,054	(348,783)
Pupil transportation services	2,637,992	2,818,774	2,660,221	(158,553)
Central	2,072,576	2,088,792	1,951,834	(136,958)
Nonpublic schools	258,783	253,588	264,952	11,364
Athletics	1,090,983	1,089,863	1,076,244	(13,619)
Community services	22,832	22,425	9,013	(13,412)
Capital outlay	32,328	329,469	329,469	-
Debt service	-	71,394	71,394	-
Payments to other public schools (ISDs, LEAs)	<u>-</u>	<u>35,786</u>	<u>35,786</u>	<u>-</u>
Total expenditures	<u>60,710,148</u>	<u>61,777,715</u>	<u>59,978,647</u>	<u>(1,799,068)</u>
<b>Excess of Revenue Under Expenditures</b>	5,414	638,575	2,188,691	1,550,116
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	10,000	1,950,000	1,947,050	(2,950)
Transfers in	190,174	124,390	147,632	23,242
Face value of capital lease	<u>-</u>	<u>324,622</u>	<u>324,622</u>	<u>-</u>
Total other financing sources	<u>200,174</u>	<u>2,399,012</u>	<u>2,419,304</u>	<u>20,292</u>
<b>Net Change in Fund Balance</b>	205,588	3,037,587	4,607,995	1,570,408
<b>Fund Balance - July 1, 2015</b>	<u>1,021,604</u>	<u>1,021,604</u>	<u>1,021,604</u>	<u>-</u>
<b>Fund Balance - June 30, 2016</b>	<u>\$ 1,227,192</u>	<u>\$ 4,059,191</u>	<u>\$ 5,629,599</u>	<u>\$ 1,570,408</u>

# West Bloomfield School District

---

## Required Supplemental Information Schedule of West Bloomfield School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System Determined as of the Plan Year Ended September 30, 2015

	2016	2015
School District's proportion of the net pension liability (asset)	0.38179 %	0.40526 %
School District's proportionate share of the net pension liability (asset)	\$ 93,251,748	\$ 89,264,167
School District's covered employee payroll	31,726,461	33,131,808
School District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	293.92 %	269.42 %
Plan fiduciary net position as a percentage of the total pension liability	62.92 %	66.20 %

# West Bloomfield School District

---

## Required Supplemental Information Schedule of West Bloomfield School District's Contributions Michigan Public School Employees' Retirement System Determined as of the Year Ended June 30, 2016

	2016	2015
Statutorily required contribution	\$ 8,534,354	\$ 6,948,586
Contributions in relation to the statutorily required contribution	8,534,354	6,948,586
Contribution deficiency (excess)	-	-
School District's covered employee payroll	30,032,324	30,727,559
Contributions as a percentage of covered employee payroll	28.42 %	22.61 %

# **West Bloomfield School District**

---

## **Note to Required Supplemental Information Year Ended June 30, 2016**

**Benefit Changes** - There were no changes of benefits for the plan year ended September 30, 2015.

**Changes in Assumptions** - There were no changes of benefit assumptions for the plan year ended September 30, 2015.

## **Other Supplemental Information**

---

# West Bloomfield School District

	Special Revenue Funds			Debt Service Funds		
	Special Education			2005 Refunding	2006 Refunding	2009 Refunding
	Cafeteria	Center Program	Community Education			
<b>Assets</b>						
Cash and investments	\$ 67,880	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governmental units	52,706	-	-	-	52	467
Due from other funds	34,641	28,686	253,403	-	-	-
Inventories	12,928	-	-	-	-	-
Restricted assets	-	-	-	-	212,585	232,457
<b>Total assets</b>	<b>\$ 168,155</b>	<b>\$ 28,686</b>	<b>\$ 253,403</b>	<b>\$ -</b>	<b>\$ 212,637</b>	<b>\$ 232,924</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 94,600	\$ 55	\$ 7,773	\$ -	\$ -	\$ -
Accrued payroll-related liabilities	-	28,631	58,661	-	-	-
Unearned revenue	34,597	-	186,969	-	-	-
<b>Total liabilities</b>	<b>129,197</b>	<b>28,686</b>	<b>253,403</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>						
Restricted:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	212,637	232,924
Food service	38,958	-	-	-	-	-
<b>Total fund balances</b>	<b>38,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212,637</b>	<b>232,924</b>
<b>Total liabilities and fund balances</b>	<b>\$ 168,155</b>	<b>\$ 28,686</b>	<b>\$ 253,403</b>	<b>\$ -</b>	<b>\$ 212,637</b>	<b>\$ 232,924</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

Debt Service Funds						Capital Projects Funds			Total Nonmajor Governmental Funds
2010	2011	2012 Refunding	2013 Refunding	2015 Refunding	2016 Refunding	Total Debt Service Funds	Sinking Fund	2011 Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,880
160	165	408	230	341	-	1,823	303	-	54,832
-	-	-	-	-	-	-	-	28,657	345,387
-	-	-	-	-	-	-	-	-	12,928
<u>89,264</u>	<u>120,222</u>	<u>215,412</u>	<u>129,432</u>	<u>212,668</u>	<u>(181,066)</u>	<u>1,030,974</u>	<u>27,421</u>	<u>241,306</u>	<u>1,299,701</u>
<b>\$ 89,424</b>	<b>\$ 120,387</b>	<b>\$ 215,820</b>	<b>\$ 129,662</b>	<b>\$ 213,009</b>	<b>\$ (181,066)</b>	<b>\$ 1,032,797</b>	<b>\$ 27,724</b>	<b>\$ 269,963</b>	<b>\$ 1,780,728</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,485	\$ -	\$ 113,913
-	-	-	-	-	-	-	-	-	87,292
-	-	-	-	-	-	-	-	-	221,566
-	-	-	-	-	-	-	11,485	-	422,771
-	-	-	-	-	-	-	16,239	269,963	286,202
<u>89,424</u>	<u>120,387</u>	<u>215,820</u>	<u>129,662</u>	<u>213,009</u>	<u>(181,066)</u>	<u>1,032,797</u>	<u>-</u>	<u>-</u>	<u>1,032,797</u>
-	-	-	-	-	-	-	-	-	38,958
<u>89,424</u>	<u>120,387</u>	<u>215,820</u>	<u>129,662</u>	<u>213,009</u>	<u>(181,066)</u>	<u>1,032,797</u>	<u>16,239</u>	<u>269,963</u>	<u>1,357,957</u>
<b>\$ 89,424</b>	<b>\$ 120,387</b>	<b>\$ 215,820</b>	<b>\$ 129,662</b>	<b>\$ 213,009</b>	<b>\$ (181,066)</b>	<b>\$ 1,032,797</b>	<b>\$ 27,724</b>	<b>\$ 269,963</b>	<b>\$ 1,780,728</b>

# West Bloomfield School District

	Special Revenue Funds			Debt Service Funds		
	Cafeteria	Special Education Center Program	Community Education	2005 Refunding	2006 Refunding	2009 Refunding
<b>Revenue</b>						
Local sources	\$ 789,076	\$ -	\$ 1,916,184	\$ -	\$ 357,994	\$ 3,273,077
State sources	64,295	193,310	-	-	1,602	14,646
Federal sources	729,169	-	-	-	-	-
Interdistrict sources	-	477,708	-	-	-	-
<b>Total revenue</b>	<b>1,582,540</b>	<b>671,018</b>	<b>1,916,184</b>	<b>-</b>	<b>359,596</b>	<b>3,287,723</b>
<b>Expenditures</b>						
Current:						
Instruction	-	392,314	-	-	-	-
Support services	-	240,754	-	-	-	-
Food services	1,497,142	-	-	-	-	-
Community services	-	-	1,852,942	-	-	-
Debt service:						
Principal	-	-	-	-	-	3,040,000
Interest	-	-	-	-	183,200	261,656
Other	-	-	-	-	862	5,292
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,497,142</b>	<b>633,068</b>	<b>1,852,942</b>	<b>-</b>	<b>184,062</b>	<b>3,306,948</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>85,398</b>	<b>37,950</b>	<b>63,242</b>	<b>-</b>	<b>175,534</b>	<b>(19,225)</b>
<b>Other Financing (Uses) Sources-</b>						
Payment to escrow agent	-	-	-	-	-	-
Face value of debt issued	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(46,440)	(37,950)	(63,242)	(468,807)	-	-
<b>Total other financing (uses) sources</b>	<b>(46,440)</b>	<b>(37,950)</b>	<b>(63,242)</b>	<b>(468,807)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>38,958</b>	<b>-</b>	<b>-</b>	<b>(468,807)</b>	<b>175,534</b>	<b>(19,225)</b>
<b>Fund Balances - Beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>468,807</b>	<b>37,103</b>	<b>252,149</b>
<b>Fund Balances - End of year</b>	<b>\$ 38,958</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 212,637</b>	<b>\$ 232,924</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2016**

Debt Service Funds						Capital Projects Funds			Total Nonmajor Governmental Funds
2010	2011	2012 Refunding	2013 Refunding	2015 Refunding	2016 Refunding	Total Debt Service Funds	Sinking Fund	2011 Capital Projects	Funds
\$ 1,125,120	\$ 1,159,215	\$ 2,863,942	\$ 1,619,491	\$ 2,386,619	\$ -	\$ 12,785,458	\$ 2,121,551	\$ 645	\$ 17,612,914
5,034	5,187	12,815	7,247	10,679	-	57,210	-	-	314,815
726,622	-	-	-	-	-	726,622	-	-	1,455,791
-	-	-	-	-	-	-	-	-	477,708
<u>1,856,776</u>	<u>1,164,402</u>	<u>2,876,757</u>	<u>1,626,738</u>	<u>2,397,298</u>	<u>-</u>	<u>13,569,290</u>	<u>2,121,551</u>	<u>645</u>	<u>19,861,228</u>
-	-	-	-	-	-	-	-	-	392,314
-	-	-	-	-	-	-	2,487	-	243,241
-	-	-	-	-	-	-	-	-	1,497,142
-	-	-	-	-	-	-	-	-	1,852,942
1,025,000	800,000	2,595,000	1,565,000	1,775,000	-	10,800,000	-	-	10,800,000
849,538	317,031	298,115	53,411	605,393	-	2,568,344	-	-	2,568,344
2,068	1,821	4,749	3,144	4,249	134,879	157,064	-	-	157,064
-	-	-	-	-	-	-	2,444,086	156,700	2,600,786
<u>1,876,606</u>	<u>1,118,852</u>	<u>2,897,864</u>	<u>1,621,555</u>	<u>2,384,642</u>	<u>134,879</u>	<u>13,525,408</u>	<u>2,446,573</u>	<u>156,700</u>	<u>20,111,833</u>
(19,830)	45,550	(21,107)	5,183	12,656	(134,879)	43,882	(325,022)	(156,055)	(250,605)
-	-	-	-	-	(9,522,062)	(9,522,062)	-	-	(9,522,062)
-	-	-	-	-	8,508,200	8,508,200	-	-	8,508,200
-	-	-	-	-	967,675	967,675	-	-	967,675
-	-	-	-	468,807	-	468,807	-	-	468,807
-	-	-	-	-	-	(468,807)	-	-	(616,439)
-	-	-	-	468,807	(46,187)	(46,187)	-	-	(193,819)
(19,830)	45,550	(21,107)	5,183	481,463	(181,066)	(2,305)	(325,022)	(156,055)	(444,424)
109,254	74,837	236,927	124,479	(268,454)	-	1,035,102	341,261	426,018	1,802,381
<u>\$ 89,424</u>	<u>\$ 120,387</u>	<u>\$ 215,820</u>	<u>\$ 129,662</u>	<u>\$ 213,009</u>	<u>\$ (181,066)</u>	<u>\$ 1,032,797</u>	<u>\$ 16,239</u>	<u>\$ 269,963</u>	<u>\$ 1,357,957</u>

# West Bloomfield School District

June 30	2009	2010	2011	2012
	Refunding			Refunding
	Principal	Principal	Principal	Principal
2017	\$ 3,025,000	\$ 1,050,000	\$ 1,275,000	\$ 2,510,000
2018	-	1,100,000	2,075,000	2,955,000
2019	-	1,125,000	2,075,000	2,860,000
2020	-	1,150,000	2,100,000	2,755,000
2021	-	1,175,000	-	-
2022	-	1,200,000	-	-
2023	-	1,225,000	-	-
2024	-	1,225,000	-	-
2025	-	1,225,000	-	-
2026	-	1,250,000	-	-
2027	-	1,250,000	-	-
Total principal	<b>\$ 3,025,000</b>	<b>\$ 12,975,000</b>	<b>\$ 7,525,000</b>	<b>\$ 11,080,000</b>
Principal payments due	May 1	May 1	May 1	May 1
Interest payments due	May 1 and November 1			
Interest rate	3.625%	5.30% to 6.70%	3.00% to 5.00%	2.18%
Original issue	<b>\$ 14,135,000</b>	<b>\$ 15,000,000</b>	<b>\$ 8,975,000</b>	<b>\$ 18,225,000</b>

**Other Supplemental Information  
Schedule of Bonded Indebtedness  
Year Ended June 30, 2016**

2013	2015	2016
Refunding	Refunding	Refunding
<u>Principal</u>	<u>Principal</u>	<u>Principal</u>
\$ 1,500,000	\$ 1,855,000	\$ -
1,500,000	1,850,000	1,460,000
-	1,845,000	1,435,000
-	1,855,000	1,410,000
-	1,845,000	1,375,000
-	-	1,335,000
-	-	1,310,000
-	-	-
-	-	-
-	-	-
-	-	-
<b><u>\$ 3,000,000</u></b>	<b><u>\$ 9,250,000</u></b>	<b><u>\$ 8,325,000</u></b>
May 1	May 1	May 1
May 1 and November 1	May 1 and November 1	May 1 and November 1
1.17%	4.00% to 5.00%	4.00%
<b><u>\$ 6,245,000</u></b>	<b><u>\$ 11,025,000</u></b>	<b><u>\$ 8,325,000</u></b>