
Warren Woods Public Schools

**Financial Report
with Supplemental Information
June 30, 2017**

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Independent Auditor's Report

To the Board of Education
Warren Woods Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Warren Woods Public Schools (the "School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Warren Woods Public Schools' 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 opinion.

Opinions

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

To the Board of Education
Warren Woods Public Schools

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, and the schedules of the School District's proportionate share of the net pension liability and pension contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 an opinion on the financial statements that collectively comprise Warren Woods Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2017 on our consideration of Warren Woods Public Schools' 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 Warren Woods Public Schools' internal control over financial reporting and compliance.



August 8, 2017

Management’s Discussion and Analysis

This section of Warren Woods Public Schools’ annual financial report presents our discussion and analysis of the School District’s financial performance during the year ended June 30, 2017. 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 Warren Woods Public Schools 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 funds - the General Fund and the Special Education Center Program Fund - with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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
Schedule of Proportionate Share of the Net Pension Liability
Schedule of the School District’s Pension Plan Contributions

Other Supplemental Information

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 the 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. We prepare these statements 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 paid. These two statements report the School District's net position - the difference between assets 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 School District's goal is to provide services to its students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided, condition of school facilities and the safety of the schools, to assess the overall health of the 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, food services, enrichment, student stores, debt retirement, and internal services. Property taxes, unrestricted state aid, and state and federal grants finance most of these activities.

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

The School District's fund financial statements provide detailed information about 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 (the Food Services and Special Education Center Program Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

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. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

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 assets and liabilities. 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.

Warren Woods Public Schools

Management's Discussion and Analysis (continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2017.

Table 1

	Governmental Activities	
	2017	2016
	(in millions)	
Assets		
Current and other assets	\$ 14.6	\$ 14.4
Capital assets - Net	41.8	43.9
Total assets	56.4	58.3
Deferred Outflows of Resources	8.8	7.8
Liabilities		
Current liabilities	5.0	5.3
Long-term liabilities	31.4	34.6
Net pension liability	58.5	58.9
Total liabilities	94.9	98.8
Deferred Inflows of Resources	3.2	1.8
Net Position		
Net investment in capital assets	12.0	11.0
Restricted	0.1	0.1
Unrestricted (deficit)	(45.0)	(45.6)
Total net position	<u>\$ (32.9)</u>	<u>\$ (34.5)</u>

The above analysis focuses on the net position (see Table 1). 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 a deficit of \$32.9 million at June 30, 2017. Capital assets net of related debt totaling \$12.0 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 \$45.0 million of deficit net position was unrestricted.

The net deficiency position of the School District is similar to a year ago, but has grown significantly from several years prior, directly as a result of the adoption of GASB Statement Number 68 and the recognition of the long-term pension liability. The adoption of GASB 68 and the impact of the statement are explored in more depth in Footnote 10.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for the fiscal years ended June 30, 2017 and 2016.

Warren Woods Public Schools

Management's Discussion and Analysis (continued)

Table 2

	Governmental Activities	
	2017	2016
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.6	\$ 1.4
Operating grants and contributions	11.3	9.3
General revenue:		
Property taxes	6.2	6.3
State foundation allowance	24.0	24.2
Other	0.4	0.4
Total revenue	43.5	41.6
Functions/Program Expenses		
Instruction	20.6	20.5
Support services	14.4	13.9
Child care	0.9	0.9
Food services	1.6	1.5
Athletics	0.6	0.5
Debt issuance and other costs	-	0.1
Interest on long-term debt	1.2	1.3
Depreciation (unallocated)	2.6	2.6
Total functions/program expenses	41.9	41.3
Increase in Net Position	1.6	0.3
Net Position - Beginning of year	(34.5)	(34.8)
Net Position - End of year	<u>\$ (32.9)</u>	<u>\$ (34.5)</u>

As reported in the statement of activities, the cost of all of the School District's governmental activities this year was \$41.9 million. Of the District's total revenues available to operate the District, 3.68 percent or approximately \$1.6 million came from fees charged to those who benefited from the programs. Revenues from other governments or organizations that subsidize certain programs with grants and other direct types of funding approximated 25.98 percent or approximately \$11.3 million. We paid for the remaining "public benefit" portion of our governmental activities with \$6.2 million in local property taxes, \$24.0 million in state foundation allowance and other state aid not restricted to specific purposes, and \$0.4 million in other revenue (i.e., interest and general entitlements).

Due to the impact of the Headlee Amendment, the District's property tax levy has been reduced from the 18 mills on all non-homestead property, which the School District is required to levy in order to receive the full state foundation allowance, to 17.8704 mills for a loss of approximately \$22,500. 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 the needs with available funding resources.

Warren Woods Public Schools

Management's Discussion and Analysis (continued)

The expense portion of the table shows the financial support of each function required during the year. Being in the business of educating children, the largest expense incurred is in instruction, which accounts for approximately 49.16 percent or \$20.6 million of the total expenses. Support services cost approximately 34.37 percent or \$14.4 million of the total expenses, which includes items such as transportation, maintenance, security, supervision, counseling, and a variety of similar services that support the School District's mission of educating children.

Overall, the amount of revenue from funding sources exceeded the cost of activities by \$1.6 million, resulting in a corresponding increase in net position.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being held accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As of June 30, 2017, the governmental funds reported a combined fund balance of \$9.8 million, which is an increase of \$0.5 million from last year.

In the General Fund, the School District's principal operating fund, the fund balance increased by approximately \$415,500 to \$8.4 million. The fund balance remained relatively stable compared to the prior year. This amount helps to provide cash flow for needs during the months when aid is not received from the State.

Special revenue funds include the Special Education Center Program, Food Services, Child Care Program, and Bookstore Activities Funds. The combined special revenue funds fund balance increased by \$295,701. The fund balance of the Food Services Fund increased by \$47,901. The total year end fund balance in the Food Service Fund is \$579,862, however the District is in the midst of renovating the serving line at Tower High School that is a reinvestment of those funds back into the program. The Child Care Program fund balance increased by \$247,739, as the School District continues to save to reinvest a portion of the fund balance into classroom renovations in the Early Childhood Center in future years. The Special Education Center Program fund did not carry a fund balance at either June 30, 2017 or 2016.

Combined, the debt service funds showed a fund balance decrease of \$678. Warren Woods Public Schools determines millage rates annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service funds' fund balances are reserved since they can only be used to pay debt service obligations.

The Capital Projects Building and Site Fund fund balance decreased by \$275,375 as the School District continued to invest in technology as well as replacing a bus and other aging equipment with its replacement schedules. The Capital Projects fund was established for the School District to allocated funds using operating sources and one-time revenues to preserve and maintain its facilities. As of June 30, 2017 the remaining fund balance in the Capital Projects account is \$59,470, essentially leaving no cushion against unexpected capital and physical plant needs.

General Fund Budgetary Highlights

By state law, the Warren Woods Public Schools Board of Education must approve a budget effective July 1 of each year. At the same time, the State Legislature's fiscal year does not begin until October 1 of the same year. This discrepancy makes it difficult to approve a budget without all of the details necessary to make an informed decision.

The School District revises its budget throughout the year to reflect changes between the assumptions made during budget development and the actual data as they become available. Updates are made for items such as student enrollment, staffing levels, unanticipated changes in costs, and grant funding. These revisions, known as budget amendments, are again required by state law to ensure that expenditures do not exceed the board's authorized budget.

Warren Woods Public Schools

Management's Discussion and Analysis (continued)

The School District made three budget amendments during the 2016-2017 year, the third of which was approved by the Board of Education in June 2017. A schedule showing the School District's original and final budget amounts compared to actual amounts is provided in the required supplemental information in these financial statements. The overall impact of budget adjustments during the 2016-2017 school year was an improvement of \$1.7 million.

When comparing the final amended budget to actual for both revenue and expenditures:

- Revenue was \$45,408 under projected amounts (< 0.2 percent). The actual revenue was under budget mainly due to state and federal grant awards and certain state and local grant programs (\$45,250) not being spent in the time frame anticipated. For all grant-funded programs, an equal amount of expense was not recognized, thus having no impact on the bottom line. Certain grants are funded on a 15-month cycle, but must be budgeted into the School Districts fiscal year for reporting purposes. This routinely creates carryover.
- Expenditures were \$510,097 under projected amounts (1.6 percent). Approximately \$45,000 of the difference was due to state and federal grant awards that were not spent in the time frame anticipated. These funds are not lost, rather carry forward to the next fiscal year. In addition, approximately \$56,000 of the difference was due to the final amount of MPERS section 147c funds that the district receives and pays back to the pension system. The rest of the net underspending is for the most part consistently distributed amongst all budgetary functions. On a line item basis, the most significant area where the budget was underspent was in utilities.

The School District's final actual General Fund fund balance increased by approximately \$415,500 to \$8.4 million; as a percentage of actual expenditures, the 2016-2017 fund balance is 23.24 percent or a 0.86 percent increase.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the School District had \$41.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$2 million from last year.

This year's additions of \$532,785, inclusive of construction-in-progress assets that were put in service in the current year, included technology, building renovations, replacement furniture and equipment, and a new bus. The School District had net disposals of approximately \$2,000. The School District presents more detailed information about capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$28.3 million in general obligation bonds outstanding versus \$31.3 million in the previous year - a decrease of 9.6 percent. The decrease in the outstanding debt was the result of the principal payments made on the outstanding bond issues of \$2.9 million.

The School District's general obligation bond rating is AA-. 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. The School District's outstanding unqualified general obligation debt of \$28.3 million is significantly below this statutorily imposed limit of 15 percent (\$87.9 million) of the assessed value of all taxable property within the School District's boundaries.

Other obligations include accrued vacation pay and sick leave. The School District presents more detailed information about its long-term liabilities in the notes to the financial statements.

Warren Woods Public Schools

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Warren Woods Public Schools continues to have strong General Fund reserves; the total available fund balance is 23.24 percent of 2017 expenditures, including the Special Education Centers Program Fund. Revenue exceeded expenditures by \$415,502 in the 2016-2017 school year. The 2017-2018 year's budget anticipates the use of \$1.66 million from the fund balance. Continued attention will be focused on strong expenditure controls and close monitoring of revenue changes based on state funding and student count to help reduce this deficit spending.

The following factors will affect the School District in the future and were considered in preparing the School District's budget for fiscal year 2018:

The 2017-2018 budget was adopted in June 2017 based on an estimated number of students who will be enrolled from September 2017 through February 2018. Based on early enrollment projections at the end of the 2016-2017 school year, the School District anticipates that the fall student count will be down by approximately 25 FTE students, and that number was used to create the 2017-2018 budget. In an effort to sustain student enrollment and maximize funding from the State, Warren Woods Public Schools continues to provide opportunities to students throughout Macomb County through Schools of Choice. The School District has also budgeted for an anticipated Headlee rollback of its personal commercial and non-homestead property tax collections since 2016-2017. The cumulative result of the rollbacks is a loss of approximately \$37,000 in 2017-2018.

The School District continues to find ways to deal with a reduced level of funding per student from the foundation allowance level of \$8,489 per student during the 2008-2009 fiscal year to the 2017-2018 budgeted level of \$7,968 per student. Due to the State's own overall economic decline, Michigan school districts have been allocated funding at less than inflationary increases over the past 12 years. This decrease is due to job losses, reductions in consumer spending, and reductions in property values, which, in turn, resulted in lower revenue from income, sales, and property taxes. Consequently, this limits funding available to public schools from its primary revenue source, the State of Michigan. Additionally, the School District has been challenged by increased fixed costs such as retirement and health care.

The State School Aid Act for 2017-2018 was approved prior to the start of the fiscal year with a \$50 per pupil increase in the foundation allowance for Warren Woods Public Schools. The budget, because it was adopted prior to the finalization of the School Aid Act, includes \$9 per pupil in increase foundation allowance. The budget also maintains the Section 20M funding for 2016-2017 intended to make sure that all districts received a net \$60 per pupil increase in funding last year. The pass-through of the MPSERS UAAL funding through the School District also continues to affect the School District's financial statements and, at the time of the original budget adoption, the rate was assumed to be decreasing from 11.7 percent to 11.32 percent, creating additional revenue and expenditures to be reported.

The impact of the 2017-2018 State School Aid Act, along with a projected decrease in enrollment of 25 students, shows revenue decreasing by \$119,674 from \$32.4 million in 2016-2017 to \$32.3 million in 2017-2018. Expenditures for 2017-2018 are estimated to be \$33.9 million and include adjusted teaching positions due to enrollment, caseloads, and student schedules. The School District also recently bargained a new two-year contract with all three of its support groups that will provide salary increases to the majority of its employees. Additional cost pressure continues to come from increases in the required public employer contributions to medical benefit plans for its employees, increases in the minimum wage, and continued implementation of the Affordable Care Act.

Warren Woods Public Schools

Management's Discussion and Analysis (Continued)

In a declining enrollment environment, the School District will continue to face challenges to contain operational costs, with the added complexity of reducing the School District's programs to match the size of the student body. Prudent fiscal responsibility and cost containment remain critical to the School District's ability to effectively operate in this volatile and difficult economic climate. Opportunities to enhance revenue and control costs will be monitored on an ongoing basis. During the past seven years, the School District has made a series of budget adjustments to protect the financial future of its schools. To balance the budget, an estimated \$1.6 million contribution from fund balances will be used as a strategy to further reduce impact to programs and services.

Contacting the School District's Management

This financial report is intended to provide the School District's citizens, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at 12900 Frazho Road, Warren, MI 48089.

Warren Woods Public Schools

Statement of Net Position

June 30, 2017

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 7,719,146
Receivables:	
Accounts receivable	403,979
Due from other governments	6,110,080
Inventories	15,783
Prepaid costs and other assets	62,678
Restricted assets	295,121
Capital assets: (Note 6)	
Assets not subject to depreciation	41,077
Assets subject to depreciation - Net	41,786,897
Total assets	56,434,761

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 8)	1,304,577
Deferred outflows related to pension plan (Note 10)	7,480,499
Total deferred outflows of resources	8,785,076

Liabilities

Accounts payable	279,324
Due to other governmental units	482,911
Accrued liabilities and other	3,630,320
Unearned revenue (Note 5)	607,514
Other current liabilities	25,000
Noncurrent liabilities:	
Due within one year (Note 8)	3,371,701
Due in more than one year (Note 8)	28,041,430
Net pension liability (Note 10)	58,471,626
Total liabilities	94,909,826

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the report date (Note 10)	1,786,846
Deferred inflows related to pension plan (Note 10)	1,452,666
Total deferred inflows of resources	3,239,512

Net Position

Net investment in capital assets	12,011,594
Restricted - Debt service	108,322
Unrestricted	(45,049,417)
Total net position	\$ (32,929,501)

Warren Woods Public Schools

Statement of Activities

Year Ended June 30, 2017

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 20,623,125	\$ 62,640	\$ 6,579,676	\$ (13,980,809)
Support services	14,436,675	-	3,542,903	(10,893,772)
Bookstores	8,811	8,872	-	61
Athletics	555,353	49,311	-	(506,042)
Food services	1,545,778	433,460	1,169,057	56,739
Child care	915,201	1,080,612	-	165,411
Interest	1,223,511	-	-	(1,223,511)
Other debt costs	3,248	-	-	(3,248)
Depreciation expense (unallocated)	2,607,780	-	-	(2,607,780)
Total primary government	\$ 41,919,482	\$ 1,634,895	\$ 11,291,636	(28,992,951)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				2,815,427
Property taxes, levied for debt service				3,354,341
State aid not restricted to specific purposes				24,006,989
Federal grants and contributions not restricted to specific purposes				43,471
Interest and investment earnings				54,209
Penalties, interest, and other taxes				3,317
Gain on sale of capital assets				5,085
Other				299,646
Total general revenue				30,582,485
Change in Net Position				1,589,534
Net Position - Beginning of year				(34,519,035)
Net Position - End of year				\$ (32,929,501)

Warren Woods Public Schools

Governmental Funds Balance Sheet

June 30, 2017

	General Fund	Special Education Center Program Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 7,100,006	\$ -	\$ 619,140	\$ 7,719,146
Receivables:				
Accounts receivable	-	-	394,567	394,567
Due from other governments	6,110,080	-	-	6,110,080
Due from other funds (Note 7)	52,793	133,040	129,630	315,463
Inventories	-	-	15,783	15,783
Prepaid costs and other assets	62,678	-	-	62,678
Restricted assets (Note 2)	-	-	295,121	295,121
	<u>\$ 13,325,557</u>	<u>\$ 133,040</u>	<u>\$ 1,454,241</u>	<u>\$ 14,912,838</u>
Total assets				
Liabilities				
Accounts payable	\$ 279,274	\$ -	\$ 50	\$ 279,324
Due to other governmental units	482,849	-	62	482,911
Due to other funds (Note 7)	225,423	15,882	64,746	306,051
Accrued liabilities and other	3,443,521	-	-	3,443,521
Unearned revenue (Note 5)	484,444	117,158	5,912	607,514
Other current liabilities	-	-	25,000	25,000
	<u>4,915,511</u>	<u>133,040</u>	<u>95,770</u>	<u>5,144,321</u>
Total liabilities				
Fund Balances				
Nonspendable:				
Inventories	-	-	15,783	15,783
Prepaid costs	62,678	-	-	62,678
Restricted:				
Debt service	-	-	295,121	295,121
Food service	-	-	565,630	565,630
Committed:				
Child care	-	-	423,957	423,957
Compensated absences	292,174	-	-	292,174
Elementary STEM materials	12,000	-	-	12,000
Band uniforms	45,345	-	-	45,345
Tax tribunal cases	100,000	-	-	100,000
Assigned:				
Capital projects	-	-	59,470	59,470
Working capital	3,649,567	-	-	3,649,567
Subsequent year budget shortfall	1,888,396	-	-	1,888,396
Unassigned	2,359,886	-	(1,490)	2,358,396
	<u>8,410,046</u>	<u>-</u>	<u>1,358,471</u>	<u>9,768,517</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 13,325,557</u>	<u>\$ 133,040</u>	<u>\$ 1,454,241</u>	<u>\$ 14,912,838</u>

Warren Woods Public Schools

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2017

Fund Balances Reported in Governmental Funds	\$ 9,768,517
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	41,827,974
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(31,120,957)
Accrued interest is not due and payable in the current period and is not reported in the funds	(186,799)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(292,174)
Net pension liability and related deferred inflows and outflows	(52,443,793)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(1,786,846)
Deferred inflows and outflows related to bond refundings are not reported in the funds	<u>1,304,577</u>
Net Position of Governmental Activities	<u>\$ (32,929,501)</u>

Warren Woods Public Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2017

	General Fund	Special Education Center Program Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 3,075,286	\$ -	\$ 4,929,085	\$ 8,004,371
State sources	26,944,320	1,678,718	164,785	28,787,823
Federal sources	1,510,045	-	1,206,615	2,716,660
Interdistrict and other sources	857,366	3,124,015	40,230	4,021,611
Total revenue	32,387,017	4,802,733	6,340,715	43,530,465
Expenditures				
Current:				
Instruction:				
Basic program	15,198,364	-	-	15,198,364
Added needs	2,934,980	2,165,073	-	5,100,053
Adult and continuing education	259,231	-	-	259,231
Support services:				
Pupil	2,681,272	1,731,114	-	4,412,386
Instructional staff	1,477,344	301,290	-	1,778,634
General administration	435,551	-	-	435,551
School administration	2,044,210	-	-	2,044,210
Business services	648,783	-	-	648,783
Operations and maintenance	3,332,490	-	-	3,332,490
Transportation	647,478	5,216	-	652,694
Central support services	785,809	-	-	785,809
Other support services	319,659	-	-	319,659
Bookstores	-	-	8,811	8,811
Athletics	558,241	-	-	558,241
Food services	-	-	1,551,597	1,551,597
Child care	54,805	-	866,983	921,788
Debt service:				
Principal	-	-	2,920,000	2,920,000
Interest	-	-	1,234,357	1,234,357
Other debt costs	-	-	3,248	3,248
Capital outlay	363,789	7,383	565,485	936,657
Total expenditures	31,742,006	4,210,076	7,150,481	43,102,563
Excess of Revenue Over (Under) Expenditures	645,011	592,657	(809,766)	427,902
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	7,248	7,248
Transfers in (Note 7)	692,657	-	922,166	1,614,823
Transfers out (Note 7)	(922,166)	(592,657)	(100,000)	(1,614,823)
Net Change in Fund Balances	415,502	-	19,648	435,150
Fund Balances - Beginning of year	7,994,544	-	1,338,823	9,333,367
Fund Balances - End of year	<u>\$ 8,410,046</u>	<u>\$ -</u>	<u>\$ 1,358,471</u>	<u>\$ 9,768,517</u>

Warren Woods Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2017

Net Change in Fund Balances Reported in Governmental Funds	\$ 435,150
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	(2,040,081)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(7,431)
Revenue in support of pension contributions made subsequent to the measurement date is not reported in the funds	(176,567)
Deferred inflows and outflows related to bond refundings are not reported in the funds. In addition, bond discount/premium is report expenditure/revenue in the funds, but is amortized in the statement of activities	157,464
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,920,000
Interest expense is recognized in the government wide statements as it accrues	10,846
Some employee costs (pension, compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	290,153
Change in Net Position of Governmental Activities	\$ 1,589,534

Warren Woods Public Schools

Fiduciary Funds - Agency Fund (Student Activities) Statement of Fiduciary Assets and Liabilities

June 30, 2017

Assets - Cash and investments (Note 4)

\$ 469,630

Liabilities

Accounts payable

\$ 460,218

Due to other funds (Note 7)

9,412

Total liabilities

\$ 469,630

June 30, 2017

Note 1 - Nature of Business

Warren Woods Public Schools (the "School District") is a school district in the state of Michigan which provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

Warren Woods Public Schools follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, no component units are required to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund-based statements.

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 or segment. Program revenue includes the following: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

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

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.

Fund Accounting

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund. It accounts for all financial resources of the School District other than those specifically assigned to another fund.

Note 2 - Significant Accounting Policies (Continued)

- The Special Education Center Program Fund is used to record special education millage revenue from the intermediate school district, state revenue related to special education, and disbursements associated with special education center programs administered by the School District on behalf of the intermediate school district.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's nonmajor special revenue funds include the Bookstore Activities, Food Services, and Child Care Program Funds. Revenue sources for the Bookstore Activities and Food Services Funds include sales to customers, and the Food Services Fund receives dedicated grants from state and federal sources. Revenue of the Child Care Program Fund consists primarily of tuition and fees charged to users. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.
- Capital projects funds are used to record proceeds from the sale of bonds and other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings and equipment, and for remodeling and repairs.

Fiduciary Fund

The School District maintains a student activity 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.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Note 2 - Significant Accounting Policies (Continued)

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.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting.

Specific Balances and Transactions

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 except for the investments in MILAF, which are valued at amortized cost.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds other than the Food Services Fund are recorded as expenditures when purchased. Inventories of the Food Services Fund, including United States Department of Agriculture commodities, 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 property taxes levied in the debt service funds are required to be set aside for future bond principal and interest payments. These cash balances have been classified as restricted assets.

Capital Assets

Capital assets 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 acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Land improvements	20 years
Buildings and improvements	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and equipment	5 to 10 years

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 life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The debt service funds are generally used to liquidate governmental long-term debt.

Note 2 - Significant Accounting Policies (Continued)

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 deferred outflows of resources related to deferred charges on refundings and deferred pension plan expenses.

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 deferred inflows of resources related to its pension plan and revenue in support of pension payments made subsequent to the measurement date.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

Sometimes, the School District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes, the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can commit fund balance by passing a resolution. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Note 2 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has by resolution authorized the Board of Education or superintendent to assign fund balance. The superintendent may also assign fund balance to cover a gap between estimated revenue and expenditures in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The fund balance policy prescribes the minimum fund balance as 15 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. If the total fund balance of the General Fund falls below the goal, it shall be recovered at a rate of at least 1 percent each year.

Property Tax Revenue

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal and state grants as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from the 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 expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncement

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 OPEB 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 School District's financial statements for the year ending June 30, 2018.

Note 3 - 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, except that transfers in and transfers out are reported net and capital outlay expenditures are reported in other functional expenditure categories. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. 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 School District amended the General Fund and Special Education Center Program Fund budgets to reflect changes in funding from state and federal sources.

The required supplemental information - budgetary comparison schedules are presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances.

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.

Note 4 - 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, certificates of deposit, 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 five financial institutions for deposits and investments of its funds.

There are no limitations or restrictions on participant withdrawals for investment pools that are recorded at amortized cost, except for a one-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

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 does not have a deposit policy for custodial credit risk. At year end, the School District had \$2,401,342 of bank deposits (certificates of deposit, 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 does not have a policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. The School District's investment in the Michigan Liquid Asset Fund, which totaled \$5,833,108 at June 30, 2017, has an S&P rating of AAAM.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer.

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 investment policy prohibit investments in foreign currency.

June 30, 2017

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the School District had no unavailable revenue and had approximately \$608,000 of unearned revenue, primarily related to categorical aid payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

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

	Balance July 1, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 4,000	\$ -	\$ -	\$ 4,000
Construction in progress	-	37,077	-	37,077
Subtotal	4,000	37,077	-	41,077
Capital assets being depreciated:				
Land improvements	4,914,085	-	-	4,914,085
Buildings and improvements	69,380,422	329,131	-	69,709,553
Buses and other vehicles	1,462,775	91,740	(89,211)	1,465,304
Furniture and equipment	10,697,975	111,914	(36,325)	10,773,564
Subtotal	86,455,257	532,785	(125,536)	86,862,506
Accumulated depreciation:				
Land improvements	2,421,740	208,691	-	2,630,431
Buildings and improvements	29,876,130	2,001,896	-	31,878,026
Buses and other vehicles	1,058,363	96,642	(89,211)	1,065,794
Furniture and equipment	9,234,969	300,551	(34,162)	9,501,358
Subtotal	42,591,202	2,607,780	(123,373)	45,075,609
Net capital assets being depreciated	43,864,055	(2,074,995)	(2,163)	41,786,897
Net capital assets	\$ 43,868,055	\$ (2,037,918)	\$ (2,163)	\$ 41,827,974

Depreciation expense was not charged to activities, as the School District considers its assets to impact multiple activities and allocation is not practical.

Construction Commitments

At year end, the School District's Tower High School serving line project is ongoing. As of June 30, 2017, there has been \$37,077 spent to date and there is \$172,523 in remaining commitments to be funded from the Food Service Fund.

June 30, 2017

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due from	Fund Due to			Total
	General Fund	Special Education Center Program Fund	Nonmajor Funds	
General Fund	\$ -	\$ 117,670	\$ 107,753	\$ 225,423
Special Education Center Program Fund	-	-	15,882	15,882
Nonmajor governmental funds	46,817	15,370	2,559	64,746
Agency fund	5,976	-	3,436	9,412
Total	\$ 52,793	\$ 133,040	\$ 129,630	\$ 315,463

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Receiving Fund (Transfer in)	Paying Fund (Transfer out)	Amount
General Fund	Special Education Center Fund	\$ 592,657
	Nonmajor funds	100,000
Nonmajor	General Fund	922,166
	Total	\$ 1,614,823

Transfers from the General Fund provided funding for debt service payments on nonvoted bond and various capital projects. Funds from the Food Services Fund, Child Care Program Fund, and Special Education Center Program Fund were transferred to the General Fund to cover excess costs related to operations of the funds for the purposes for which they were created.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2017 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligations	\$ 31,255,000	\$ -	\$ (2,920,000)	\$ 28,335,000	\$ 3,030,000
Unamortized bond premiums	3,098,441	-	(312,484)	2,785,957	312,484
Total bonds payable	34,353,441	-	(3,232,484)	31,120,957	3,342,484
Compensated absences	280,311	11,863	-	292,174	29,217
Total governmental activities long-term debt	\$ 34,633,752	\$ 11,863	\$ (3,232,484)	\$ 31,413,131	\$ 3,371,701

At June 30, 2017, the School District had deferred outflows of \$1,304,577 related to deferred charges on bond refundings.

June 30, 2017

Note 8 - Long-term Debt (Continued)

General Obligation Bonds

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. All of the School District's bonds are qualified and thus fully guaranteed by the State of Michigan. General obligations outstanding at June 30, 2017 are as follows:

	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding
Governmental Activities				
\$2,000,000 general obligation limited tax bonds (2012)	\$180,000 - \$185,000	2.25 - 3.60*	2024	\$ 1,280,000
\$7,515,000 general obligation limited tax bonds (2014)	\$690,000 - \$840,000	2.00 - 3.00	2025	6,160,000
\$19,595,000 general obligation unlimited tax and refunding bonds (2015)	\$1,700,000 - \$2,385,000	3.00 - 5.00	2026	17,995,000
\$2,945,000 general obligation unlimited tax and refunding bonds (2016)	\$460,000 - \$510,000	2.05	2023	<u>2,900,000</u>
Total governmental activities				<u>\$ 28,335,000</u>

*Partially subsidized

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated from the funds from which the individual employee's salaries are paid.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Principal	Interest*	Total
2018	\$ 3,030,000	\$ 1,071,400	\$ 4,101,400
2019	3,100,000	997,170	4,097,170
2020	3,195,000	904,036	4,099,036
2021	3,310,000	789,046	4,099,046
2022	3,440,000	662,102	4,102,102
2023 - 2027	<u>12,260,000</u>	<u>1,298,456</u>	<u>13,558,456</u>
Total	<u>\$ 28,335,000</u>	<u>\$ 5,722,210</u>	<u>\$ 34,057,210</u>

* Interest presented net of maximum potential interest subsidy

Note 9 - 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 has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to workers' compensation, general liability, and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG 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.

Note 10 - Michigan Public School Employees Retirement System

Plan Description

The School District participates in the Michigan Public School Employees Retirement System (MPSERS 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.

Benefits Provided

Benefit provisions of the defined benefit (DB) 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 pension plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services 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 to 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 when investment earnings exceed actuarial assumptions.

June 30, 2017

Note 10 - Michigan Public School Employees Retirement System (Continued)

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:

October 1, 2015 - September 30, 2016	14.56% - 18.95%
October 1, 2016 - June 30, 2017	15.27% - 19.03%

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 contributions 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, 2017 were \$5,852,779. The School District's required and actual contributions include an allocation of \$1,786,846 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, 2017.

Net Pension Liability

At June 30, 2017, the School District reported a liability of \$58,471,626 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015, which used updated procedures to roll forward the estimated liability to September 30, 2016. 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, 2016, the School District's proportion was 0.234363 percent.

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

For the year ended June 30, 2017, the School District recognized pension expense of \$5,262,495, exclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 728,711	\$ (138,579)
Changes in assumptions	914,158	-
Net difference between projected and actual earnings on pension plan investments	971,798	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	140,141	(1,314,087)
The School District's contributions to the plan subsequent to the measurement date	4,725,691	-
Total	<u>\$ 7,480,499</u>	<u>\$ (1,452,666)</u>

June 30, 2017

Note 10 - 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	Amount
2018	\$ 149,879
2019	73,441
2020	1,081,059
2021	<u>(2,237)</u>
Total	<u>\$ 1,302,142</u>

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

In addition, the School District had deferred inflows of resources related to revenue in support of pension payments made subsequent to the measurement date totaling \$1,786,846 at June 30, 2017.

Actuarial Assumptions

The total pension liability as of September 30, 2016 is based on the results of an actuarial valuation as of September 30, 2015 and rolled forward. The total pension liability was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal cost actuarial cost method
Investment rate of return	7.00% - 8.00%, net of investment expenses based on the groups
Salary increases	3.50% - 12.30%, including wage inflation of 3.50%
Mortality basis	RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost-of-living pension adjustments	3.00% annual noncompounded for MIP members

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

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 School District contributions will be made at statutorily 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 of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

June 30, 2017

Note 10 - Michigan Public School Employees Retirement System (Continued)

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.90 %
Private equity pools	18.00	9.20
International equity pools	16.00	7.20
Fixed-income pools	10.50	0.90
Real estate and infrastructure pools	10.00	4.30
Real return, opportunistic, and absolute pool	15.50	6.00
Short-term investment pools	2.00	-
Total	100.00 %	

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent. As a result, the actuarial computed employer contributions and the net pension liability will increase for the measurement period ending September 30, 2017.

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 percentage point lower (6.00 - 7.00 percent) or 1 percentage point higher (8.00 - 9.00 percent) than the current rate:

	1 Percent Decrease (6.00 - 7.00%)	Current Discount Rate (7.00 - 8.00%)	1 Percent Increase (8.00 - 9.00%)
Net pension liability of the School District	\$ 75,296,736	\$ 58,471,626	\$ 44,286,440

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2017, the School District reported a payable of \$949,894 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Note 10 - Michigan Public School Employees Retirement System (Continued)

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 annually sets the employer contribution rate 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 6.40 percent to 6.83 percent of covered payroll for the period from July 1, 2016 to September 30, 2016 and from 5.69 percent to 5.91 percent of covered payroll for the period from October 1, 2016 through June 30, 2017 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.

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2017, 2016, and 2015 were \$1,271,824, \$1,148,845, and \$730,000, respectively. In addition, a portion ranging from 35-100 percent of the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2017, the School District's property tax revenue was reduced by approximately \$151,500 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of non-homestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$110,500 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Required Supplemental Information

Warren Woods Public Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual
Revenue			
Local sources	\$ 2,959,628	\$ 3,077,239	\$ 3,075,286
State sources	26,184,039	26,964,304	26,944,320
Federal sources	1,606,905	1,532,107	1,510,045
Interdistrict and other sources	813,422	858,775	857,366
Total revenue	31,563,994	32,432,425	32,387,017
Expenditures			
Current:			
Instruction:			
Basic program	16,101,097	15,353,723	15,257,129
Added needs	2,925,102	3,223,621	3,198,115
Adult and continuing education	354,433	267,044	260,723
Support services:			
Pupil	2,795,762	2,722,630	2,682,833
Instructional staff	1,612,114	1,524,837	1,495,904
General administration	496,438	466,181	439,027
School administration	2,130,258	2,067,247	2,044,210
Business services	673,935	657,123	648,783
Operations and maintenance	3,764,559	3,522,761	3,340,318
Transportation	730,379	669,891	647,478
Central support services	817,028	810,841	785,809
Other support services	395,811	393,415	374,464
Athletics	559,124	572,789	567,213
Total expenditures	33,356,040	32,252,103	31,742,006
Excess of Revenue (Under) Over Expenditures	(1,792,046)	180,322	645,011
Other Financing Uses - Transfers out and other - Net	(2,341)	(278,114)	(229,509)
Net Change in Fund Balance	(1,794,387)	(97,792)	415,502
Fund Balance - Beginning of year	7,994,544	7,994,544	7,994,544
Fund Balance - End of year	<u>\$ 6,200,157</u>	<u>\$ 7,896,752</u>	<u>\$ 8,410,046</u>

Warren Woods Public Schools

Required Supplemental Information Budgetary Comparison Schedule - Special Education Center Program Fund

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenue			
State sources	\$ 1,692,004	\$ 1,678,722	\$ 1,678,718
Interdistrict and other sources	<u>3,230,153</u>	<u>3,136,863</u>	<u>3,124,015</u>
Total revenue	4,922,157	4,815,585	4,802,733
Expenditures			
Current:			
Instruction - Added needs	2,355,039	2,215,294	2,165,073
Support services:			
Pupil	1,611,910	1,731,663	1,731,114
Instructional staff	318,080	301,338	301,290
Operations and maintenance	-	16,807	7,383
Transportation	<u>19,950</u>	<u>6,133</u>	<u>5,216</u>
Total expenditures	<u>4,304,979</u>	<u>4,271,235</u>	<u>4,210,076</u>
Excess of Revenue Over Expenditures	617,178	544,350	592,657
Other Financing Uses - Transfer out - Net	<u>(617,178)</u>	<u>(544,350)</u>	<u>(592,657)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Warren Woods Public Schools

Required Supplemental Information Schedule of the 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		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.23436 %	0.24120 %	0.24020 %
School District's proportionate share of the net pension liability	\$ 58,471,626	\$ 58,919,322	\$ 52,908,682
School District's covered employee payroll	\$ 19,589,242	\$ 20,159,703	\$ 20,435,231
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	298.49 %	292.26 %	258.91 %
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.01 %	62.92 %	66.20 %

Warren Woods Public Schools

Required Supplemental Information Schedule of the School District's Pension Contributions Michigan Public School Employees Retirement System

	Last Ten Fiscal Years		
	Year Ended June 30		
	2017	2016	2015
Statutorily required contribution	\$ 5,724,529	\$ 5,567,852	\$ 4,414,076
Contributions in relation to the statutorily required contribution	5,724,529	5,567,852	4,414,076
Contribution Deficiency	\$ -	\$ -	\$ -
School District's Covered Employee Payroll	\$ 20,713,745	\$ 19,807,674	\$ 20,167,108
Contributions as a Percentage of Covered Employee Payroll	27.64 %	28.11 %	21.89 %

Year Ended June 30, 2017

Benefit Changes

There were no changes of benefit terms in 2016.

Changes in Assumptions

There were no changes of benefit assumptions in 2016.

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2016.

Other Supplemental Information

Warren Woods Public Schools

	Special Revenue Funds		
	Bookstore Activities	Food Services	Child Care Program
Assets			
Cash and investments	\$ -	\$ 534,670	\$ -
Receivables	-	77,325	317,242
Due from other funds	-	21,038	108,592
Inventories	1,551	14,232	-
Restricted assets	-	-	-
Total assets	\$ 1,551	\$ 647,265	\$ 425,834
Liabilities			
Accounts payable	\$ -	\$ -	\$ 50
Due to other governmental units	-	62	-
Due to other funds	1,490	61,429	1,827
Unearned revenue	-	5,912	-
Other current liabilities	-	-	-
Total liabilities	1,490	67,403	1,877
Fund Balances			
Nonspendable	1,551	14,232	-
Restricted:			
Debt service	-	-	-
Food service	-	565,630	-
Committed - Child care	-	-	423,957
Assigned - Capital replacements	-	-	-
Unassigned	(1,490)	-	-
Total fund balances	61	579,862	423,957
Total liabilities and fund balances	\$ 1,551	\$ 647,265	\$ 425,834

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

Debt Service Funds					Capital Project Funds		
2007 Issue	2012 Issue	2014 Refunding	2015 Refunding	2016 Refunding	Building and Site	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,470	\$	619,140
-	-	-	-	-	-	-	394,567
-	-	-	-	-	-	-	129,630
-	-	-	-	-	-	-	15,783
-	-	79,105	216,010	6	-	-	295,121
\$ -	\$ -	\$ 79,105	\$ 216,010	\$ 6	\$ 84,470	\$	1,454,241
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	50
-	-	-	-	-	-	-	62
-	-	-	-	-	-	-	64,746
-	-	-	-	-	-	-	5,912
-	-	-	-	-	25,000	-	25,000
-	-	-	-	-	25,000	-	95,770
-	-	-	-	-	-	-	15,783
-	-	79,105	216,010	6	-	-	295,121
-	-	-	-	-	-	-	565,630
-	-	-	-	-	-	-	423,957
-	-	-	-	-	59,470	-	59,470
-	-	-	-	-	-	-	(1,490)
-	-	79,105	216,010	6	59,470	-	1,358,471
\$ -	\$ -	\$ 79,105	\$ 216,010	\$ 6	\$ 84,470	\$	1,454,241

Warren Woods Public Schools

	Special Revenue Funds		
	Bookstore Activities	Food Services	Child Care Program
Revenue			
Local sources	\$ 8,872	\$ 443,261	\$ 1,080,612
State sources	-	104,906	59,879
Federal sources	-	1,163,144	-
Interdistrict and other sources	-	40,230	-
Total revenue	8,872	1,751,541	1,140,491
Expenditures			
Current:			
Bookstores	8,811	-	-
Food services	-	1,551,597	-
Child care	-	-	866,983
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other debt costs	-	-	-
Capital outlay	-	78,443	769
Total expenditures	8,811	1,630,040	867,752
Excess of Revenue Over (Under) Expenditures	61	121,501	272,739
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	1,400	-
Transfers out	-	(75,000)	(25,000)
Total other financing (uses) sources	-	(73,600)	(25,000)
Net Change in Fund Balances	61	47,901	247,739
Fund Balances - Beginning of year	-	531,961	176,218
Fund Balances - End of year	\$ 61	\$ 579,862	\$ 423,957

Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2017

Debt Service Funds					Capital Project Funds	
2007 Issue	2012 Issue	2014 Refunding	2015 Refunding	2016 Refunding	Building and Site	Total
\$ -	\$ 13	\$ 869,779	\$ 2,526,543	\$ 5	\$ -	\$ 4,929,085
-	-	-	-	-	-	164,785
-	43,471	-	-	-	-	1,206,615
-	-	-	-	-	-	40,230
-	43,484	869,779	2,526,543	5	-	6,340,715
-	-	-	-	-	-	8,811
-	-	-	-	-	-	1,551,597
-	-	-	-	-	-	866,983
405,000	180,000	690,000	1,600,000	45,000	-	2,920,000
16,200	46,668	177,250	928,500	65,739	-	1,234,357
99	649	500	750	1,250	-	3,248
-	-	-	-	-	486,273	565,485
421,299	227,317	867,750	2,529,250	111,989	486,273	7,150,481
(421,299)	(183,833)	2,029	(2,707)	(111,984)	(486,273)	(809,766)
-	-	-	-	-	7,248	7,248
421,295	183,833	-	-	111,988	203,650	922,166
-	-	-	-	-	-	(100,000)
421,295	183,833	-	-	111,988	210,898	829,414
(4)	-	2,029	(2,707)	4	(275,375)	19,648
4	-	77,076	218,717	2	334,845	1,338,823
\$ -	\$ -	\$ 79,105	\$ 216,010	\$ 6	\$ 59,470	\$ 1,358,471

Warren Woods Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2017

Year Ending June 30	2012 Issue (Nonvoted) Principal	2014 Refunding (Voted) Principal	2015 Refunding (Voted) Principal	2016 Refunding (Nonvoted) Principal	Total
2018	\$ 180,000	\$ 690,000	\$ 1,700,000	\$ 460,000	\$ 3,030,000
2019	180,000	725,000	1,725,000	470,000	3,100,000
2020	180,000	720,000	1,815,000	480,000	3,195,000
2021	185,000	750,000	1,890,000	485,000	3,310,000
2022	185,000	790,000	1,970,000	495,000	3,440,000
2023	185,000	810,000	2,070,000	510,000	3,575,000
2024	185,000	835,000	2,170,000	-	3,190,000
2025	-	840,000	2,270,000	-	3,110,000
2026	-	-	2,385,000	-	2,385,000
Total principal	\$ 1,280,000	\$ 6,160,000	\$ 17,995,000	\$ 2,900,000	\$ 28,335,000
Principal payments due	May 1	May 1	May 1	May 1	
Interest payments due	May 1 and Nov. 1	May 1 and Nov. 1	May 1 and Nov. 1	May 1 and Nov. 1	
Interest rate	2.25% to 3.60%	2.00% - 3.00%	3.00% - 5.00%	2.05%	
Original issue	\$ 2,000,000	\$ 7,515,000	\$ 19,595,000	\$ 2,945,000	