

# **Allen Park Public Schools**

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

# Allen Park Public Schools

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## Independent Auditor's Report

To the Board of Education  
Allen Park Public Schools

### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Allen Park Public Schools as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Allen Park Public Schools's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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, the major funds, and the aggregate remaining fund information of Allen Park Public Schools as of June 30, 2016 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  
Allen Park 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 schedule, schedule of proportionate share of the net pension liability, and schedule of contributions, as identified on 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 opinions on the financial statements that collectively comprise Allen Park Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2016 on our consideration of Allen Park Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Allen Park Public Schools' internal control over financial reporting and compliance.

*Plante & Morse, PLLC*

October 11, 2016

# Allen Park Public Schools

## Management's Discussion and Analysis

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

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Allen Park 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 2007 Refunding Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net assets, 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 Allen Park Public Schools' Proportionate Share of the Net Pension Liability MPERS Determined as of the Plan Year Ended September 30*

*Schedule of Allen Park Public Schools' Contributions MPERS Determined as of the Year Ended June 30*

*Other Supplemental Information*

# **Allen Park Public Schools**

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## **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 assets 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 assets - the difference between assets and liabilities, as reported in the statement of net assets - 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 assets - 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 our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net assets and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

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

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 Cafeteria Fund) 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 assets and the statement of activities) and governmental funds in a reconciliation.

# Allen Park Public Schools

## Management's Discussion and Analysis (Continued)

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

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

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

Recall that the statement of net assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2016 and 2015:

TABLE I

	Governmental Activities	
	June 30	
	2016	2015
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 6.7	\$ 8.1
Capital assets	58.3	60.1
Total assets	65.0	68.2
<b>Deferred Outflows of Resources</b>	9.3	4.8
Total assets and deferred outflows of resources	74.3	73.0
<b>Liabilities</b>		
Current liabilities	4.8	5.9
Long-term liabilities	74.7	77.3
Net Pension Liability	56.9	49.3
Total liabilities	136.4	132.5
<b>Deferred Inflows of Resources</b>	1.7	3.6
Total liabilities and deferred inflows of resources	138.1	136.1
<b>Net Position (Deficit)</b>		
Invested in capital assets - Net of related debt	(13.8)	(9.5)
Restricted	-	0.2
Unrestricted	(50.0)	(53.8)
Total deficit	<b>\$ (63.8)</b>	<b>\$ (63.1)</b>

# Allen Park Public Schools

## Management's Discussion and Analysis (Continued)

The above analysis focuses on the net assets (see Table 1). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net deficit was \$63.8 million at June 30, 2016. Capital assets, net of related debt totaling \$13.8 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 position, if any, is 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 deficit of \$50.0 million in unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

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 assets for fiscal years 2016 and 2015:

TABLE 2

	Governmental Activities	
	2016	2015
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 1.2	\$ 1.3
Operating grants and contributions	3.7	4.6
General revenue:		
Property taxes	7.2	5.5
State foundation allowance	28.4	26.8
Other	0.4	0.1
Total revenue	<u>40.9</u>	<u>38.3</u>
<b>Functions/Program Expenses</b>		
Instruction	24.7	24.0
Support services	11.8	11.3
Athletics	0.4	0.5
Food services	1.3	1.3
Community services	0.4	0.3
Interest on long-term debt	3.0	3.1
Total functions/program expenses	<u>41.6</u>	<u>40.5</u>
<b>Change in Net Deficit</b>	(0.7)	(2.2)
<b>Net Deficit - Beginning of year</b>	<u>(63.1)</u>	<u>(60.9)</u>
<b>Net Deficit - End of year</b>	<u><u>\$ (63.8)</u></u>	<u><u>\$ (63.1)</u></u>

# Allen Park Public Schools

## Management's Discussion and Analysis (Continued)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$41.6 million. Certain activities were partially funded from those who benefited from the programs (\$1.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3.7million). We paid for the remaining "public benefit" portion of our governmental activities with \$7.2 million in taxes, \$28.4 million in state foundation allowance, and with our other revenue, i.e., interest and general entitlements.

The School District experienced a decrease in net position of \$0.7 million. Key reasons for the change in net position related to an increase of 15 percent in the cost of MESSA health benefits, increased retirement costs and the addition of staffing throughout the district.

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

### 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 accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$2.4 million, which is a decrease of \$0.3 million from last year. The primary reasons for the decrease are as follows: reduction in federal lunch reimbursement amounts and the timing associated with the first year transition to 100 percent summer tax collection.

In the General Fund, our principal operating fund, the fund balance increased \$0.1 million to \$2.1 million. The change is mainly due to:

- An increase in delinquent taxes collected by Wayne County
- An adjustment to Special Education money received
- A new HVAC controller to facilitate heating accuracy in the buildings

General Fund fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds remained stable from the prior years, showing a net decrease of approximately \$109,000.

The 2007 Refunding Debt Service Funds showed a fund balance decrease of approximately \$242,000. Millage rates were increased in order to adjust the Debt Service Funds fund balances. The primary reason for the decrease and subsequent deficit was the timing associated with the first year transition to 100 percent summer tax collection. The deficit has been corrected subsequent to year end. Millage rates are determined 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.

# Allen Park Public Schools

## Management's Discussion and Analysis (Continued)

The Capital Projects Funds fund balance decreased as the School District continued construction related to repairs and maintenance on the buildings.

### General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2015-2016 General Fund original budget. Budgeted revenue was increased \$1.7 million due to a change in certain categorical revenue from the State.

There were significant budget variances between the final budget and actual amounts. See Note 2 for the functional summary of the variances. These variances occurred due to unexpected expenditures in late June, along with additional accruals for the retirement.

### Capital Assets and Debt Administration

#### *Capital Assets*

As of June 30, 2016, the School District had \$58.3 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 \$1.8 million, or 3.0 percent, from last year.

	<u>2016</u>	<u>2015</u>
Land	\$ 20,800	\$ 20,800
Buildings and building improvements	56,196,990	57,691,745
Buses and other vehicles	213,351	280,749
Furniture and equipment	<u>1,826,877</u>	<u>2,087,895</u>
Total capital assets	<u>\$ 58,258,018</u>	<u>\$ 60,081,189</u>

This year's additions of \$96,800 included building renovations and new athletic equipment. No debt was issued for these additions.

No major capital projects are planned for the 2016-2017 fiscal year. We anticipate capital additions will be comparable to the 2015-2016 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

# **Allen Park Public Schools**

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

### **Debt**

At the end of this year, the School District had \$71.7 million in bonds outstanding versus \$49.6 million in the previous year - a change of 44.6 percent. This increase was the result of a refunding agreement that the School District entered into during the year to pay off the balances owed to the School Bond Loan Fund and the School Loan Revolving Fund by issuing new Unlimited Tax General Obligation bonds. Overall, the School District debt balance, when including amounts owed to the School Bond Loan and School Loan Revolving Funds, decreased approximately \$2.5 million.

The School District's general obligation bond continues to be equivalent to the State of Michigan's rating. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt is significantly below this statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, and capital leases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

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

Our elected officials and administration consider many factors when setting the School District's 2017 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2016-2017 budget was adopted in June 2016, based on an estimate of students that will be enrolled in September 2016. Approximately 70 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2017 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2016-2017 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

### **Contacting the School District's Management**

This financial report is intended to provide our taxpayers, 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.

# Allen Park Public Schools

## Statement of Net Position June 30, 2016

	Primary Government <u>Governmental Activities</u>
<b>Assets</b>	
Cash (Note 3)	\$ 689,698
Receivables (Note 4)	5,991,305
Restricted assets	50,820
Capital assets - Net (Note 5)	<u>58,258,018</u>
Total assets	64,989,841
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 7)	1,597,700
Deferred outflows related to pensions (Note 10)	<u>7,712,488</u>
Total deferred outflows of resources	<u>9,310,188</u>
Total assets and deferred outflows of resources	74,300,029
<b>Liabilities</b>	
Accounts payable	271,814
Accrued payroll-related liabilities	3,940,957
State aid anticipation note (Note 9)	54,006
Other accrued liabilities	415,934
Unearned revenue (Note 4)	29,035
Noncurrent liabilities (Note 7):	
Due within one year	3,052,564
Due in more than one year	71,696,475
Net pension liability (Note 10)	<u>56,891,456</u>
Total liabilities	136,352,241
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions (Note 10)	<u>1,737,006</u>
Total liabilities and deferred inflows of resources	<u>138,089,247</u>
<b>Net Position</b>	
Net investment in capital assets	(13,774,382)
Unrestricted deficit	<u>(50,014,836)</u>
Total net position	<u><b>\$ (63,789,218)</b></u>

# Allen Park Public Schools

## Statement of Activities Year Ended June 30, 2016

	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
Instruction	\$ 24,675,997	\$ 37,518	\$ 3,026,464	\$ (21,612,015)
Support services	11,759,963	51,851	-	(11,708,112)
Athletics	438,857	38,352	-	(400,505)
Food services	1,325,871	499,429	706,906	(119,536)
Community services	357,241	608,458	-	251,217
Payments to other public schools (ISDs, LEAs)	47,000	-	-	(47,000)
Interest	2,790,223	-	-	(2,790,223)
Debt issuance costs	185,024	-	-	(185,024)
<b>Total primary government</b>	<b>\$ 41,580,176</b>	<b>\$ 1,235,608</b>	<b>\$ 3,733,370</b>	<b>(36,611,198)</b>
General revenue:				
Taxes:				
Property taxes, levied for general purposes				1,958,301
Property taxes, levied for debt service				5,202,196
State aid not restricted to specific purposes				28,355,669
Interest and investment earnings				8,552
Other				389,652
				<u>35,914,370</u>
				<b>(696,828)</b>
				<b>(63,092,390)</b>
				<b>\$ (63,789,218)</b>

# Allen Park Public Schools

## Governmental Funds Balance Sheet June 30, 2016

	General Fund	2007 Refunding - Debt Service	Other Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash (Note 3)	\$ 324,621	\$ -	\$ 365,077	\$ 689,698
Receivables (Note 4)	5,978,887	-	12,418	5,991,305
Due from other funds (Note 6)	101,984	-	9,182	111,166
Restricted assets	-	50,820	-	50,820
<b>Total assets</b>	<b>\$ 6,405,492</b>	<b>\$ 50,820</b>	<b>\$ 386,677</b>	<b>\$ 6,842,989</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 263,743	\$ -	\$ 8,071	\$ 271,814
Accrued payroll-related liabilities:				
Salaries payable	3,047,180	-	-	3,047,180
Payroll-related liabilities	893,777	-	-	893,777
State aid anticipation note (Note 9)	54,006	-	-	54,006
Due to other funds (Note 6)	9,182	101,984	-	111,166
Unearned revenue (Note 4)	6,128	-	22,907	29,035
<b>Total liabilities</b>	<b>4,274,016</b>	<b>101,984</b>	<b>30,978</b>	<b>4,406,978</b>
<b>Fund Balances</b>				
Restricted:				
Debt service	-	(51,164)	-	(51,164)
Food service	-	-	125,763	125,763
Committed - Capital projects	100,000	-	-	100,000
Assigned - Capital projects	-	-	229,936	229,936
Unassigned	2,031,476	-	-	2,031,476
<b>Total fund balances</b>	<b>2,131,476</b>	<b>(51,164)</b>	<b>355,699</b>	<b>2,436,011</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,405,492</b>	<b>\$ 50,820</b>	<b>\$ 386,677</b>	<b>\$ 6,842,989</b>

# Allen Park Public Schools

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

Fund Balance Reported in Governmental Funds \$ 2,436,011

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

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

Cost of capital assets	\$ 87,039,679	
Accumulated depreciation	<u>(28,781,661)</u>	58,258,018

Deferred outflows related to pension payments made subsequent to the measurement date	4,359,461
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Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:

Bonds payable, including premiums and discounts	(73,630,054)	
Compensated absences	(1,118,938)	
School Loan Revolving Fund	(47)	
Deferred charges from bond refunding	<u>1,597,700</u>	(73,151,339)

Accrued interest payable is not included as a liability in governmental funds	(415,934)
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Deferred outflow related to pensions	3,353,027
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Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities	(56,891,456)
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Deferred inflows related to pension investment returns and changes in assumptions are not reported in the governmental funds	<u>(1,737,006)</u>
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**Net Position of Governmental Activities \$ (63,789,218)**

# Allen Park Public Schools

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

	General Fund	2007 Refunding - Debt Service	Other Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 2,821,159	\$ 5,205,393	\$ 767,757	\$ 8,794,309
State sources	30,978,462	-	64,954	31,043,416
Federal sources	1,197,908	-	641,952	1,839,860
Intergovernmental	753,769	-	-	753,769
Total revenue	<u>35,751,298</u>	<u>5,205,393</u>	<u>1,474,663</u>	<u>42,431,354</u>
<b>Expenditures</b>				
Current:				
Instruction	23,798,540	-	-	23,798,540
Support services	10,669,916	-	-	10,669,916
Athletics	441,559	-	-	441,559
Food services	-	-	1,280,005	1,280,005
Community services	323,484	-	-	323,484
Debt service:				
Principal	-	27,788,158	36,290	27,824,448
Interest	-	2,503,528	2,527	2,506,055
Other	-	185,974	-	185,974
Capital outlay	190,080	-	499,592	689,672
Payments to other public schools (ISDs, LEAs)	47,000	-	-	47,000
Total expenditures	<u>35,470,579</u>	<u>30,477,660</u>	<u>1,818,414</u>	<u>67,766,653</u>
<b>Excess of Revenue Under Expenditures</b>	280,719	(25,272,267)	(343,751)	(25,335,299)
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	30,000	-	200,000	230,000
Transfers out (Note 6)	(200,000)	-	(30,000)	(230,000)
Face value of debt issued	-	25,030,000	-	25,030,000
Total other financing (uses) sources	<u>(170,000)</u>	<u>25,030,000</u>	<u>170,000</u>	<u>25,030,000</u>
<b>Net Change in Fund Balances</b>	110,719	(242,267)	(173,751)	(305,299)
<b>Fund Balances - Beginning of year</b>	<u>2,020,757</u>	<u>191,103</u>	<u>529,450</u>	<u>2,741,310</u>
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 2,131,476</u>	<u>\$ (51,164)</u>	<u>\$ 355,699</u>	<u>\$ 2,436,011</u>

# Allen Park Public Schools

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(305,299)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p>		
Depreciation expense and adjustments	\$ (1,919,971)	
Capitalized capital outlay	96,800	(1,823,171)
Changes in deferred inflows/outflows related to pensions are recorded in the statement of activities, but not reported in the governmental funds until paid		(1,548,006)
Debt proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities		(25,030,000)
Amortization of underwriters discount/premium and refunding charges reported as expenditures/revenue in the funds and amortized in the statement of activities		12,130
Repayment of bond principal and capital leases are an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		27,824,448
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		(295,348)
Change in pension expense related to deferred items		546,460
Compensated absences are recorded when earned in the statement of activities. In the current year, more was earned than paid out		(78,042)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(696,828)</b>

# Allen Park Public Schools

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## Fiduciary Funds Statement of Fiduciary Assets and Liabilities June 30, 2016

	<u>Agency Funds</u>
<b>Assets - Cash (Note 3)</b>	<b>\$ 376,349</b>
<b>Liabilities</b>	
Accounts payable	\$ 10,766
Due to student groups	<u>365,583</u>
Total liabilities	<b>\$ 376,349</b>

# Allen Park Public Schools

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## Notes to Financial Statements June 30, 2016

### Note I - Summary of Significant Accounting Policies

The accounting policies of Allen Park Public Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

#### **Reporting Entity**

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

#### **District-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

The School District reports the following major governmental funds:

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

**2007 Refunding Fund** - The 2007 Refunding Fund is a debt service fund that is used to record tax and interest revenue and the payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following fund types:

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's special revenue fund is the Cafeteria Fund. The Cafeteria Fund's primary source of revenue is from federal grants and customer sales. The Cafeteria Fund was created to account for the School District's breakfast and lunch programs. Any operating deficit generated by this activity is the responsibility of the General Fund.

**Capital Projects Fund** - The nonbonded Capital Projects Fund is used to record revenue and the disbursement of monies specifically for acquiring new equipment and minor remodeling and repairs.

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

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

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market prices.

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

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

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

All accounts 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. Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year for approximately 50 percent of the taxes that are due on August 15 and December 1 for the remainder of the property taxes that are due on February 14. 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.

**Restricted Assets** - The unspent property taxes levied by the debt service funds are required to be set aside for future bond principal and interest payments.

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

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

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

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

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

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

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

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

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District only has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the district-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other is the deferred outflow related to the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 only has one such item. It is deferred inflows related to the pension plan.

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

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education, superintendent, or other authorized individual, who is authorized by resolution approved by the Board of Education to make assignments

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

- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

The Board of Education has adopted a fund balance policy. The Board of Education, at its discretion, may maintain a minimum unassigned fund balance in the General Fund to protect against cash flow shortfalls related to timing of projected revenue receipts to maintain a budget stabilization commitment.

**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.

**Comparative Data** - Comparative data is not included in the School District's financial statements.

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

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

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, Special Revenue Fund, Capital Projects Fund, and debt service funds, except that capital outlay is budgeted in other expenditure categories. All annual appropriations lapse at fiscal year end.

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

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

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 budget was amended in a legally permissible manner. The School District revised budgeted amounts during the year when final funding information became known.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. The School District had no encumbrances outstanding at year end.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the School District incurred expenditures in the General Fund, which were in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>
Instruction - Basic	\$ 19,764,821	\$ 19,866,627
Instruction - Added needs	3,898,688	3,963,229
Support services - Instructional staff	1,358,709	1,394,269
Athletics	446,963	458,729
Community services	307,879	323,484
Transfers out	-	200,000

**Fund Deficits** - The School District has accumulated fund balance deficit in the Debt Service Fund. This was due to a timing difference and the School District going to a 100 percent summer tax collection for the 2016-2017 school year. This will be corrected in the future with full implementation of a new tax collection cycle.

### Note 3 - Deposits and Investments

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

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

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk of bank deposits is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits. At year end, the School District's deposit balance of \$1,115,901 included \$817,801 of bank deposits (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 of investments is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business, using the criteria established in the investment policy. The School District did not invest in uninsured and unregistered investment securities.

**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 maximum 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

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

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

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

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

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

### Note 4 - Receivables and Unearned Revenue

Receivables as of year end for the School District's major fund and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Receivables:			
Accounts receivable	\$ -	\$ 12,418	\$ 12,418
Intergovernmental	<u>5,978,887</u>	<u>-</u>	<u>5,978,887</u>
Total receivables	<u>\$ 5,978,887</u>	<u>\$ 12,418</u>	<u>\$ 5,991,305</u>

Governmental funds 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 \$29,035 of unearned revenue related to categorical aid payments received prior to meeting all eligibility requirements.

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

### Note 5 - Capital Assets

Capital asset activity of the School District was as follows:

<b>Governmental Activities</b>	Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Adjustments</u>	Balance <u>June 30, 2016</u>
Capital assets not being depreciated -				
Land	\$ 20,800	\$ -	\$ -	\$ 20,800
Capital assets being depreciated:				
Buildings and improvements	77,124,912	96,800	-	77,221,712
Furniture and equipment	8,657,753	-	-	8,657,753
Buses and other vehicles	1,139,414	-	-	1,139,414
Subtotal	<u>86,922,079</u>	<u>96,800</u>	<u>-</u>	<u>87,018,879</u>
Accumulated depreciation:				
Buildings and improvements	19,470,552	1,554,170	-	21,024,722
Furniture and equipment	6,532,473	470,208	171,805	6,830,876
Buses and other vehicles	858,665	67,398	-	926,063
Subtotal	<u>26,861,690</u>	<u>2,091,776</u>	<u>171,805</u>	<u>28,781,661</u>
Net capital assets being depreciated	<u>60,060,389</u>	<u>(1,994,976)</u>	<u>(171,805)</u>	<u>58,237,218</u>
Net capital assets	<u>\$ 60,081,189</u>	<u>\$ (1,994,976)</u>	<u>\$ (171,805)</u>	<u>\$ 58,258,018</u>

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

Governmental activities:	
Instruction	\$ 1,317,819
Support services	669,368
Community services	62,753
Food services	41,836
Total governmental activities	<u>\$ 2,091,776</u>

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From	
	General Fund	2007 Refunding - Debt Service
General Fund	\$ -	\$ 101,984
Nonmajor governmental funds	9,182	-
Total	<u>\$ 9,182</u>	<u>\$ 101,984</u>

These balances result from the time lag between the dates that 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:

Transfers In	Transfers Out	
	General Fund	Cafeteria Fund
General Fund	\$ -	\$ 30,000
Nonmajor governmental funds	200,000	-
Total	<u>\$ 200,000</u>	<u>\$ 30,000</u>

Transfers from the Cafeteria Fund repaid indirect costs of the food service program that were funded during the year from the General Fund. Transfers from the General Fund were to cover various projects for the nonbonded capital projects fund.

### Note 7 - Long-term Debt

The School District issues bonds and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, capital leases, and School Bond Loan Fund/School Loan Revolving Fund borrowings.

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

### Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds	\$ 49,635,000	\$ 25,030,000	\$ 2,945,000	\$ 71,720,000	\$ 2,845,000
Less deferred amounts:					
Issuance discounts	(24,350)	-	(1,282)	(23,068)	(1,282)
Issuance premiums	2,040,517	-	107,395	1,933,122	107,395
Deferred outflows - Deferred interest from refunding bonds	(1,691,683)	-	(93,983)	(1,597,700)	-
Total bonds payable	49,959,484	25,030,000	2,957,130	72,032,354	2,951,113
School Bond Loan Fund	5,843,702	56,911	5,900,566	47	47
School Loan Revolving Fund	18,759,715	182,876	18,942,591	-	-
Capital lease	37,241	-	37,241	-	-
Employee compensated absences	1,040,896	78,042	-	1,118,938	101,404
Total governmental activities	\$ 75,641,038	\$ 25,347,829	\$ 27,837,528	\$ 73,151,339	\$ 3,052,564

Annual debt service requirements to maturity for the above bond obligation is as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 2,845,000	\$ 2,644,806	\$ 5,489,806
2018	3,155,000	2,500,056	5,655,056
2019	14,865,000	2,349,806	17,214,806
2020	15,425,000	1,935,206	17,360,206
2021	2,830,000	1,502,294	4,332,294
2022-2026	13,915,000	5,727,269	19,642,269
2027-2031	13,450,000	2,818,813	16,268,813
2032-2033	5,235,000	333,200	5,568,200
Total	\$ 71,720,000	\$ 19,811,450	\$ 91,531,450

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

### Note 7 - Long-term Debt (Continued)

#### Governmental Activities

General obligation bonds consist of the following:

\$56,515,000 serial bonds due in annual installments of \$2,605,000 to \$2,865,000 through May 1, 2033; interest at 4 percent to 5 percent	\$ 46,840,000
\$25,030,000 unlimited tax refunding bonds due in annual installments of \$300,000 to \$12,580,000 through May 1, 2020; interest at 2.50 percent	<u>24,880,000</u>
Total bonded debt	<u>\$ 71,720,000</u>

**Capital Leases** - The School District entered into a lease agreement as lessee for financing the purchase of a phone operating system. This lease agreement qualifies as a capital lease and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease was paid off in full in August 2015.

**School Bond Loan Fund** - The School Bond Loan Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest, at the annual rate ranging from 3.34 percent to 3.43 percent from July 1, 2015 to June 30, 2016, has been assessed for the year ended June 30, 2016. Repayment is required when the millage rate necessary to cover the annual bonded debt service falls below 7 mills. The School District is required to levy 7 mills and repay to the State any excess of the amount levied over the bonded debt service requirements. During the year, the School District issued \$25,030,000 in unlimited tax refunding bonds to repay the majority of the outstanding School Bond Loan Fund balance. A balance of \$47 was left in the account at June 30, 2016 in order to keep the account open.

### **Note 7 - Long-term Debt (Continued)**

**School Loan Revolving Fund** - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005, as amended. Interest, at an average rate of 3.43 percent from July 1, 2015 to June 30, 2016, has been assessed for the year ended June 30, 2016. During the year, the School District issued \$25,030,000 in unlimited tax refunding bonds to repay the entire outstanding School Loan Revolving Fund balance. There was a zero balance in the School Loan Revolving Fund as of June 30, 2016.

**Subsequent Bond Refunding** - Subsequent to the balance sheet date, the School District issued \$40,780,000 in general obligation unlimited tax bonds to refund the School District's outstanding 2007 refunding bonds. The new bonds bear interest at rates ranging from 2 percent to 5 percent and mature in May 2033.

### **Note 8 - Risk Management**

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

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

The School District estimates the liability for dental and vision claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The estimated liabilities and expenditures incurred are not material to the financial statements.

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

### Note 9 - State Aid Anticipation Notes

In August 2015, the School District borrowed a total of \$500,000 in a state aid anticipation note; this includes \$339,785 set aside at 0.76 percent interest and \$160,215 set aside at 0.64 percent interest under state aid anticipation notes in anticipation of funds to be received by the School District from the State of Michigan. Proceeds from the note were used to fund school operations. The unpaid balance at June 30, 2016 including interest was repaid in July 2016.

In August 2016, the School District borrowed a total of \$2,500,000 in a state aid anticipation note, which includes \$1,250,000 non-set aside at 1.20 percent interest, \$499,694 set aside at 1.00 percent interest and \$750,306 set aside at 0.76 percent interest. The notes are due at maturity in August 2017.

### Note 10 - Michigan Public School Employees Retirement System

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

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

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

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

The range of rates are as follows:

#### School District

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

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

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

The School District's required and actual contributions to the plan for the year ended June 30, 2016 were \$5,596,771. The School District required and actual contributions include an allocation of \$1,548,006 revenue received from the State of Michigan, and remitted to the system, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2016.

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

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

Members are eligible for non-duty 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.

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

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

**Net Pension Liability, Deferrals, and Pension Expense** - At June 30, 2016, the School District reported a liability of \$56,891,456 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2015. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2015 and 2014, the School District's proportion was 0.23292 percent, and 0.22401, respectively.

For the year ended June 30, 2016, the School District recognized pension expense of \$5,255,693, exclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Resources
Difference between expected and actual experience	\$ -	\$ (188,441)
Changes of assumptions	1,400,788	-
Net difference between projected and actual earnings on pension plan assets	290,385	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,661,854	(559)
The School District's contributions subsequent to the measurement date	4,359,461	-
Total	<u>\$ 7,712,488</u>	<u>\$ (189,000)</u>

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

### 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 June 30	Amount
2017	\$ 606,789
2018	606,789
2019	530,798
2020	1,419,651
2021	-
Thereafter	-
Total	<u>\$ 3,164,027</u>

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

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

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

The actuarial assumptions used for the September 30, 2014 valuation were based on the results of an actuarial experience study for the period from October 1, 2007 to September 30, 2012. As a result of this study, the actuarial assumptions were adjusted to more closely reflect actual experience.

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

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

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

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

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

# Allen Park Public Schools

## Notes to Financial Statements June 30, 2016

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the School District calculated using the discount rate of 7.00-8.00 percent, depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.0-7.0 percent) or 1.00 percentage point higher (8.0-9.0 percent) than the current rate:

<u>1.00 Percent Decrease (6.0-7.0 Percent)</u>	<u>Current Discount Rate (7.0-8.0 Percent)</u>	<u>1.00 Percent Increase (8.0-9.0 Percent)</u>
<u>\$ 73,347,671</u>	<u>\$ 56,891,456</u>	<u>\$ 43,018,193</u>

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

**Payable to the Pension Plan** - At June 30, 2016, the School District reported a payable of \$852,445 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

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

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

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2016, 2015, and 2014 were \$1,110,540, \$1,695,753, and \$2,024,411, respectively. In addition, a portion ranging from 35-100 percent of the the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

### **Note 11 - Upcoming Accounting Pronouncements**

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

## **Required Supplemental Information**

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# Allen Park Public Schools

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Over (Under) <u>Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 2,539,272	\$ 2,668,204	\$ 2,821,159	\$ 152,955
State sources	29,186,352	30,720,369	30,978,462	258,093
Federal sources	1,161,440	1,200,773	1,197,908	(2,865)
Intermediate sources	<u>719,336</u>	<u>742,925</u>	<u>753,769</u>	<u>10,844</u>
Total revenue	33,606,400	35,332,271	35,751,298	419,027
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	19,053,378	19,764,821	19,866,627	101,806
Added needs	3,605,617	3,898,688	3,963,229	64,541
Support services:				
Pupil	2,524,505	2,577,223	2,410,802	(166,421)
Instructional staff	1,093,195	1,358,709	1,394,269	35,560
General administration	391,517	407,988	402,612	(5,376)
School administration	2,003,759	2,026,513	2,003,840	(22,673)
Business	333,758	368,853	367,720	(1,133)
Operating and maintenance	2,661,039	2,870,839	2,794,048	(76,791)
Pupil transportation services	717,998	572,068	521,408	(50,660)
Central	837,891	888,273	865,587	(22,686)
Other	43,585	49,946	51,224	1,278
Athletics	396,586	446,963	458,729	11,766
Community services	333,221	307,879	323,484	15,605
Payments to other public schools (ISDs, LEAs)	<u>2,000</u>	<u>47,000</u>	<u>47,000</u>	<u>-</u>
Total expenditures	<u>33,998,049</u>	<u>35,585,763</u>	<u>35,470,579</u>	<u>(115,184)</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(391,649)	(253,492)	280,719	534,211
<b>Other Financing Sources (Uses)</b>				
Transfers in	30,000	30,000	30,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Total other financing sources	<u>30,000</u>	<u>30,000</u>	<u>(170,000)</u>	<u>(200,000)</u>
<b>Net Change in Fund Balance</b>	(361,649)	(223,492)	110,719	334,211
<b>Fund Balance - July 1, 2014</b>	<u>2,020,757</u>	<u>2,020,757</u>	<u>2,020,757</u>	<u>-</u>
<b>Fund Balance - June 30, 2015</b>	<u><b>\$ 1,659,108</b></u>	<u><b>\$ 1,797,265</b></u>	<u><b>\$ 2,131,476</b></u>	<u><b>\$ 334,211</b></u>

## **Allen Park Public Schools**

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### **Required Supplemental Information Schedule of Allen Park Public Schools' Proportionate Share of the Net Pension Liability Michigan Public School Employees Retirement System Determined as of the Plan Year Ended September 30**

	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability (asset)	0.23292 %	0.22401 %
School District's proportionate share of the net pension liability (asset)	\$ 56,891,456	\$ 49,341,131
School District's covered employee payroll	19,286,209	19,023,131
School District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	294.99 %	259.37 %
Plan fiduciary net position as a percentage of the total pension liability	62.92 %	66.20 %

## **Allen Park Public Schools**

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### **Required Supplemental Information Schedule of Allen Park Public Schools' Contributions Michigan Public School Employees Retirement System Determined as of the Year Ended June 30**

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 4,493,383	\$ 3,883,548
Contributions in relation to the statutorily required contribution	4,493,383	3,883,548
Contribution deficiency (excess)	-	-
School District's covered employee payroll	19,920,005	19,506,867
Contributions as a percentage of covered employee payroll	22.56 %	19.91 %

## **Allen Park Public Schools**

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

**Benefit Changes** - There were no changes of benefit terms in 2016.

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

## **Other Supplemental Information**

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# Allen Park Public Schools

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

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Cafeteria	Capital Projects Fund	
<b>Assets</b>			
Cash	\$ 135,141	\$ 229,936	\$ 365,077
Receivables - Accounts receivable	12,418	-	12,418
Due from other funds	9,182	-	9,182
Total assets	<u>\$ 156,741</u>	<u>\$ 229,936</u>	<u>\$ 386,677</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 8,071	\$ -	\$ 8,071
Unearned revenue	22,907	-	22,907
Total liabilities	30,978	-	30,978
<b>Fund Balances</b>			
Restricted - Food service	125,763	-	125,763
Assigned - Capital projects	-	229,936	229,936
Total fund balances	<u>125,763</u>	<u>229,936</u>	<u>355,699</u>
Total liabilities and fund balances	<u>\$ 156,741</u>	<u>\$ 229,936</u>	<u>\$ 386,677</u>

# Allen Park Public Schools

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

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
	Cafeteria	General Capital Projects Fund	
<b>Revenue</b>			
Local sources	\$ 512,325	\$ 255,432	\$ 767,757
State sources	64,954	-	64,954
Federal sources	641,952	-	641,952
Total revenue	1,219,231	255,432	1,474,663
<b>Expenditures</b>			
Current:			
Instruction	-	-	-
Support services	-	-	-
Food services	1,280,005	-	1,280,005
Debt service:			
Principal	-	36,290	36,290
Interest	-	2,527	2,527
Capital outlay	18,638	480,954	499,592
Total expenditures	1,298,643	519,771	1,818,414
<b>Excess of Revenue Under Expenditures</b>	(79,412)	(264,339)	(343,751)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	200,000	200,000
Transfers out	(30,000)	-	(30,000)
Total other financing (uses) sources	(30,000)	200,000	170,000
<b>Net Change in Fund Balances</b>	(109,412)	(64,339)	(173,751)
<b>Fund Balances - Beginning of year</b>	235,175	294,275	529,450
<b>Fund Balances - End of year</b>	<b>\$ 125,763</b>	<b>\$ 229,936</b>	<b>\$ 355,699</b>

# Allen Park Public Schools

## Other Supplemental Information Schedule of Bond Indebtedness Year Ended June 30, 2016

June 30	2007 Refunding Principal	2015 Refunding Principal	Total
2017	\$ 2,845,000	\$ -	\$ 2,845,000
2018	2,855,000	300,000	3,155,000
2019	2,865,000	12,000,000	14,865,000
2020	2,845,000	12,580,000	15,425,000
2021	2,830,000	-	2,830,000
2022	2,815,000	-	2,815,000
2023	2,800,000	-	2,800,000
2024	2,785,000	-	2,785,000
2025	2,765,000	-	2,765,000
2026	2,750,000	-	2,750,000
2027	2,730,000	-	2,730,000
2028	2,710,000	-	2,710,000
2029	2,690,000	-	2,690,000
2030	2,670,000	-	2,670,000
2031	2,650,000	-	2,650,000
2032	2,630,000	-	2,630,000
2033	2,605,000	-	2,605,000
Total bonded debt	<b><u>\$ 46,840,000</u></b>	<b><u>\$ 24,880,000</u></b>	<b><u>\$ 71,720,000</u></b>
Principal payments due	May 1	May 1 and November 1	
Interest payments due	May 1 and November 1	May 1 and November 1	
Interest rate	4.00% to 5.00%	2.50%	
Original issue	<b><u>\$ 56,515,000</u></b>	<b><u>\$ 25,030,000</u></b>	<b><u>\$ 81,545,000</u></b>