



Kent County, Michigan

Annual Financial Report

For the year ended June 30, 2016

NORTHVIEW PUBLIC SCHOOLS
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For the year ended June 30, 2016

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

October 27, 2016

The Board of Education
Northview Public Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Northview Public Schools as of June 30, 2016, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northview Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016 on our consideration of Northview 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 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 Northview Public Schools' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants

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MANAGEMENT'S DISCUSSION AND ANALYSIS



NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2016

As management of the Northview Public Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.



NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2016

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	<u>2016</u>	<u>2015</u>
Assets		
Current assets	\$ 13,152,822	\$ 12,778,897
Net capital assets	<u>55,167,163</u>	<u>56,759,342</u>
Total Assets	<u>68,319,985</u>	<u>69,538,239</u>
Deferred Outflows of Resources	<u>8,739,970</u>	<u>7,548,323</u>
Liabilities		
Current liabilities	9,641,903	8,500,838
Long-term liabilities	46,669,234	48,581,063
Net pension liability	<u>53,801,822</u>	<u>46,764,528</u>
Total Liabilities	<u>110,112,959</u>	<u>103,846,429</u>
Deferred Inflows of Resources	<u>178,207</u>	<u>5,169,838</u>
Net Position		
Net investment in capital assets	8,002,914	7,486,284
Restricted	1,330,009	2,208,737
Unrestricted (deficit)	<u>(42,564,134)</u>	<u>(41,624,726)</u>
Total Net Position	<u>\$ (33,231,211)</u>	<u>\$ (31,929,705)</u>



NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2016

The Statement of Activities presents changes in net position from operating results:

	<u>2016</u>	<u>2015</u>
Program Revenues		
Charges for services	\$ 1,111,706	\$ 976,399
Operating grants	12,191,226	10,525,947
General Revenues		
Property taxes	7,977,934	7,704,879
State school aid, unrestricted	21,252,291	21,549,686
Earnings on deposits and investments	22,299	29,100
Other	209,470	350,273
Total Revenues	<u>42,764,926</u>	<u>41,136,284</u>
Expenses		
Instruction	26,266,443	24,517,309
Supporting services	13,774,546	12,557,933
Community services	557,797	525,329
Food service	1,454,353	1,344,008
Other	57,964	56,102
Interest on long-term debt	1,955,329	2,018,247
Total Expenses	<u>44,066,432</u>	<u>41,018,928</u>
Increase (decrease) in net position	(1,301,506)	117,356
Net Position - Beginning of Year	<u>(31,929,705)</u>	<u>(32,047,061)</u>
Net Position - End of Year	<u><u>\$ (33,231,211)</u></u>	<u><u>\$ (31,929,705)</u></u>

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Funding from the State, through the school aid fund, continues to be questionable. The redirecting of funds to colleges and universities has been a drain on K-12 resources. The issue of funding road repairs without increasing taxes has the district concerned about future revenues. The District as a whole continues the task of conserving and saving any resources available, which includes maintaining building budgets at 80% of previous levels.

The District's total revenues increased \$1,628,642 or 4 percent, in the fiscal year. Expenses exceeded revenues by \$1,301,506 on the Statement of Activities. Property taxes and unrestricted State aid accounted for 68% of the District's revenue. Federal and State grants for specific programs accounted for 29% of total District revenues, increasing \$1,665,279 over the previous fiscal year. The balance of revenues came from charges for services (pre-school, child care, driver education, athletics, leisure-time), donations, interest earnings and other local sources. State revenues increased over the prior year, and base per pupil funding increased to \$7,391, \$75 dollars per pupil higher than the previous high point of \$7,316 per pupil.



NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2016

Total expenses exceeded revenues by \$1,301,506, decreasing total net position from a deficit of \$31,929,705 to a deficit of \$33,231,211. Unrestricted net assets decreased by \$939,408 to a deficit of \$42,564,134 at June 30, 2016. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$806,052 during the fiscal year.

Total cost of all programs and services has increased \$3 million to \$44.1 million in 2015-16. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (69 percent). Administrative and business activities accounted for 8 percent, operation and maintenance accounted for 6 percent and central, athletic and community services 5 percent. The District's expenses are dominated by staff salaries and benefits, which amount to approximately 83.15% of total expenses.

The strength of District's finances can be credited to both conservative budgeting, reasonable contract settlements, and to all staff who are informed and making an effort to help control and maintain costs. Health insurance costs have been managed by moving to State Legislated Insurance Caps for all employee groups.

The District continues to look for ways to collaborate with other districts to increase efficiencies and savings. The administration will push to increase these and other cost saving programs for the next fiscal year. While State revenues have increased they are just reaching 2009-10 funding levels this coming year. Retirement and post-secondary educational funding continue to have an impact on K-12 resources; it will continue to be important for the District to continue to reduce expenditures and maximize revenues.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.



NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2016

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Northview Public Schools' funds are described as follows:

Major Fund

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$36,651,561, total expenditures of \$36,677,250, and total other financing uses of \$10,000. It ended the fiscal year with a fund balance of \$4,103,129, down from \$4,138,818 at June 30, 2015.

Nonmajor Funds

Special Revenue Fund

The District operates the Food Service Fund. Total revenues were \$1,327,566, and total expenditures were \$1,342,072. The ending fund balance was \$334,662, down from \$349,168 at June 30, 2015.

Debt Service Funds

The District operates three Debt Service funds. Total revenues were \$3,998,940, total expenditures were \$3,717,413. The ending fund balances in the Debt Service Funds were \$1,064,357 at June 30, 2016, up from \$782,830 at June 30, 2015.

Capital Projects Funds

The District operates three non-major Capital Projects Funds, the Building and Site Fund and the 2012 Construction Fund (series A and B). Total revenues of the Building and Site Fund were \$690,955, total expenditures were \$886,689, and total other financing uses were \$530,424. Ending fund balance decreased by \$726,158 to \$246,676 at June 30, 2016.

The 2012 Construction Funds (Series A and B) were created from 2012 bond issue proceeds. Total revenues in the two funds totaled \$11,408, other financing sources totaled \$538,093, expenditures totaled \$651,230, and other financing uses totaled \$7,669, resulting in ending fund balances of \$322,277 at June 30, 2016, down from \$431,675 at June 30, 2015. The 2012 Construction Series B Fund was closed as of June 30, 2016.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of this fund are being held for the benefit of District students. The balance on hand at June 30, 2016 totaled \$381,465. The Scholarship Funds are held as a Private Purpose Trust Fund for the benefit of District students. The balance on hand at June 30, 2016 totaled \$27,848.



General Fund Budgetary Highlights

Original budgets for fiscal year 2015-16 were developed in a very conservative manner. They were adopted by the Board of Education in June 2015 prior to beginning the fiscal year on July 1, 2015. During the course of the year, the District amended the annual operating budget three times: in December 2015, in April 2016, and in June 2016. Each month during the school year an update is provided to the Board of Education for informational purposes.

Variances in actual to budget are detailed as follows:

- Revenues – actual revenues were \$82,117 or .2% greater than expected due mainly to higher than expected billings to local districts for special education tuition and other services.
- Expenditures – actual expenditures were \$337,475 or .9% less than budgeted due mainly to timing of expenses incurred.
- The actual excess of expenditures over revenues for the fiscal year was \$25,869 as compared to a final budgeted deficiency of \$455,281.

State of Michigan, Unrestricted Aid

The State of Michigan School Aid, unrestricted, is determined by the following three variables:

1. State of Michigan State Aid Act per student “Foundation Allowance”
2. Student Enrollment – Blended at 90% of the current calendar year fall count and 10% of the current calendar year winter count
3. The District’s non-homestead levy on non-residential properties

Per Student Foundation Allowance – Annually, the State sets the per student foundation allowance. The District’s per pupil foundation allowance for 2015-16 was \$7,391. Added to that amount is \$77 per student as an offset to increased retirement costs.

Student Enrollment – The District’s audited student enrollment for 2015-16 was 3,375, down from the prior year of 3,420. Although the count was down in 2015-16, for the past three years, District enrollment has been relatively stable. We do allow non-resident students to attend using the Kent Intermediate Schools of Choice plan, or Section 6 applications as the vehicle for entry.

Non-homestead Levy – The District levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. The non-homestead property valuation was \$171,749,618. Total taxable value of all properties was \$570,736,470.



NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2016

Capital Asset and Debt Administration

Capital Assets

At the end of 2015-16, the District had a \$94,146,059 investment in a broad range of capital assets including land, school buildings, athletic facilities, administrative offices, transportation and other vehicles, and furniture and equipment. This represents an increase of \$1,063,139 over the previous year. More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.

At June 30, 2016, the District's net investment in capital assets (after accumulated depreciation) was \$55,167,163, a decrease of \$1,592,179 from the previous year. Depreciation expense charged to District expenses was \$3,080,325 for the fiscal year. Net capital assets of the District at June 30, 2016 are detailed as follows:

Land	\$ 115,296
Buildings and additions	53,603,796
Furniture and equipment	683,667
Vehicles	380,231
Construction in progress	<u>384,173</u>
Net Capital Assets	<u>\$ 55,167,163</u>

Long-term Debt

At year-end, the District had \$48,913,730 in general obligation bonds and other long-term debt outstanding – a net decrease of \$1,736,829 from the previous year.

The District's bond rating for general obligation debt was affirmed by Standard and Poor's as AA- with a positive outlook. 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 a District's boundaries.

The District's other obligations include early retirement incentive, severance pay and accumulated vacation pay and sick leave. There is more detailed information about our long-term liabilities in Note G in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Under state law, the District cannot levy additional property tax revenues for general operations. As a result, District funding is heavily dependent on the State's ability to fund local school operations. One of the most important factors affecting funding is student count. Based on early enrollment data, we anticipate that the fall student count will increase 15 students for the 2016-17 school year. The State 2016-17 per pupil foundation grant has increased to \$7,511 for the District.



NORTHVIEW PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2016

- The District continues to face pressure related to employee benefit costs. The district contributes to health care costs up to the state legislated cap, with employees bearing 100% of the costs in excess of the cap. Some increases have been mitigated by changing health plans and coverage, but this continues to be an area of concern.
- In June 2016, District teachers approved a one year teaching contract. The base salary increased 1% and teachers received up to 1.5 steps under the new contract.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Northview Public Schools, 4365 Hunsberger NE, Grand Rapids, MI 49525. Contact by phone at (616) 363-6861, or by e-mail at jbylsma@nvps.net.

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BASIC FINANCIAL STATEMENTS

NORTHVIEW PUBLIC SCHOOLS
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash	\$ 1,964
Cash equivalents, deposits and investments (Note B)	7,258,454
Accounts receivable	19,809
Due from other governmental units (Note C)	5,787,728
Inventory	6,739
Prepaid expenses	78,128
Capital assets not being depreciated (Note E)	499,469
Capital assets being depreciated, net (Note E)	54,667,694
	68,319,985
Deferred Outflows of Resources	
Loss on advance bond refundings, net	511,479
Deferred pension amounts	8,228,491
	8,739,970
Liabilities	
Accounts payable	515,136
State aid anticipation loan payable (Note F)	2,138,124
Due to other governmental units	1,655,229
Payroll withholdings payable	324,042
Accrued interest payable	353,345
Salaries payable	2,367,087
Unearned revenue	44,444
Long-term liabilities (Note G):	
Due within one year	2,244,496
Due in more than one year	46,669,234
Net pension liability	53,801,822
	110,112,959
Deferred Inflows of Resources	
Deferred pension amounts	178,207
	178,207
Net Position	
Net investment in capital assets	8,002,914
Restricted for:	
Capital projects	246,676
Debt service	748,671
Food service	334,662
Unrestricted (deficit)	(42,564,134)
	\$(33,231,211)

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 26,266,443	\$ 53,338	\$10,934,752	\$(15,278,353)
Supporting services	13,774,546	226,419	439,705	(13,108,422)
Community services	557,797	310,299	-	(247,498)
Food service	1,454,353	521,650	805,457	(127,246)
Other	57,964	-	-	(57,964)
Interest on long-term debt	1,955,329	-	11,312	(1,944,017)
Total Governmental Activities	\$ 44,066,432	\$ 1,111,706	\$12,191,226	(30,763,500)
General Revenues				
Taxes:				
				3,305,971
				3,983,057
				688,906
				21,252,291
				22,299
				209,470
				<u>29,461,994</u>
				(1,301,506)
				<u>(31,929,705)</u>
				<u>\$ (33,231,211)</u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2016

Assets	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Cash	\$ 1,070	\$ 894	\$ 1,964
Cash equivalents, deposits and investments (Note B)	4,926,386	2,332,068	7,258,454
Accounts receivable	19,809	-	19,809
Due from other funds (Note D)	19,421	59,584	79,005
Due from other governmental units (Note C)	5,778,433	9,295	5,787,728
Inventory	-	6,739	6,739
Prepaid expenditures	78,128	-	78,128
Total Assets	<u>\$ 10,823,247</u>	<u>\$ 2,408,580</u>	<u>\$ 13,231,827</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 181,279	\$ 333,857	\$ 515,136
State aid anticipation loan payable (Note F)	2,138,124	-	2,138,124
Due to other funds (Note D)	-	79,005	79,005
Due to other governmental units	1,652,855	2,374	1,655,229
Accrued interest payable	37,659	-	37,659
Salaries payable	2,359,264	7,823	2,367,087
Payroll withholdings payable	324,042	-	324,042
Unearned revenue	26,895	17,549	44,444
Total Liabilities	<u>6,720,118</u>	<u>440,608</u>	<u>7,160,726</u>
Fund Balances (Note A)			
Nonspendable	78,128	6,739	84,867
Restricted	-	1,961,233	1,961,233
Unassigned	4,025,001	-	4,025,001
Total Fund Balances	<u>4,103,129</u>	<u>1,967,972</u>	<u>6,071,101</u>
Total Liabilities and Fund Balances	<u>\$ 10,823,247</u>	<u>\$ 2,408,580</u>	<u>\$ 13,231,827</u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2016

Total governmental fund balances		\$ 6,071,101
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 therefore are not reported as assets in governmental funds. The cost of assets is \$94,146,059 and accumulated depreciation is \$38,978,896.		55,167,163
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.		511,479
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(46,720,000)	
Bond premium, unamortized	(1,278,005)	
Early retirement incentive	(111,209)	
Severance pay	(291,479)	
Accumulated vacation/sick leave	(513,037)	(48,913,730)
Accrued interest is not included as a liability in governmental funds.		(315,686)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(53,801,822)	
Deferred outflows	8,228,491	
Deferred inflows	(178,207)	(45,751,538)
Total net position - governmental activities		<u><u>\$ (33,231,211)</u></u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues			
Local sources	\$ 4,024,813	\$ 5,212,100	\$ 9,236,913
State sources	26,700,673	69,836	26,770,509
Federal sources	1,330,522	746,933	2,077,455
Interdistrict sources	4,595,553	-	4,595,553
Total Revenues	<u>36,651,561</u>	<u>6,028,869</u>	<u>42,680,430</u>
Expenditures			
Current:			
Instruction	22,881,032	-	22,881,032
Supporting services	13,280,380	-	13,280,380
Community services	515,838	-	515,838
Food service	-	1,342,072	1,342,072
Capital outlay	-	1,537,919	1,537,919
Debt service:			
Principal repayment	-	1,750,000	1,750,000
Interest and fiscal charges	-	1,967,413	1,967,413
Total Expenditures	<u>36,677,250</u>	<u>6,597,404</u>	<u>43,274,654</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,689)</u>	<u>(568,535)</u>	<u>(594,224)</u>
Other Financing Sources (Uses)			
Transfers in	-	538,093	538,093
Transfers out	-	(538,093)	(538,093)
Other	(10,000)	-	(10,000)
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balances	(35,689)	(568,535)	(604,224)
Fund Balances, Beginning of Year	<u>4,138,818</u>	<u>2,536,507</u>	<u>6,675,325</u>
Fund Balances, End of Year	<u>\$ 4,103,129</u>	<u>\$ 1,967,972</u>	<u>\$ 6,071,101</u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2016

Net change in fund balances - total governmental funds \$ (604,224)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

	Capital outlays	\$ 1,488,146	
	Depreciation expense	<u>(3,080,325)</u>	(1,592,179)

Bond refunding losses are amortized over the life of the new bond issue on the Statement of Activities. (47,964)

Bond premium is amortized over the life of the new bond issue on the Statement of Activities. 84,496

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,750,000

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 12,084

In the Statement of Net Position, early retirement incentive, severance pay and accumulated vacation/sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$505,404) exceeded the amounts used/paid (\$407,737) . (97,667)

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. (806,052)

Total change in net position - governmental activities \$ (1,301,506)

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 3,915,111	\$ 4,017,965	\$ 4,024,813	\$ 6,848
State sources	25,570,936	26,662,498	26,700,673	38,175
Federal sources	1,394,396	1,397,252	1,330,522	(66,730)
Interdistrict sources	4,172,393	4,491,729	4,595,553	103,824
Total Revenues	<u>35,052,836</u>	<u>36,569,444</u>	<u>36,651,561</u>	<u>82,117</u>
Expenditures				
Current:				
Instruction:				
Basic programs	17,269,204	17,544,847	17,548,228	(3,381)
Added needs	5,715,903	5,511,713	5,332,804	178,909
Supporting services:				
Pupil services	2,616,841	2,917,629	2,896,154	21,475
Instructional staff services	907,211	923,295	912,006	11,289
General administrative services	689,017	582,787	579,915	2,872
School administrative services	2,164,870	2,248,607	2,212,219	36,388
Business services	1,160,272	1,027,609	889,526	138,083
Operation and maintenance services	3,005,889	2,873,484	2,828,092	45,392
Pupil transportation services	1,361,026	1,156,272	1,219,717	(63,445)
Central services	724,491	843,099	852,039	(8,940)
Other supporting services	1,384,328	882,748	890,712	(7,964)
Community services	-	502,635	515,838	(13,203)
Total Expenditures	<u>36,999,052</u>	<u>37,014,725</u>	<u>36,677,250</u>	<u>337,475</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,946,216)</u>	<u>(445,281)</u>	<u>(25,689)</u>	<u>419,592</u>
Other Financing Sources (Uses)				
Other	-	(10,000)	(10,000)	-
Net Change in Fund Balances	<u>(1,946,216)</u>	<u>(455,281)</u>	<u>(35,689)</u>	<u>419,592</u>
Fund Balances, Beginning of Year	<u>4,138,818</u>	<u>4,138,818</u>	<u>4,138,818</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 2,192,602</u></u>	<u><u>\$ 3,683,537</u></u>	<u><u>\$ 4,103,129</u></u>	<u><u>\$ 419,592</u></u>

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash equivalents, deposits and investments (Note B)	\$ 27,848	\$ 380,516
Accounts receivable	-	949
	27,848	\$ 381,465
Liabilities		
Due to student groups	-	\$ 381,465
		\$ 381,465
Net Position		
Held in trust for:		
Individuals and organizations	\$ 27,848	

See accompanying notes to basic financial statements.

NORTHVIEW PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2016

	<u>Private Purpose Trust Fund</u>
Additions	
Donations	\$ 9,625
Interest earned	<u>112</u>
Total Additions	<u>9,737</u>
Deductions	
Endowment activities: Scholarships	<u>41,271</u>
Change In Net Position	(31,534)
Net Position, Beginning of Year	<u>59,382</u>
Net Position, End of Year	<u><u>\$ 27,848</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

Note A – Summary of Significant Accounting Policies

Northview Public Schools was organized under the School Code of the State of Michigan, and services a population of approximately 3,375 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Northview Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

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

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

Separate financial statements are provided for governmental 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. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

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

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Fund maintained by the District is the Food Service Special Revenue Fund.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. The Capital Projects Funds include capital project activities funded with sinking fund millage. The District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Trust Funds—Trust Fund net position and results of operations are not included in the district-wide financial statements. Trust funds are reported using the economic resources measurement focus.

Agency Funds—Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Northview Public Schools has also adopted budgets for its Special Revenue Fund. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Northview Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Finance Director to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

7. Inventories/Prepaid Items

Inventories are valued at cost (first-in, first-out), and are accounted for using the consumption method. Inventories of the Food Service Fund consist of food, and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, buildings and additions, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

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

Buildings and additions	30-50 years
Furniture and equipment	3-10 years
Vehicles	5-10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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 issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Early Retirement/Severance Pay/Accumulated Vacation and Sick Leave

Early retirement, severance pay and accumulated vacation/sick leave at June 30, 2016 have been computed and recorded in the district-wide financial statements of the District. Eligible District employees who retire are entitled to payments based on their age, years of service, compensation and unused vacation/sick days. At June 30, 2016, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement, severance pay and accumulated vacation/sick leave amounted to \$111,209, \$291,479, and \$513,037, respectively.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

12. 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, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding and the deferred outflows relating to the recognition of net pension liability on the financial statements.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements.

13. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

14. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*”. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.
- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The following policy has been adopted by the Board of Education in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, “*Fund Balance Reporting and Governmental Fund Definitions*”.

Operational guidelines. The following guidelines address the classification and use of District fund balance in governmental funds:

Fund balance measures the net financial resources available to finance expenditures of future periods. Fund balance is the difference between assets and liabilities reported in a governmental fund. The District’s Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without unnecessary borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Education. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

The Board of Education delegates authority to *assign* fund balance for a specific purpose to the Superintendent and the Finance Director. Assigned Fund Balance does not lapse at year end.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

Fund Balance of the District may be *committed* for a specific purpose by formal action of the Board of Education. Amendments or modification to the Committed Fund Balance must also be approved by formal action of the Board. Committed Fund Balance does not lapse at year end.

Prioritization of fund balance use: When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that the funds are to be spent in the following order: Committed Fund Balance, Assigned Fund Balance and lastly, Unassigned Fund Balance.

The Board recognizes that good fiscal management comprises the foundational support of the entire District. It is generally recommended that governments, regardless of size, maintain an unrestricted fund balance equal to two months of either general fund operating revenues or expenditures. As those two amounts can be significantly different, it is the District's policy to measure fund balance on the basis of operating expenditures.

To make the foundational support of the District as effective as possible, the Board desires to maintain, in stable economic times, a fund balance of at least 10% of the District general fund annual operating expenditures. However, the Board is cognizant of the fact that as of initial adoption of this policy, the fund balance percentage is already near this benchmark. Further, the Board is aware that significant funding challenges have been addressed in the past fiscal year and that further additional and more severe fiscal challenges are looming.

At this time the Board intends to maintain a fund balance sufficient to avoid a determination by the state superintendent that 'probable financial stress' within the meaning of Public Act 4 of 2011 (the Local Government and School District Fiscal Responsibility Act) exists. In addition, it is the Board's intent to continue to make every effort to reduce structural inadequacies between operating revenues and expenditures as both operationally and programmatically practical to allow future fund balance growth. The Board shall annually review this provision when budgeted operating expenditures exceed budgeted operating revenues.

15. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

16. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker’s acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2016 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 7,258,454
Fiduciary Funds:	
Trust and Agency Funds	<u>408,364</u>
	<u>\$ 7,666,818</u>

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Chase Bank

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Cash equivalents consist of bank public funds checking and savings accounts.

June 30, 2016 balances are detailed as follows:

Cash equivalents	<u>\$ 73,203</u>
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Custodial Credit Risk Related to Cash Equivalents

Custodial credit risk is the risk that in the event of bank failure, the District's cash equivalents may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$73,203 and the bank balance was \$462,704. Of the bank balance, \$250,000 was covered by federal depository insurance and \$212,704 was uninsured and uncollateralized.

Investments

As of June 30, 2016, the District had the following investments:

Surplus Funds Investment Pool Accounts:	
Michigan Liquid Asset Fund	<u>\$ 7,593,615</u>

The Michigan Liquid Asset Fund (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2016. The MILAF Fund is rated AAAM by Standard and Poor's.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by State statute.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

Interest Rate Risk

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of Credit Risk

The District minimizes concentration of credit risk which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy does not limit the amount that may be invested in any one issuer.

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Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2015 ad valorem State Education Taxes generated within the Northview Public School District, and paid to the State of Michigan, totaled \$3,424,419.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in October 2015 and February 2015. The 2015-16 "Foundation Allowance" for Northview Public Schools was \$7,391 for 3,374 "Full Time Equivalent" students, generating \$26,366,272 in State aid payments to the District of which \$4,798,469 was paid to the District in July and August 2016 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2016.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the Township of Ada and the Charter Townships of Grand Rapids and Plainfield, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Northview Public Schools' electors had previously (May 2, 2006) approved a ten year operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2015.

The District levied a .75 recreation millage, 6.9595 mills for debt service purposes, and 1.2056 mills for building and site in 2015, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRES.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

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Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

Note D – Due From/To Other Funds/Interfund Transfers

Amounts due from/to other funds representing interfund receivables and payables for unreimbursed expenditures at June 30, 2016 are detailed as follows:

	Due From	Due To
Major Fund		
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ 19,421	\$ —
Nonmajor Funds		
Special Revenue Fund:		
Food Service Fund:		
General Fund	—	19,421
Debt Service Funds:		
2008 Debt Service Fund:		
2012 Debt Service Fund	—	59,584
2012 Debt Service Fund:		
2008 Debt Service Fund	59,584	—
	59,584	79,005
Total Nonmajor Funds		
	59,584	79,005
Total All Funds	\$ 79,005	\$ 79,005

Operating transfers between funds during the year ended June 30, 2016 were as follows:

	Transfers In	Transfers Out
Nonmajor Funds		
Capital Projects Funds:		
Building and Site Fund:		
2012B Construction Fund	\$ —	\$ 530,424
2012 Construction Fund:		
2012B Construction Fund	—	7,669
2012B Construction Fund:		
Building and Site Fund	530,424	—
2012 Construction Fund	7,669	—
	538,093	538,093
Total All Funds	\$ 538,093	\$ 538,093

The transfers to the 2012B Construction Fund were made to support the fund's construction costs for the new walking track.

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Note E – Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balances July 1, 2015	Additions	Deductions	Balances June 30, 2016
Capital assets not being depreciated:				
Land	\$ 115,296	\$ -	\$ -	\$ 115,296
Construction in progress	791,402	182,244	589,473	384,173
Total capital assets not being depreciated	<u>906,698</u>	<u>\$ 182,244</u>	<u>\$ 589,473</u>	<u>499,469</u>
Capital assets being depreciated:				
Buildings and additions	89,284,807	\$ 1,753,822	\$ 413,007	90,625,622
Furniture and equipment	1,122,485	10,895	12,000	1,121,380
Vehicles	1,768,930	130,658	-	1,899,588
Total capital assets being depreciated	<u>92,176,222</u>	<u>\$ 1,895,375</u>	<u>\$ 425,007</u>	<u>93,646,590</u>
Less accumulated depreciation for:				
Buildings and additions	34,557,364	\$ 2,877,469	\$ 413,007	37,021,826
Furniture and equipment	344,548	105,165	12,000	437,713
Vehicles	1,421,666	97,691	-	1,519,357
Total accumulated depreciation	<u>36,323,578</u>	<u>\$ 3,080,325</u>	<u>\$ 425,007</u>	<u>38,978,896</u>
Total capital assets being depreciated, net	<u>55,852,644</u>			<u>54,667,694</u>
Net Capital Assets	<u>\$ 56,759,342</u>			<u>\$ 55,167,163</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 2,674,442
Supporting services	291,290
Community services	31,267
Food service	83,326
	<u>\$ 3,080,325</u>

Note F – Short-term Debt

On August 20, 2014, the District borrowed \$1,000,000, \$1,100,000 and \$900,000 in anticipation of State aid at .42%, 1.05%, and 1.235%, respectively, which were repaid on July 20, 2015, and August 20, 2015, respectively. On August 20, 2015, the District borrowed \$679,569, \$320,431 (both due on July 20, 2016), \$856,863 and \$1,143,137 (both due on August 22, 2016) in anticipation of State aid (interest at .76%, .64%, 1.08%, and 1.4625%, respectively). Principal repayments of \$861,876 were made during the fiscal year, and interest expense on the loans for the year was \$37,659.

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Note G – Long-term Debt

Changes in long-term debt for the year ended June 30, 2016 are summarized as follows:

	Debt Outstanding July 1, 2015	Debt Added	Debt Retired	Debt Outstanding June 30, 2016
General obligation bonds:				
March 27, 2008	\$ 7,045,000	\$ —	\$ 1,250,000	\$ 5,795,000
March 20, 2012	29,515,000	—	500,000	29,015,000
June 26, 2012	11,910,000	—	—	11,910,000
Bond premium	1,362,501	—	84,496	1,278,005
Early retirement incentive	—	201,029	89,820	111,209
Severance pay	286,734	24,193	19,448	291,479
Accumulated vacation/sick leave	531,324	280,182	298,469	513,037
	<u>\$ 50,650,559</u>	<u>\$ 505,404</u>	<u>\$ 2,242,233</u>	<u>\$ 48,913,730</u>

Long-term debt outstanding at June 30, 2016 is comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$16,055K 2008 Refunding March 27, 2008:				
Annual maturities of \$1,095K to \$1,220K	May 1, 2021	4.25 – 5.00	\$ 5,795,000	\$ 1,220,000
\$30,850K 2012 Building and Site March 20, 2012:				
Annual Maturities of \$500K to \$1,550K	May 1, 2041	2.00 – 5.00	29,015,000	500,000
\$11,910K 2012 Building and Site June 26, 2012:				
Annual Maturities of \$120K to \$550K	May 1, 2042	2.25 – 5.00	11,910,000	120,000
Bond premium			1,278,005	84,496
Other Obligations				
Early retirement incentive			111,209	—
Severance pay			291,479	20,000
Accumulated vacation/sick leave			513,037	300,000
			<u>\$ 48,913,730</u>	<u>\$ 2,154,496</u>

The annual requirements to pay principal and interest on long-term bonds outstanding are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,840,000	\$ 1,894,112	\$ 3,734,112
2018	1,945,000	1,818,313	3,763,313
2019	2,035,000	1,747,525	3,782,525
2020	2,030,000	1,669,975	3,699,975
2021	1,995,000	1,590,975	3,585,975

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Year Ending June 30	Principal	Interest	Total
2022	\$ 1,335,000	\$ 1,504,225	\$ 2,839,225
2023	1,380,000	1,454,825	2,834,825
2024	1,425,000	1,403,625	2,828,625
2025	1,475,000	1,349,625	2,824,625
2026	1,525,000	1,293,625	2,818,625
2027	1,575,000	1,235,625	2,810,625
2028	1,685,000	1,184,406	2,869,406
2029	1,775,000	1,127,919	2,902,919
2030	1,815,000	1,066,762	2,881,762
2031	1,875,000	989,163	2,864,163
2032	1,930,000	916,038	2,846,038
2033	2,030,000	839,200	2,869,200
2034	2,050,000	758,000	2,808,000
2035	2,050,000	676,000	2,726,000
2036	2,050,000	594,000	2,644,000
2037	2,050,000	512,000	2,562,000
2038	2,050,000	415,000	2,465,000
2039	2,050,000	318,000	2,368,000
2040	2,100,000	221,000	2,321,000
2041	2,100,000	121,500	2,221,500
2042	550,000	22,000	572,000
	<u>\$46,720,000</u>	<u>\$26,723,438</u>	<u>\$73,443,438</u>

Note H – Retirement Plan

Plan Description

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

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

The System's financial statements are available at www.michigan.gov/mpers-cafr.

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Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of pension plans offered by MPSERS are detailed as follows:

Plan Name	Plan Type	Plan Status
Member Investment Plan (MIP)	Defined Benefit	Closed
Basic	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Membership

At September 30, 2015, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:		
Regular benefits		184,496
Survivor benefits		16,960
Disability benefits		6,195
Total		207,651
Inactive plan members entitled to but not yet receiving benefits:		17,445
Active plan members:		
Vested		106,671
Non-vested		104,303
Total		210,974
Total plan members		436,070

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

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPSERS who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

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Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Option 1 members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members; 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Deferred Compensation plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in the 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Deferred Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

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Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1: $FAC \times \text{total years of service} \times 1.5\%$

Option 2: $FAC \times 30 \text{ years of service} \times 1.5\% + FAC \times \text{years of service beyond 30} \times 1.25\%$

Option 3: $FAC \times \text{years of service as of transition date} \times 1.5\% + FAC \times \text{years of service after transition date} \times 1.25\%$

Option 4: $FAC \text{ as of transition date} \times \text{years of service as of transition date} \times 1.5\%$

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member who became a member of MPSERS after June 30, 2010 may retire at age 60 with 10 or more years of credited service.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

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Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by two percent for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Forms of Payment

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An application may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiary.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary, and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

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100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – The Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree’s pension to decrease at age 62 by approximately the same amount as that person’s Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree’s death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member’s death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers’ Compensation is being paid to the eligible beneficiary due to the member’s death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

Post-Retirement Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement benefits.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under the method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability will be amortized over a 21 year period for the 2015 fiscal year.

Employer contributions to the plans are based on a percentage of covered payroll that has been actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. Member contributions are determined based on date of hire and the plan selected. In addition, the District is invoiced monthly an amount that approximates 7.63% to 10.53% of covered payroll for “MPSERS UAAL Stabilization.” This additional contribution is offset by monthly State Aid payments equal to the amounts actually billed by the Office of Retirement Services (ORS). Employer contribution requirements for pension and retiree healthcare, including the MPSERS UAAL Stabilization and one-time prepayment rates, ranged from 20.96% to 25.78% of covered payroll. Plan member contribution rates range from 0.0% to 7.0% of covered payroll.

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2016, inclusive of the MSPERS UAAL Stabilization, totaled \$5,667,274.

In May 1996, the Internal Revenue Service issued a private letter ruling allowing the System's members to purchase service credit and repay refunds using tax-deferred (pre-tax) dollars. The program was implemented in fiscal year 1998, and payments began in fiscal year 1999.

The program allows members to purchase service credit and repay refunds on a tax-deferred basis. Members sign an irrevocable agreement that identifies the contract duration, monthly payment, total contract amount and years of service credit being purchased. The duration of the contract can range from 1 to 20 years. The amounts are withheld from members' paychecks and are treated as employer pick-up contributions pursuant to Internal Revenue Code Section 414(h). At September 30, 2015, there were 13,725 agreements. The agreements were discounted using the assumed actuarial rate of return of 8% for September 30, 2015. The average remaining length of a contract was approximately 5.8 years for 2015. The short-term receivable was \$24.9 million and the discounted long-term receivable was \$67.5 million at September 30, 2015.

MPSERS Plan Net Pension Liability (in thousands)

Total Pension Liability	\$	67,355,988
Plan Fiduciary Net Position		42,382,361
Net Pension Liability	\$	24,973,627
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		62.92%
Net Pension Liability as a Percentage of Covered Employee Payroll		296.36%
Total Covered Payroll	\$	8,426,755

Proportionate Share of Reporting Unit's Net Pension Liability

At June 30, 2016, the District reported a liability of \$53,801,822 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 that date. The 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. The District's proportion was .21231027% at September 30, 2014 and .22027334% at September 30, 2015.

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

For the year ended June 30, 2016, the District recognized pension expense of \$4,947,567. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ —	\$ 178,207
Changes of assumptions	1,324,715	—
Net difference between projected and actual earnings on pension plan investment earnings	274,615	—
Changes in proportion and differences between District contributions and proportionate share of contributions	1,486,897	—
District contributions subsequent to the measurement date*	<u>5,142,264</u>	<u>—</u>
Total	<u>\$ 8,228,491</u>	<u>\$ 178,207</u>

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

Year ended June 30	Amount
2017	\$ 551,134
2018	551,134
2019	479,303
2020	1,326,449

Actuarial Assumptions

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

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2014
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.5%
Investment Rate of Return:	
MIP and Basic Plans (Non-	8.0%
Pension Plus Plan (Hybrid):	7.0%
Projected Salary Increases:	3.5% - 12.3%, including wage inflation of 3.5%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males, and 70% of the table rates were used for females.

Notes:

- Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2015 is based on the results of an actuarial valuation date of September 30, 2014, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.7158 for non-university employers, 1.3923 for university employers].
- Recognition period for assets in years is 5.000.
- Full actuarial assumptions are available in the 2015 MPSERS Comprehensive Annual Financial Report (www.michigan.gov/mpsers-cafr).

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity Pools	28.0%	5.9%
% Alternative Investment Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.9%
Real Estate & Infrastructure Pools	10.0%	4.3%
Absolute Return Pools	15.5%	6.0%
Short-term Investment Pools	2.0%	0.0%
Total	100.0%	

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent (7.0% for the Hybrid Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<u>1% Decrease (Non-Hybrid/Hybrid)* 7.0%/6.0%</u>	<u>Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0%/7.0%</u>	<u>1% Increase (Non-Hybrid/Hybrid)* 9.0%/8.0%</u>
District's proportionate share of the net pension liability	\$ 69,364,341	\$ 53,801,822	\$ 40,681,982

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System September 30, 2015 Comprehensive Annual Financial Report, available here: (www.michigan.gov/documents/orsschools/MPERS_CAFR_2015_Final_510211_7.pdf).

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

Payables to the Michigan Public School Employee Retirement System (MPERS)

Payables to the pension plan totaling \$775,547 at June 30, 2016 arise from the normal legally required contributions based on the accrued salaries payable at year-end, expected to be liquidated with expendable available financial resources.

Note I – Other Postemployment Benefits

Plan Description and Employee Contributions

Benefit provisions of the post-employment healthcare plan are established by State statute which may be amended. Retirees have the option of health coverage, which, through 2015, is currently funded on a cash disbursement basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Public Act 300 of 2012 granted all active members of MPERS a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012.

Members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their Section 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) account no later than their first pay date after February 1, 2013.

Members who did not make an election before the deadline retain the subsidy benefit and continue making the 3% contribution toward retiree healthcare.

Members who elected to retain the premium subsidy continue to annually contribute 3% of compensation into the healthcare funding account. A member or former member age 60 or older, who made the 3% healthcare contributions but who does not meet the eligibility requirements may request a refund of their contributions.

Under Public Act 300 of 2012, the State no longer offers an insurance premium subsidy in retirement for public school employees who first work on or after September 4, 2012. Instead, all new employees will be placed into the Personal Healthcare Fund where they will have support saving for retirement healthcare costs in the following ways:

NORTHVIEW PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2016

- They will be automatically enrolled in a 2% employee contribution into a Section 457 account as of their date of hire, earning them a 2% employer match into a 401(k) account.
- They will receive a credit into a Health Reimbursement Account (HRA) at termination if they have at least 10 years of service at termination. The credit will be \$2,000 for participants who are at least 60 years of age at termination or \$1,000 for participants who are less than 60 years of age at termination.

Employer contributions

Required contributions for post-employment health care benefits ranged from 6.40% to 6.83% of covered payroll for the fiscal year ended June 30, 2016. The District's required and actual contributions to the Plan for retiree health care benefits for the fiscal years ending June 30, 2016 and 2015 were \$1,230,528 and \$556,967, respectively.

Post-employment Plan Status

At September 30, 2015, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole was \$14.2 billion. The MPSERS net assets available for these benefits were \$3.0 billion leaving an unfunded actuarial accrued liability of \$11.2 billion. The funded ratio of actuarial liability was 21.1%; covered payroll totaled \$8.2 billion, and unfunded actuarial liability was 136.9% of covered payroll.

Note J – Risk Management and Benefits

The 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 District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2015-16, and as of year ended June 30, 2016, there were no material pending claims against the District.

Note K – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of \$42,564,134 and a total net position deficit of \$33,231,211, as of June 30, 2016. These deficit net positions result primarily from the net pension liability of \$45,751,538 (net of deferred outflows and inflows of resources related to the pension plan).

Note L – Commitments

On March 20, 2012, the District issued \$30,850,000 of general obligation 2012 Construction bonds whose proceeds are being used for land improvements, building renovations and additions and furniture and equipment purchases. At June 30, 2016, unspent balances committed to these construction projects totaled \$322,277, which are expected to be fully expended by the year ended June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

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NORTHVIEW PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2016

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2016</u>
District's proportion of the net pension liability	0.21231027%	0.22027334%
District's proportionate share of the net pension liability	\$ 46,764,528	\$ 53,801,822
District's covered-employee payroll	\$ 18,035,709	\$ 18,410,071
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	259.29%	292.24%
Plan fiduciary net position as a percentage of the total pension liability	66.15%	62.92%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

NORTHVIEW PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2016

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2016</u>
Contractually required contribution	\$ 5,753,374	\$ 5,667,274
Contributions in relation to the contractually required contribution	<u>5,753,374</u>	<u>5,667,274</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,464,688	\$ 18,801,146
Contributions as a percentage of covered employee payroll	31.16%	30.14%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

NORTHVIEW PUBLIC SCHOOLS
Notes to Required Supplementary Information
June 30, 2016

Note A – Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2015-16.

Changes of assumptions: There were no changes of benefit assumptions in 2015-16.

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2016 and 2015

	2016	2015
Assets		
Cash	\$ 1,070	\$ 1,070
Cash equivalents, deposits and investments	4,926,386	4,437,113
Accounts receivable	19,809	20,634
Due from other funds	19,421	34,039
Due from other governmental units	5,778,433	5,531,215
Prepaid expenditures	78,128	37,520
	Total Assets	Total Assets
	\$ 10,823,247	\$ 10,061,591
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 181,279	\$ 206,319
State aid anticipation loan payable	2,138,124	2,140,101
Due to other funds	-	13,605
Due to other governmental units	1,652,855	1,426,549
Payroll withholdings payable	324,042	126,024
Accrued interest payable	37,659	30,660
Salaries payable	2,359,264	1,979,515
Unearned revenue	26,895	-
	Total Liabilities	Total Liabilities
	6,720,118	5,922,773
 Fund Balances		
Nonspendable	78,128	37,520
Unassigned	4,025,001	4,101,298
	Total Fund Balances	Total Fund Balances
	4,103,129	4,138,818
	Total Liabilities and Fund Balances	Total Liabilities and Fund Balances
	\$ 10,823,247	\$ 10,061,591

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2016 and 2015

	2016	2015
Local sources:		
Property taxes:		
Current property taxes	\$ 2,857,045	\$ 2,774,088
Recreation taxes	426,290	410,357
Industrial facilities taxes	453	755
Delinquent property taxes	16,154	8,348
Other property taxes	804	47
Interest on delinquent taxes	5,225	9,767
	<u>3,305,971</u>	<u>3,203,362</u>
Investment earnings:		
Earnings (losses) on deposits and investments	14,710	(5,286)
Revenue from student activities:		
Athletics admissions	119,517	119,505
Tournament revenue	22,630	10,934
	<u>142,147</u>	<u>130,439</u>
Other local revenue:		
Summer school tuition	14,974	19,394
Preschool/latchkey tuition	38,364	49,783
Childcare fees	205,149	176,617
Community school activities	65,285	42,669
Telephone discount reimbursements	24,838	23,977
Beverage consortium commissions	11,054	11,450
Universal service fund	41,075	37,970
Rental of school facilities	49,377	45,627
Donations	6,200	10,000
Sale of school property	4,146	7,084
Refunds of prior year expenditures	44,306	55,421
Senior citizen coordinator reimbursements	39,865	39,151
Security officer reimbursement	7,305	17,766
Miscellaneous	10,047	112,218
	<u>561,985</u>	<u>649,127</u>
Total local sources	4,024,813	3,977,642
State sources:		
State aid	26,307,749	25,677,817
Special education - transportation	227,317	216,774
Special education - itinerants	68,037	164,195
Technology readiness infrastructure grant	45,874	13,732
Michigan rehabilitation services grant	37,037	-
Great Start Readiness program	13,200	-
Bus driver safety	1,459	-
	<u>26,700,673</u>	<u>26,072,518</u>
Total state sources	26,700,673	26,072,518
Federal sources:		
Title I	309,536	366,996
Title IIA	57,341	61,215
I.D.E.A. program	958,604	1,016,765
Medicaid - Outreach	5,041	7,795
	<u>1,330,522</u>	<u>1,452,771</u>
Total federal sources	1,330,522	1,452,771

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Interdistrict sources:		
Special education - county	\$ 2,460,669	\$ 2,393,711
Special education - tuition	1,395,281	1,174,360
Prevocational coordinator reimbursement	111,543	18,003
Medicaid - fee for service	535,614	40,000
Other	92,446	90,118
Total interdistrict sources	<u>4,595,553</u>	<u>3,716,192</u>
Total Revenues	<u><u>\$ 36,651,561</u></u>	<u><u>\$ 35,219,123</u></u>

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2016 and 2015

	2016	2015
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 3,214,848	\$ 3,117,791
Employee benefits	2,367,294	2,184,312
Purchased services	86,850	78,195
Supplies	116,753	100,441
Capital outlay	1,849	7,669
Miscellaneous	8,580	2,586
	<u>5,796,174</u>	<u>5,490,994</u>
Middle school:		
Salaries	2,973,578	3,021,476
Employee benefits	2,106,473	1,989,928
Purchased services	46,525	72,758
Supplies	80,669	92,333
Capital outlay	8,711	2,171
Miscellaneous	3,161	7,039
Payments to other districts	1,450	5,800
	<u>5,220,567</u>	<u>5,191,505</u>
High school:		
Salaries	3,566,114	3,572,772
Employee benefits	2,490,317	2,342,674
Purchased services	115,895	41,884
Supplies	131,190	163,942
Capital outlay	31,975	1,523
Miscellaneous	8,460	9,519
Payments to other districts	122,512	187,869
	<u>6,466,463</u>	<u>6,320,183</u>
Preschool:		
Salaries	33,936	41,774
Employee benefits	21,568	22,702
Purchased services	60	643
Supplies	1,897	2,993
	<u>57,461</u>	<u>68,112</u>
Summer school:		
Salaries	6,895	8,802
Employee benefits	383	5,954
Supplies	-	325
Miscellaneous	285	274
	<u>7,563</u>	<u>15,355</u>
Total basic programs	<u>17,548,228</u>	<u>17,086,149</u>
Added needs:		
Special education:		
Salaries	2,887,094	2,926,562
Employee benefits	1,927,492	1,888,502
Purchased services	64,221	37,312
Supplies	28,589	21,315

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2016 and 2015

	2016	2015
Special education: (Continued)		
Capital outlay	\$ (5,255)	\$ 824
Miscellaneous	2,481	1,105
Payments to other districts	133,397	238,978
	<u>5,038,019</u>	<u>5,114,598</u>
Compensatory education:		
Salaries	171,588	229,323
Employee benefits	115,393	137,064
Supplies	7,804	4,749
	<u>294,785</u>	<u>371,136</u>
Total added needs	<u>5,332,804</u>	<u>5,485,734</u>
Total instruction	<u>22,881,032</u>	<u>22,571,883</u>
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	491,793	490,580
Employee benefits	312,952	304,915
Purchased services	36	75
Supplies	893	1,446
Miscellaneous	10	-
	<u>805,684</u>	<u>797,016</u>
Physical therapist services:		
Purchased services	109,340	92,165
Supplies	513	380
Miscellaneous	120	-
Payments to other districts	76,455	75,320
	<u>186,428</u>	<u>167,865</u>
Psychological services:		
Purchased services	158	-
Supplies	322	2,558
Payments to other districts	231,753	231,214
	<u>232,233</u>	<u>233,772</u>
Speech pathology services:		
Salaries	35,113	-
Employee benefits	23,865	-
Purchased services	321	-
Supplies	1,382	1,830
Payments to other districts	583,481	551,630
	<u>644,162</u>	<u>553,460</u>
Social worker services:		
Salaries	38,623	35,076
Employee benefits	28,037	25,907
Purchased services	19,998	-
Supplies	1,141	2,183
Payments to other districts	587,389	540,616
	<u>675,188</u>	<u>603,782</u>

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2016 and 2015

	2016	2015
Visual aid services:		
Purchased services	\$ 23,492	\$ -
Teacher consultant services:		
Salaries	199,781	141,494
Employee benefits	122,346	85,030
Purchased services	533	237
Supplies	16	45
	<u>322,676</u>	<u>226,806</u>
Other pupil services:		
Salaries	4,391	4,352
Employee benefits	1,900	1,750
	<u>6,291</u>	<u>6,102</u>
Total pupil services	2,896,154	2,588,803
Instructional staff services:		
Improvement of instruction:		
Salaries	168,852	135,524
Employee benefits	101,185	75,525
Purchased services	32,660	111,311
Supplies	13,721	16,269
Payments to other units	2,666	-
Miscellaneous	18,919	24,475
	<u>338,003</u>	<u>363,104</u>
Educational media services:		
Salaries	58,059	26,687
Employee benefits	35,783	15,764
Supplies	5,831	4,968
Purchased services	21,000	-
	<u>120,673</u>	<u>47,419</u>
Technology assisted instruction:		
Salaries	40,327	39,497
Employee benefits	23,215	23,364
	<u>63,542</u>	<u>62,861</u>
Supervision and direction of instruction:		
Salaries	226,619	215,144
Employee benefits	146,575	145,513
Purchased services	10,591	6,443
Supplies	1,877	1,372
Capital outlay	-	761
Miscellaneous	4,126	3,400
	<u>389,788</u>	<u>372,633</u>
Total instructional staff services	912,006	846,017
General administrative services:		
Board of education:		
Purchased services	116,245	81,998
Supplies	1,345	752
Miscellaneous	11,472	30,760
	<u>129,062</u>	<u>113,510</u>

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2016 and 2015

	2016	2015
Executive administration:		
Salaries	\$ 254,844	\$ 266,192
Employee benefits	148,974	250,779
Purchased services	27,483	19,809
Supplies	5,295	4,481
Capital outlay	375	19,950
Miscellaneous	13,882	41,466
	<u>450,853</u>	<u>602,677</u>
Total general administrative services	579,915	716,187
School administrative services:		
Office of the principal:		
Salaries	1,309,264	1,259,341
Employee benefits	863,482	769,092
Purchased services	27,141	27,457
Supplies	2,763	2,940
Miscellaneous	1,088	4,447
	<u>2,203,738</u>	<u>2,063,277</u>
Graduation:		
Miscellaneous	8,481	9,967
	<u>2,212,219</u>	<u>2,073,244</u>
Business services:		
Fiscal services:		
Salaries	328,733	322,073
Employee benefits	196,274	206,424
Purchased services	17,401	19,245
Supplies	2,889	3,360
Miscellaneous	5,422	3,893
	<u>550,719</u>	<u>554,995</u>
Internal services:		
Salaries	23,214	22,053
Employee benefits	11,149	10,242
Purchased services	63,448	61,889
Supplies	4,023	4,136
	<u>101,834</u>	<u>98,320</u>
Other business services:		
Employee benefits	-	151,408
Purchased services	137,439	118,800
Miscellaneous	99,534	89,634
	<u>236,973</u>	<u>359,842</u>
Total business services	889,526	1,013,157
Operation and maintenance services:		
Operation and maintenance:		
Salaries	977,263	956,183
Employee benefits	626,433	599,886
Purchased services	308,302	248,541

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2016 and 2015

	2016	2015
Operation and maintenance: (Continued)		
Supplies	\$ 725,601	\$ 715,098
Capital outlay	37,639	62,455
Miscellaneous	3,477	1,168
	<u>2,678,715</u>	<u>2,583,331</u>
Security services:		
Salaries	24,398	22,888
Employee benefits	12,411	11,345
Purchased services	112,568	146,959
Capital outlay	-	1,132
	<u>149,377</u>	<u>182,324</u>
Total operation and maintenance services	2,828,092	2,765,655
Pupil transportation services:		
Pupil transportation:		
Salaries	314,852	320,123
Employee benefits	267,198	209,469
Purchased services	32,972	1,740
Supplies	150,178	153,914
Capital outlay	111,985	53,894
Miscellaneous	6,431	10,081
Payments to other districts	336,101	284,292
Total pupil transportation services	<u>1,219,717</u>	<u>1,033,513</u>
Central services:		
Communication services:		
Salaries	3,963	4,065
Employee benefits	2,677	2,777
Purchased services	51,266	51,638
	<u>57,906</u>	<u>58,480</u>
Staff/professional services:		
Purchased services	2,192	5,263
Technology services:		
Salaries	207,476	201,128
Employee benefits	145,267	139,736
Purchased services	245,774	281,847
Supplies	2,164	1,735
Capital outlay	167,317	59,625
	<u>767,998</u>	<u>684,071</u>
Pupil accounting services:		
Salaries	16,706	15,099
Employee benefits	7,237	6,169
	<u>23,943</u>	<u>21,268</u>
Total central services	852,039	769,082

(Continued)

NORTHVIEW PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2016 and 2015

	2016	2015
Other supporting services:		
Athletics:		
Salaries	\$ 515,717	\$ 511,394
Employee benefits	208,813	202,130
Purchased services	73,964	63,429
Supplies	2,885	2,994
Capital outlay	53,466	34,143
Miscellaneous	35,867	32,631
Total other supporting services	<u>890,712</u>	<u>846,721</u>
Total supporting services	13,280,380	12,652,379
Community services:		
Community recreation:		
Salaries	68,123	36,570
Employee benefits	26,229	17,794
Purchased services	29,643	51,658
Supplies	4,253	6,566
Miscellaneous	5,509	8,567
	<u>133,757</u>	<u>121,155</u>
Senior citizens services:		
Salaries	39,900	39,311
Employee benefits	15,725	16,535
Purchased services	4,163	5,199
Miscellaneous	-	478
	<u>59,788</u>	<u>61,523</u>
Performing arts center:		
Salaries	65,522	65,161
Employee benefits	44,809	44,833
Supplies	8,858	9,960
Capital outlay	-	5,928
Miscellaneous	23	175
	<u>119,212</u>	<u>126,057</u>
Custody and care of children:		
Salaries	128,211	124,185
Employee benefits	65,559	67,595
Purchased services	540	285
Supplies	3,420	7,350
Capital outlay	443	787
Miscellaneous	4,908	4,286
	<u>203,081</u>	<u>204,488</u>
Total community services	<u>515,838</u>	<u>513,223</u>
Total Expenditures	<u><u>\$ 36,677,250</u></u>	<u><u>\$ 35,737,485</u></u>

NONMAJOR GOVERNMENTAL FUNDS

NORTHVIEW PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2016

	Special Revenue	Debt Service	
	Food Service	2008	2012
Assets			
Cash	\$ 894	\$ -	\$ -
Cash equivalents, deposits and investments	365,353	531,030	235,968
Due from other funds	-	-	59,584
Due from other governmental units	9,295	-	-
Inventory	6,739	-	-
Total Assets	\$ 382,281	\$ 531,030	\$ 295,552
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 452	\$ -	\$ -
Due to other funds	19,421	59,584	-
Due to other governmental units	2,374	-	-
Salaries payable	7,823	-	-
Unearned revenue	17,549	-	-
Total Liabilities	47,619	59,584	-
Fund Balances			
Nonspendable	6,739	-	-
Restricted	327,923	471,446	295,552
Total Fund Balances	334,662	471,446	295,552
Total Liabilities and Fund Balances	\$ 382,281	\$ 531,030	\$ 295,552

2012B	Capital Projects			Total
	Building and Site	2012 Construction	2012B Construction	
\$ -	\$ -	\$ -	\$ -	\$ 894
297,359	578,826	323,532	-	2,332,068
-	-	-	-	59,584
-	-	-	-	9,295
-	-	-	-	6,739
<u>\$ 297,359</u>	<u>\$ 578,826</u>	<u>\$ 323,532</u>	<u>\$ -</u>	<u>\$ 2,408,580</u>
\$ -	\$ 332,150	\$ 1,255	\$ -	\$ 333,857
-	-	-	-	79,005
-	-	-	-	2,374
-	-	-	-	7,823
-	-	-	-	17,549
<u>-</u>	<u>332,150</u>	<u>1,255</u>	<u>-</u>	<u>440,608</u>
-	-	-	-	6,739
297,359	246,676	322,277	-	1,961,233
<u>297,359</u>	<u>246,676</u>	<u>322,277</u>	<u>-</u>	<u>1,967,972</u>
<u>\$ 297,359</u>	<u>\$ 578,826</u>	<u>\$ 323,532</u>	<u>\$ -</u>	<u>\$ 2,408,580</u>

NORTHVIEW PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2016

	Special Revenue	Debt Service	
	Food Service	2008	2012
Revenues			
Local sources:			
Property taxes	\$ -	\$ 1,718,493	\$ 1,735,600
Earnings on deposits and investments	459	2,559	1,205
Food sales	521,650	-	-
Other local sources	-	-	-
Total local sources	522,109	1,721,052	1,736,805
State sources	58,524	4,880	4,930
Federal sources	746,933	-	-
Total Revenues	1,327,566	1,725,932	1,741,735
Expenditures			
Current:			
Food service	1,342,072	-	-
Capital outlay	-	-	-
Debt service:			
Principal repayment	-	1,250,000	500,000
Interest and fiscal charges	-	343,788	1,170,825
Total Expenditures	1,342,072	1,593,788	1,670,825
Excess (Deficiency) of Revenues Over Expenditures	(14,506)	132,144	70,910
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(14,506)	132,144	70,910
Fund Balances (Deficit), Beginning of Year	349,168	339,302	224,642
Fund Balances, End of Year	\$ 334,662	\$ 471,446	\$ 295,552

2012B	Capital Projects			Total
	Building and Site	2012 Construction	2012B Construction	
\$ 528,964	\$ 688,906	\$ -	\$ -	\$ 4,671,963
807	2,049	510	-	7,589
-	-	-	-	521,650
-	-	10,898	-	10,898
529,771	690,955	11,408	-	5,212,100
1,502	-	-	-	69,836
-	-	-	-	746,933
531,273	690,955	11,408	-	6,028,869
-	-	-	-	1,342,072
-	886,689	154,227	497,003	1,537,919
-	-	-	-	1,750,000
452,800	-	-	-	1,967,413
452,800	886,689	154,227	497,003	6,597,404
78,473	(195,734)	(142,819)	(497,003)	(568,535)
-	-	-	538,093	538,093
-	(530,424)	(7,669)	-	(538,093)
-	(530,424)	(7,669)	538,093	-
78,473	(726,158)	(150,488)	41,090	(568,535)
218,886	972,834	472,765	(41,090)	2,536,507
\$ 297,359	\$ 246,676	\$ 322,277	\$ -	\$ 1,967,972

NORTHVIEW PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 521,034	\$ 522,109	\$ 1,075
State sources	58,868	58,524	(344)
Federal sources	<u>591,759</u>	<u>746,933</u>	<u>155,174</u>
Total Revenues	<u>1,171,661</u>	<u>1,327,566</u>	<u>155,905</u>
Expenditures			
Current:			
Food service	<u>1,314,303</u>	<u>1,342,072</u>	<u>(27,769)</u>
Net Change in Fund Balances	(142,642)	(14,506)	128,136
Fund Balances, Beginning of Year	<u>349,168</u>	<u>349,168</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 206,526</u></u>	<u><u>\$ 334,662</u></u>	<u><u>\$ 128,136</u></u>

SPECIAL REVENUE FUND

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

NORTHVIEW PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2016 and 2015

	2016	2015
Assets		
Cash	\$ 894	\$ 430
Cash equivalents, deposits and investments	365,353	358,843
Due from other governmental units	9,295	8,914
Inventory	6,739	7,446
Total Assets	\$ 382,281	\$ 375,633
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 452	\$ 4
Due to other funds	19,421	205
Due to other governmental units	2,374	9,818
Salaries payable	7,823	3,411
Unearned revenue	17,549	13,027
Total Liabilities	47,619	26,465
Fund Balances		
Nonspendable	6,739	7,446
Restricted	327,923	341,722
Total Fund Balances	334,662	349,168
Total Liabilities and Fund Balances	\$ 382,281	\$ 375,633

NORTHVIEW PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2016 and 2015

	2016	2015
Revenues		
Local sources:		
Food sales:		
Children's lunches	\$ 305,794	\$ 260,326
Children's breakfasts	22,169	25,671
Adult lunches and banquets	7,774	5,729
Ala carte	166,720	153,384
Catering	18,849	11,699
Other	344	5,801
	521,650	462,610
Interest earnings:		
Earnings on deposits and investments	459	-
Total local sources	522,109	462,610
State sources	58,524	53,213
Federal sources	746,933	769,594
	1,327,566	1,285,417
Expenditures		
Current:		
Food service:		
Salaries	416,145	399,053
Employee benefits	229,183	189,286
Purchased services	9,976	9,325
Supplies	670,494	693,713
Capital outlay	4,153	7,827
Miscellaneous	12,121	11,919
	1,342,072	1,311,123
Total Expenditures	1,342,072	1,311,123
Net Change In Fund Balances	(14,506)	(25,706)
Fund Balances, Beginning of Year	349,168	374,874
Fund Balances, End of Year	\$ 334,662	\$ 349,168

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DEBT SERVICE FUNDS

Debt Service Funds—to accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

NORTHVIEW PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2016

	2008	2012	2012B
Assets			
Cash equivalents, deposits and investments	\$ 531,030	\$ 235,968	\$ 297,359
Due from other funds	-	59,584	-
Total Assets	\$ 531,030	\$ 295,552	\$ 297,359
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 59,584	\$ -	\$ -
Fund Balances			
Restricted	471,446	295,552	297,359
Total Liabilities and Fund Balances	\$ 531,030	\$ 295,552	\$ 297,359

Totals	
2016	2015
\$ 1,064,357	\$ 782,830
59,584	-
<u>\$ 1,123,941</u>	<u>\$ 782,830</u>
<u>\$ 59,584</u>	<u>\$ -</u>
1,064,357	782,830
<u>\$ 1,123,941</u>	<u>\$ 782,830</u>

NORTHVIEW PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2016

	2008	2012	2012B
Revenues			
Local sources:			
Property taxes:			
Current property taxes	\$ 1,709,556	\$ 1,726,386	\$ 526,209
Industrial facilities taxes	1,815	1,833	559
Delinquent and other property taxes	2,312	1,487	581
In lieu of property taxes	2,649	3,882	976
Interest on delinquent taxes	2,161	2,012	639
	<u>1,718,493</u>	<u>1,735,600</u>	<u>528,964</u>
Interest earnings:			
Earnings on deposits and investments	2,559	1,205	807
Total local sources	<u>1,721,052</u>	<u>1,736,805</u>	<u>529,771</u>
State sources:			
Personal property tax debt loss reimbursement	4,880	4,930	1,502
	<u>4,880</u>	<u>4,930</u>	<u>1,502</u>
Total Revenues	<u>1,725,932</u>	<u>1,741,735</u>	<u>531,273</u>
Expenditures			
Debt service:			
Principal repayment	1,250,000	500,000	-
Interest and fiscal charges:			
Interest expense	343,288	1,170,675	452,650
Paying agent fees	500	150	150
	<u>343,788</u>	<u>1,170,825</u>	<u>452,800</u>
Total Expenditures	<u>1,593,788</u>	<u>1,670,825</u>	<u>452,800</u>
Net Change in Fund Balances	132,144	70,910	78,473
Fund Balances, Beginning of Year	<u>339,302</u>	<u>224,642</u>	<u>218,886</u>
Fund Balances, End of Year	<u>\$ 471,446</u>	<u>\$ 295,552</u>	<u>\$ 297,359</u>

Totals	
2016	2015
\$ 3,962,151	\$ 3,818,781
4,207	7,025
4,380	7,159
7,507	437
4,812	6,250
3,983,057	3,839,652
4,571	346
3,987,628	3,839,998
11,312	11,345
3,998,940	3,851,343
1,750,000	1,775,000
1,966,613	2,027,613
800	800
3,717,413	3,803,413
281,527	47,930
782,830	734,900
\$ 1,064,357	\$ 782,830

CAPITAL PROJECTS FUNDS

Building and Site—to account for property tax revenues and interest earnings used to finance building restoration projects.

2012 Construction — to account for bond proceeds used to finance building construction and improvement projects.

2012 Construction - Series B — to account for bond proceeds used to finance building construction and improvement projects.

NORTHVIEW PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2016 and 2015

	2016	2015
Assets		
Cash equivalents, deposits and investments	\$ 578,826	\$ 966,264
Due from other funds	-	13,605
Total Assets	\$ 578,826	\$ 979,869
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 332,150	\$ 7,035
Fund Balances		
Restricted	246,676	972,834
Total Liabilities and Fund Balances	\$ 578,826	\$ 979,869

NORTHVIEW PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2016 and 2015

	2016	2015
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 686,056	\$ 659,644
Industrial facilities taxes	729	1,213
Delinquent and other property taxes	54	-
In lieu of property taxes	1,293	75
Interest on delinquent taxes	774	933
	688,906	661,865
Interest earnings:		
Earnings on deposits and investments	2,049	194
Total Revenues	690,955	662,059
Expenditures		
Capital outlay:		
Building improvements	886,689	302,767
Excess (Deficiency) of Revenues Over Expenditures	(195,734)	359,292
Other Financing Sources (Uses)		
Transfers out	(530,424)	-
Net Change In Fund Balances	(726,158)	359,292
Fund Balances, Beginning of Year	972,834	613,542
Fund Balances, End of Year	\$ 246,676	\$ 972,834

NORTHVIEW PUBLIC SCHOOLS
2012 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Cash equivalents, deposits and investments	<u>\$ 323,532</u>	<u>\$ 592,784</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	<u>\$ 1,255</u>	<u>\$ 120,019</u>
Fund Balances		
Restricted	<u>322,277</u>	<u>472,765</u>
Total Liabilities and Fund Balances	<u>\$ 323,532</u>	<u>\$ 592,784</u>

NORTHVIEW PUBLIC SCHOOLS
2012 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2016 and 2015

	2016	2015
Revenues		
Local sources:		
Interest earnings:		
Earnings on deposits and investments	\$ 510	\$ 23,854
Other local sources:		
Refund of expenditures	10,898	-
Total Revenues	11,408	23,854
Expenditures		
Capital outlay:		
Architect fees	31,764	147,325
Other consultant fees	-	42,500
Construction manager fees	113	171,908
Building additions and improvements	5,344	3,253,244
New equipment and furniture	117,006	505,581
Total Expenditures	154,227	4,120,558
Excess (Deficiency) of Revenues Over Expenditures	(142,819)	(4,096,704)
Other Financing Sources (Uses)		
Transfers out	(7,669)	(487,940)
Net Change In Fund Balances	(150,488)	(4,584,644)
Fund Balances, Beginning of Year	472,765	5,057,409
Fund Balances, End of Year	\$ 322,277	\$ 472,765

NORTHVIEW PUBLIC SCHOOLS
2012 Construction - Series B Capital Projects Fund
Comparative Balance Sheet
June 30, 2016 and 2015

	2016	2015
Assets	\$ -	\$ -
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 41,090
Fund Balances		
Restricted (deficit)	-	(41,090)
Total Liabilities and Fund Balances	\$ -	\$ -

NORTHVIEW PUBLIC SCHOOLS
2012 Construction - Series B Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Local sources:		
Investment earnings:		
Earnings on deposits and investments	\$ -	\$ 9,992
Expenditures		
Capital outlay:		
Architect fees	32,083	40,299
Construction manager fees	21,697	152,614
Professional and technical services	-	16,795
Dues and fees	-	1,573
Building additions and improvements	443,223	2,102,682
New equipment and furniture	-	12,785
Total Expenditures	<u>497,003</u>	<u>2,326,748</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(497,003)</u>	<u>(2,316,756)</u>
Other Financing Sources		
Transfers in	<u>538,093</u>	<u>487,940</u>
Net Change In Fund Balances	41,090	(1,828,816)
Fund Balances (Deficit), Beginning of Year	<u>(41,090)</u>	<u>1,787,726</u>
Fund Balances (Deficit), End of Year	<u><u>\$ -</u></u>	<u><u>\$ (41,090)</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

NORTHVIEW PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2016

	Balances July 1, 2015	Additions	Deductions	Balances June 30, 2016
Assets				
Cash equivalents, deposits and investments	\$ 331,904	\$ 664,422	\$ 615,810	\$ 380,516
Accounts receivable	8,550	949	8,550	949
Total Assets	\$ 340,454	\$ 665,371	\$ 624,360	\$ 381,465
Liabilities				
Due to other funds	\$ 33,834	\$ -	\$ 33,834	\$ -
Due to student groups	306,620	665,371	590,526	381,465
Total Liabilities	\$ 340,454	\$ 665,371	\$ 624,360	\$ 381,465

OTHER INFORMATION

NORTHVIEW PUBLIC SCHOOLS
Summary of 2015 Taxes Levied and Collected
For the year ended June 30, 2016

	Kent County			Total
	Ada	Townships of Grand Rapids	Plainfield	
Taxable Valuations				
Operating	\$ 833,348	\$ 11,779,767	\$159,136,503	\$171,749,618
Recreation/Debt Service/Building & Site	11,309,189	58,987,648	500,439,633	570,736,470
Rates (Mills)				
General Fund				18.0000
Recreation				0.7500
2008 Debt Service Fund				3.0025
2012 Debt Service Fund				3.0328
2012B Debt Service Fund				0.9243
Building and Site Fund				1.2056
				<u>26.9152</u>
Taxes Levied 2015 Rolls				
General Fund	\$ 15,370	\$ 208,947	\$ 2,640,737	\$ 2,865,054
Recreation	8,482	44,234	375,270	427,986
2008 Debt Service Fund	33,955	177,107	1,502,438	1,713,500
2012 Debt Service Fund	34,299	178,897	1,517,625	1,730,821
2012B Debt Service Fund	10,453	54,419	462,498	527,370
Building and Site Fund	13,634	71,115	603,234	687,983
	<u>116,193</u>	<u>734,719</u>	<u>7,101,802</u>	<u>7,952,714</u>
Taxes Uncollected 2015 Rolls				
General Fund	-	173	5,329	5,502
Recreation	-	21	1,076	1,097
2008 Debt Service Fund	-	84	4,306	4,390
2012 Debt Service Fund	-	85	4,350	4,435
2012B Debt Service Fund	-	26	1,325	1,351
Building and Site Fund	-	33	1,729	1,762
	<u>-</u>	<u>422</u>	<u>18,115</u>	<u>18,537</u>
Taxes Collected 2015 Rolls				
General Fund	15,370	208,774	2,635,408	2,859,552
Recreation	8,482	44,213	374,194	426,889
2008 Debt Service Fund	33,955	177,023	1,498,132	1,709,110
2012 Debt Service Fund	34,299	178,812	1,513,275	1,726,386
2012B Debt Service Fund	10,453	54,393	461,173	526,019
Building and Site Fund	13,634	71,082	601,505	686,221
	<u>116,193</u>	<u>734,297</u>	<u>7,083,687</u>	<u>7,934,177</u>
Delinquent Taxes Collected				
General Fund	-	175	248	423
2008 Debt Service Fund	-	156	2,119	2,275
2012 Debt Service Fund	-	100	1,357	1,457
2012B Debt Service Fund	-	39	532	571
Building and Site Fund	-	-	41	41
	<u>-</u>	<u>470</u>	<u>4,297</u>	<u>4,767</u>
Total Taxes Collected				
General Fund	15,370	208,949	2,635,656	2,859,975
Recreation	8,482	44,213	374,194	426,889
2008 Debt Service Fund	33,955	177,179	1,500,251	1,711,385
2012 Debt Service Fund	34,299	178,912	1,514,632	1,727,843
2012B Debt Service Fund	10,453	54,432	461,705	526,590
Building and Site Fund	13,634	71,082	601,546	686,262
	<u>\$ 116,193</u>	<u>\$ 734,767</u>	<u>\$ 7,087,984</u>	<u>\$ 7,938,944</u>