

**Bridgeport-Spaulling Community
School District**

Financial Statements

June 30, 2016

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Bridgeport-Spaulling Community School District
Members of the Board of Education and Administration
June 30, 2016

Members of the Board of Education

Patrick Nelson – President

Robert Lange – Vice President

Larry Long – Treasurer

Tedi Morris – Secretary

Dempsey Allen – Trustee

Jay Bruns – Trustee

Martha Sageman – Trustee

Administration

Carol Selby – Superintendent

Pete Basile – Business Manager

Independent Auditors' Report

Management and the Board of Education
Bridgeport-Spaulding Community School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport-Spaulding Community School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport-Spaulding Community School District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deficit Fund Balance

The School District has accumulated an unassigned deficit in the General Fund of \$506,666 as of June 30, 2016, which has resulted from operating deficits. The deficit and status of the District's Deficit Elimination Plan that is required by the Michigan Department of Education, are disclosed in Note 2. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2016, the School District adopted GASB Statements No. 72, 76, 79, and 82, *Fair Value Measurement and Application, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, Certain External Investment Pools and Pool Participants*, and *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73, respectively*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Bridgeport-Spaulding Community School District's financial statements as of and for the year ended June 30, 2015, which are not presented with the accompanying basic financial statements. In our report dated October 26, 2015, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Bridgeport-Spaulding Community School District's basic financial statements as a whole. The 2015 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2015 information in the comparative supplementary schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016 on our consideration of the Bridgeport-Spaulding Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridgeport-Spaulding Community School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, MI
September 29, 2016

ADMINISTRATION'S DISCUSSION AND ANALYSIS



Bridgeport-Spaulling Community School District Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2016

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Bridgeport-Spaulling Schools Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2016.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: School Service (Special Revenue), Debt Service, Capital Projects and various trust and agency accounts.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with restricted net position of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District wide financial statements.



Bridgeport-Spaulling Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2016

Summary of Net Position:

The following summarizes the net position at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets		
Current assets	\$ 5,978,701	\$ 5,174,447
Capital assets - not being depreciated	70,000	70,000
Capital assets - being depreciated	34,326,846	34,555,351
Less: accumulated depreciation	<u>21,645,471</u>	<u>21,179,391</u>
Capital assets, net book value	12,751,375	13,445,960
Deferred outflows of resources	<u>2,199,069</u>	<u>1,971,817</u>
Total assets and deferred outflows of resources	<u>20,929,145</u>	<u>20,592,224</u>
Liabilities		
Current liabilities	6,234,200	6,559,045
Long-term liabilities	<u>22,326,556</u>	<u>22,959,097</u>
Total liabilities	28,560,756	29,518,142
Deferred inflows of resources	<u>1,519,062</u>	<u>2,084,402</u>
Total liabilities and deferred inflows of resources	<u>30,079,818</u>	<u>31,602,544</u>
Net position		
Net investment in capital assets	10,138,840	9,420,890
Restricted	23,756	308,250
Unrestricted	<u>(19,313,269)</u>	<u>(20,739,460)</u>
Total net position	<u>\$ (9,150,673)</u>	<u>\$ (11,010,320)</u>



**Bridgeport-Spaulling Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Analysis of Financial Position:

During fiscal year ended June 30, 2016, the District's net position increased by \$1,859,647. A few of the significant factors affecting net position during the year are discussed below:

A. General Fund Operations

The District revenues from General Fund exceeded expenditures by \$1,186,182 for the fiscal year ended June 30, 2016. See the section entitled Results of Operations, below for further discussion of General Fund operations.

B. Debt, Principal Payments

The District made principal payments on bonded, long-term debt obligations that reduced the amount of the districts long-term liabilities as follows:

	Principal			
	Balance June 30, 2015	Proceeds	Payments	Balance June 30, 2016
2009 School Facilities Bonds	\$ 1,350,000	\$ -	\$ 110,000	\$ 1,240,000
2011 School Improvement Refunding Bonds	<u>2,710,000</u>	<u>-</u>	<u>1,320,000</u>	<u>1,390,000</u>
Total long-term bond obligations	<u>\$ 4,060,000</u>	<u>\$ -</u>	<u>\$ 1,430,000</u>	<u>\$ 2,630,000</u>

C. Net Capital Assets

The District's net capital assets decreased by \$694,585 during the fiscal year. This can be summarized as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets	\$ 34,625,351	\$ -	\$ 228,505	\$ 34,396,846
Less: accumulated depreciation	<u>(21,179,391)</u>	<u>(694,585)</u>	<u>(228,505)</u>	<u>(21,645,471)</u>
Net capital assets	<u>\$ 13,445,960</u>	<u>\$ (694,585)</u>	<u>\$ -</u>	<u>\$ 12,751,375</u>



**Bridgeport-Spaulling Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Results of Operations:

For the fiscal years ended June 30, 2016 and 2015, the District wide results of operations were:

	<u>2016</u>	<u>2015</u>
Revenues		
General revenues	\$ 12,815,157	\$ 13,147,793
Program revenues		
Operating grants and contributions	5,522,165	4,946,757
Charges for services	139,229	158,527
Capital grants	<u>-</u>	<u>49,395</u>
Total program revenues	<u>5,661,394</u>	<u>5,154,679</u>
Expenditures		
Instruction	8,680,531	8,359,247
Support services	6,725,903	6,713,160
Food service	1,049,182	1,094,612
Interest on long-term debt	15,236	22,679
Other	<u>146,052</u>	<u>187,187</u>
Total expenditures	<u>16,616,904</u>	<u>16,376,885</u>
Increase (decrease) net position	1,859,647	1,925,587
Beginning net position (deficit), as restated	<u>(11,010,320)</u>	<u>(12,935,907)</u>
Ending net position (deficit)	<u>\$ (9,150,673)</u>	<u>\$ (11,010,320)</u>

1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment – Blended at 90 percent of current year's October count and 10 percent of prior year's February count
- c. The District's non-homestead levy



**Bridgeport-Spaulling Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Per Student, Foundation Allowance:

Annually, the State of Michigan establishes the per student foundation allowance. The Bridgeport-Spaulling Community School District foundation allowance was \$7,391 per student for the 2015-16 school year. The foundation allowance was \$7,162 in the prior year.

Student Enrollment:

The District's student enrollment blended count for 2015-2016 was 1,568 students. The blended count for 2015-2016 is 10% of the February 2015 and 90% of October 2015. The District's enrollment decreased from the prior school year's student count. The following summarizes fall student enrollments in the past five years:

Fiscal Year	Student FTE	FTE Change from Prior Year
2015-2016	1,568	-92
2014-2015	1,660	40
2013-2014	1,620	155
2012-2013	1,465	15
2011-2012	1,450	3

The stability in the students enrollment from 2010-2011 to 2012-2013 was primarily due to the school board decision to allow open enrollment for schools of choice students. The student count increase for 2013-2014 is due to the dissolution of the Buena Vista School District. The student count decrease for 2015-2016 was mainly due to a loss of students to neighboring districts.

2. Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)

The District levies mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxes are based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property revenue for the 2015-2016 fiscal year was \$1,371,307. The non-homestead tax levy was \$10,772 higher than that of the prior year.



**Bridgeport-Spaulling Community School District
Administration’s Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

The following summarizes the District’s non-homestead levy the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Change from Prior Year
2015-2016	\$1,371,307	0.01
2014-2015	1,360,535	0.01
2013-2014	1,353,665	0.03
2012-2013	1,318,984	0.00
2011-2012	1,317,323	-3.54

3. Debt Fund Property and Industrial Facility In Lieu of Taxes

The District’s debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) In Lieu of Taxes that are essentially taxed at 50 percent of the regular tax rate.

For 2015-2016 the District’s debt millage levy was 5.02 that generated revenues of \$1,243,733.

4. Food Sales to Students and Adults (School Lunch Program)

The District’s food program revenues decreased by \$4,787 to \$1,109,690 from the prior school year. The net decrease in revenues was due to a federal food service equipment grant that was received in 2014-2015, but was not available in 2015-2016. This was almost entirely offset by an increase in state funding for the School Lunch program.

The total revenues for Food Service exceeded total expenditures for the year by \$36,168 in the food services fund. The surplus was primarily due to an increase in state funding for the School Lunch program.

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Bridgeport-Spaulling Community School District amends its budget during the school year. For fiscal year June 30, 2016 the budget was amended in February 2016. The June 2016 budget amendment was the final budget for the fiscal year.



**Bridgeport-Spaulling Community School District
Administration's Discussion and Analysis
For Fiscal Year Ended June 30, 2016**

Change from Original to Final Budget

General Fund Revenues:

Total Revenues - Original Budget	\$ 16,337,891
Total Revenues - Final Budget	16,361,597
Increase in Budgeted Revenues	23,706
Percentage Increase	0.15%

The final revenues budget reflects the following change from the original budget:

- Revenues increased slightly due to a significant increase in revenue carryover amounts for the Title I and Title II federal programs that were almost entirely offset by a decrease in state aid resulting from the student count loss in 2015-2016. There was also an increase in indirect cost recovery from the Food Service Fund.

General Fund Expenditures:

Total Expenditures - Original Budget	\$ 15,239,077
Total Expenditures - Final Budget	15,996,308
Increase in Budgeted Expenditures	757,231
Percentage Increase	4.97%

The expenses increased primarily due to increases in federal Title I and Title II expenses that corresponded to the federal revenue carryover increases. Also, increases in Special Education transportation costs and operational transfers to the debt fund contributed to the overall increase.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances and to show the School District's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Business Office, Bridgeport-Spaulling Community School District.

BASIC FINANCIAL STATEMENTS

Bridgeport-Spaulding Community School District
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash	\$ 3,127,589
Accounts receivable	7,274
Due from other governmental units	2,822,348
Due from agency fund activities	12,600
Inventory	8,890
Capital assets not being depreciated	70,000
Capital assets - net of accumulated depreciation	<u>12,681,375</u>
Total assets	<u>18,730,076</u>
Deferred outflows of resources	
Deferred amount relating to net pension liability	2,175,694
Deferred amount on debt refunding	<u>23,375</u>
Total deferred outflows of resources	<u>2,199,069</u>
Total assets and deferred outflows of resources	<u>20,929,145</u>
Liabilities	
Accounts payable	156,768
State aid anticipation note payable	4,950,000
Payroll deductions and withholdings	5,374
Accrued expenditures	1,122,058
Noncurrent liabilities	
Net pension liability	19,644,062
Debt due within one year	1,512,677
Debt due in more than one year	<u>1,169,817</u>
Total liabilities	28,560,756
Deferred inflows of resources	
Deferred amount relating to net pension liability	<u>1,519,062</u>
Total liabilities and deferred inflows of resources	<u>30,079,818</u>
Net position	
Net investment in capital assets	10,138,840
Restricted for	
Capital projects	23,756
Unrestricted (deficit)	<u>(19,313,269)</u>
Total net position	<u>\$ (9,150,673)</u>

See Accompanying Notes to the Financial Statements

Bridgeport-Spaulling Community School District
Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Instruction	\$ 8,680,531	\$ -	\$ 3,125,227	\$ -	\$ (5,555,304)
Supporting services	6,725,903	69,248	1,357,229	-	(5,299,426)
Food services	1,049,182	69,981	1,039,709	-	60,508
Community services	15,236	-	-	-	(15,236)
Interest on long-term debt	146,052	-	-	-	(146,052)
Total governmental activities	<u>\$ 16,616,904</u>	<u>\$ 139,229</u>	<u>\$ 5,522,165</u>	<u>\$ -</u>	<u>(10,955,510)</u>
General revenues					
					1,383,535
					1,243,602
					9,989,589
					925
					18,597
					<u>178,909</u>
					12,815,157
					1,859,647
					<u>(11,010,320)</u>
					<u>\$ (9,150,673)</u>

See Accompanying Notes to the Financial Statements

Bridgeport-Spaulling Community School District
Governmental Funds
Balance Sheet
June 30, 2016

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 2,786,836	\$ 340,753	\$ 3,127,589
Accounts receivable	7,274	-	7,274
Due from other funds	164,916	26,756	191,672
Due from other governmental units	2,767,494	54,854	2,822,348
Inventory	-	8,890	8,890
Total assets	<u>\$ 5,726,520</u>	<u>\$ 431,253</u>	<u>\$ 6,157,773</u>
Liabilities			
Accounts payable	\$ 145,441	\$ 11,327	\$ 156,768
State aid anticipation note payable	4,950,000	-	4,950,000
Due to other funds	26,756	152,316	179,072
Payroll deductions and withholdings	5,374	-	5,374
Accrued expenditures	1,105,615	-	1,105,615
Total liabilities	<u>6,233,186</u>	<u>163,643</u>	<u>6,396,829</u>
Fund balance			
Non-spendable			
Inventory	-	8,890	8,890
Restricted for			
Debt service	-	9,220	9,220
Capital projects	-	23,756	23,756
Food service	-	225,744	225,744
Unassigned (deficit)	(506,666)	-	(506,666)
Total fund balance	<u>(506,666)</u>	<u>267,610</u>	<u>(239,056)</u>
Total liabilities and fund balance	<u>\$ 5,726,520</u>	<u>\$ 431,253</u>	<u>\$ 6,157,773</u>

See Accompanying Notes to the Financial Statements

Bridgeport-Spaulling Community School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2016

Total fund balances for governmental funds	\$ (239,056)
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	70,000
Capital assets - net of accumulated depreciation	12,681,375
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	23,375
Deferred inflows of resources resulting from net pension liability	(1,519,062)
Deferred outflows of resources resulting from net pension liability	2,175,694
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(16,443)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(19,644,062)
Compensated absences	(39,000)
Bonds payable	(2,630,000)
Bond premium	(5,910)
State aid payable	<u>(7,584)</u>
Net position of governmental activities	<u>\$ (9,150,673)</u>

Bridgeport-Spaulding Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 1,563,465	\$ 1,313,714	\$ 2,877,179
State sources	12,410,118	77,898	12,488,016
Federal sources	2,059,697	961,811	3,021,508
Interdistrict sources	69,021	-	69,021
	<u>16,102,301</u>	<u>2,353,423</u>	<u>18,455,724</u>
Expenditures			
Current			
Education			
Instruction	8,315,152	-	8,315,152
Supporting services	6,268,069	-	6,268,069
Food services	-	1,005,251	1,005,251
Community services	15,249	-	15,249
Capital outlay	182,914	-	182,914
Debt service			
Principal	-	1,430,000	1,430,000
Interest and other expenditures	-	134,544	134,544
	<u>14,781,384</u>	<u>2,569,795</u>	<u>17,351,179</u>
Total expenditures			
	<u>14,781,384</u>	<u>2,569,795</u>	<u>17,351,179</u>
Excess (deficiency) of revenues over expenditures	<u>1,320,917</u>	<u>(216,372)</u>	<u>1,104,545</u>

See Accompanying Notes to the Financial Statements

Bridgeport-Spaulling Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	\$ 18,597	\$ -	\$ 18,597
Transfers in	68,271	221,603	289,874
Transfers out	<u>(221,603)</u>	<u>(68,271)</u>	<u>(289,874)</u>
Total other financing sources (uses)	<u>(134,735)</u>	<u>153,332</u>	<u>18,597</u>
Net change in fund balance	1,186,182	(63,040)	1,123,142
Fund balance - beginning	<u>(1,692,848)</u>	<u>330,650</u>	<u>(1,362,198)</u>
Fund balance - ending	<u><u>\$ (506,666)</u></u>	<u><u>\$ 267,610</u></u>	<u><u>\$ (239,056)</u></u>

See Accompanying Notes to the Financial Statements

Bridgeport-Spauling Community School District
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	\$ 1,123,142
<p>Total change in net position reported for governmental activities in the statement of activities is different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation expense	(694,585)
<p>Expenses are recorded when incurred in the statement of activities.</p>	
Interest	5,957
Compensated absences	(3,000)
<p>The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in net pension liability	(802,598)
Net change in deferrals of resources related to the net pension liability	953,798
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	(137,832)
<p>Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.</p>	
State aid payable	2,230
Repayments of long-term debt	1,430,000
Amortization of deferred amount on refunding	(23,374)
Amortization of bond premium	5,909
<u>Change in net position of governmental activities</u>	<u>\$ 1,859,647</u>

See Accompanying Notes to the Financial Statements

Bridgeport-Spaulding Community School District
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 23,244	\$ 97,813
Investments	<u>72,729</u>	<u>-</u>
Total assets	<u>95,973</u>	<u>\$ 97,813</u>
Liabilities		
Due to other funds	-	\$ 12,600
Due to agency fund activities	<u>-</u>	<u>85,213</u>
Total liabilities	<u>-</u>	<u>\$ 97,813</u>
Net position		
Assets held for scholarships and loans	<u>\$ 95,973</u>	

See Accompanying Notes to the Financial Statements

Bridgeport-Spaulling Community School District
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

	<u>Private Purpose Trust Funds</u>
Additions	
Local sources	\$ 15,783
Interest and investment earnings	<u>84</u>
Total additions	15,867
Deductions	
Scholarships	<u>19,285</u>
Change in net position	(3,418)
Net position - beginning	<u>99,391</u>
Net position - ending	<u><u>\$ 95,973</u></u>

See Accompanying Notes to the Financial Statements

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Bridgeport-Spaulling Community School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position are reported in three parts (1) net investment in capital assets (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as

Bridgeport-Spauling Community School District
Notes to the Financial Statements
June 30, 2016

well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The School District reports the following major governmental fund:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District’s Special Revenue Fund is the Food Service Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Capital Projects Fund – The Capital Projects Fund is used to record bond proceeds or other revenue and the disbursements of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs. This fund is kept open until the purpose for which the fund was created has been accomplished.

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

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Net Position or Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2016, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	5.0200

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
June 30, 2016

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The School District's entire tax roll lies within the Townships of Bridgeport and Spaulling.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and remitted to the School District by May 15.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-15 years
Buses and other vehicles	5-10 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The School District also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce the net pension liability in the following year.

Compensated Absences – Sick days are earned by employees at a prorated rate at 10 to 15 days per year. A maximum of 60 to 145 sick days may be accumulated by an employee. Terminating employees who meet certain service requirements are paid for accumulated sick days to a maximum number of days at a rate determined by their job category.

Vacation days are earned by various employee groups at various rates.

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

Bridgeport-Spauling Community School District
Notes to the Financial Statements
June 30, 2016

In the School District's fund financial statements, 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 are reported as other financing uses.

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this included unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance

commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
June 30, 2016

“grossing up” effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 72 *Fair Value Measurement and Application*. Statement 72 provides guidance for accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value. Statement 72 is effective for the year ending June 30, 2016.

GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement 76 is effective for the year ending June 30, 2016.

GASB No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. Also, it establishes additional disclosure requirements for qualifying external investment pools that make that election and for governments that participate in such external

investment pools. Statement 79 is effective for the year ending June 30, 2016.

GASB No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement 82 is effective for the year ending June 30, 2016.

Upcoming Accounting and Reporting Changes

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows

Bridgeport-Spauling Community School District
Notes to the Financial Statements
June 30, 2016

of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

The School District is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability
Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
Food Service Fund	<u>\$ 999,000</u>	<u>\$ 1,005,251</u>	<u>\$ 6,251</u>

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
June 30, 2016

Deficit Fund Balance

The School District has accumulated a deficit fund balance of \$506,666 in the General Fund as of June 30, 2016. The School District has filed a deficit elimination plan with the State of Michigan, which the School District is in compliance with as of year end.

District-Wide Deficit

The School District also has an unrestricted net position deficit for District-Wide activities in the amount of \$19,313,269 as of June 30, 2016.

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 3,127,589	\$ 121,057	\$ 3,248,646
Investments	-	72,729	72,729
	<u>\$ 3,127,589</u>	<u>\$ 193,786</u>	<u>\$ 3,321,375</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 3,321,055
Petty cash and cash on hand	<u>320</u>
Total	<u>\$ 3,321,375</u>

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 6 months.

Credit Risk

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

Concentration of Credit Risk

The District has no policy that would limit the amount that may be invested with any one issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$2,928,665 of the District's bank balance of \$3,365,558 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Bridgeport-Spauling Community School District
Notes to the Financial Statements
June 30, 2016

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Capital assets being depreciated				
Buildings and additions	33,732,765	-	-	33,732,765
Equipment and furniture	226,868	-	69,900	156,968
Buses and other vehicles	595,718	-	158,605	437,113
Total capital assets being depreciated	34,555,351	-	228,505	34,326,846
Less accumulated depreciation				
Buildings and additions	20,511,543	661,879	-	21,173,422
Equipment and furniture	140,527	7,908	69,900	78,535
Buses and other vehicles	527,321	24,798	158,605	393,514
Total accumulated depreciation	21,179,391	694,585	228,505	21,645,471
Net capital assets being depreciated	13,375,960	(694,585)	-	12,681,375
Net capital assets	<u>\$ 13,445,960</u>	<u>\$ (694,585)</u>	<u>\$ -</u>	<u>\$ 12,751,375</u>

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

Governmental activities	
Instruction	\$ 370,503
Support services	279,290
Food services	44,792
Total governmental activities	<u>\$ 694,585</u>

Note 5 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
Nonmajor General	General	\$ 26,756
General	Nonmajor	152,316
General	Agency	12,600
		<u>\$ 191,672</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers in			
General Fund	\$ -	\$ 68,271	\$ 68,271
Nonmajor governmental funds	221,603	-	221,603
	<u>\$ 221,603</u>	<u>\$ 68,271</u>	<u>\$ 289,874</u>

A transfer of \$221,603 from the General Fund to the Debt Service Fund was made to cover the principal and interest payment on the facilities bond. A transfer of \$68,271 was made to reimburse the General Fund for indirect costs incurred by the Food Service Fund.

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
June 30, 2016

Note 6 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 5,150,000	\$ 4,950,000	\$ 5,150,000	\$ 4,950,000

Note 7 - Operating Leases

The School District has non-cancelable operating leases for buses. Total cost for the lease was \$182,914 for the year ended June 30, 2016.

The future minimum lease payments for the leases are as follows:

	Year ending June 30,
	2017
	\$ 95,266
	2018
	24,712
	\$ 119,978

Note 8 - Long-Term Debt

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

compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 4,060,000	\$ -	\$ 1,430,000	\$ 2,630,000	\$ 1,510,000
Compensated absences	36,000	3,000	-	39,000	-
Premium on bonds	11,819	-	5,909	5,910	-
State aid repayment	9,814	-	2,230	7,584	2,677
	\$ 4,117,633	\$ 3,000	\$ 1,438,139	\$ 2,682,494	\$ 1,512,677

General obligation bonds payable at year end, consist of the following:

\$1,950,000 serial bond due in annual installments of \$120,000 to \$200,000 through May 1, 2024, interest at 5.00% to 5.50%	\$ 1,240,000
\$5,530,000 serial bond due in annual installment of \$1,390,000 through May 1, 2017, interest at 2.50%	1,390,000
Total general obligation bonded debt	\$ 2,630,000

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2017	\$ 1,510,000	\$ 100,852	\$ 1,610,852
2018	130,000	60,102	190,102
2019	135,000	53,602	188,602
2020	150,000	46,650	196,650
2021	155,000	38,776	193,776
2022-2024	550,000	62,150	612,150
Total	\$ 2,630,000	\$ 362,132	\$ 2,992,132

The general obligation bonds are payable from a voter approved debt

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
June 30, 2016

levy. Other long-term debt liabilities are expected to be paid primarily from General Fund resources.

Deferred Amount on Debt Refunding

The School District issued bonds in 2011 to advance refund and retire previously issued term bonds. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year.

Deferred amount on refunding activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on refunding	\$ 46,749	\$ -	\$ 23,374	\$ 23,375

Compensated Absences

Accrued compensated absences at year end, consist of \$2,000 of vacation hours earned and vested and \$37,000 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year. For governmental activities, compensated absences are primarily liquidated by the general fund.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees.

The School District has purchased commercial insurance for errors and omissions and malpractice. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment and employee medical claims, as described below, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$5,344 unemployment compensation expense for the year. No provision has been made for possible future claims.

Note 10 - Pension Plans and Post Employment Benefits

Organization

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan 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 an ex-officio member.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State

Bridgeport-Spauling Community School District
Notes to the Financial Statements
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Treasurer serves as the investment officer and custodian for the System.

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

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 and 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.

Contributions and Funding Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. 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 this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and

assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21 year period for the plan's 2015 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	22.52 - 23.07%
Member Investment Plan	3.0 - 7.0	22.52 - 23.07
Pension Plus	3.0 - 6.4	21.99
Defined Contribution	0.0	17.72 - 18.76

Required contributions to the pension plan from the School District were \$1,551,521 for the year ending September 30, 2015.

Net Pension Liability

June 30, 2016, the School District reported a liability of \$19,644,062 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 rolled forward from September 30, 2014. The School District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2015, the School District's proportionate share percent was 0.0804 percent, which was a decrease of 0.0051 percent since the prior measurement date.

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
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Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the School District recognized total pension expense of \$1,403,441. The School District's actual contributions for the years ended June 30, 2016, 2015, and 2014 and were approximately \$1,246,000, \$1,539,000, and \$1,212,000, respectively.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (65,067)
Changes in assumptions	483,678	-
Net difference between projected and actual earnings on pension plan investments	100,267	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(954,272)
Employer contributions subsequent to the measurement date	1,591,749	(499,723)
	\$ 2,175,694	\$ (1,519,062)

\$1,591,749 is reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. \$499,723 is reported as deferred inflows of resources relating to pensions resulting from employer contributions subsequent to the measurement date are 147c revenues received that will be recognized in the year ended June 30, 2017 when the related payments reduce the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ending September 30	Amount:
2016	\$ (201,780)
2017	(201,780)
2018	(227,948)
2019	196,114
	\$ (435,394)

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.

Bridgeport-Spauling Community School District
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June 30, 2016

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2015
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of returns:
 - MIP and Basic Plans (Non-Hybrid): 8.0%
 - Pension Plus Plan (Hybrid): 7.0%
- Projected Salary Increases: 3.5-12.3%, including wage inflation at 3.5%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Healthcare Cost Trend Rate: 8.5% Year 1 graded to 3.5% Year 12
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. 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.

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for liabilities is the average of the expected remaining service lives of all employees in years: (4.7158 for non-university employers). The recognition period for assets in years is 5.0000. Full actuarial assumptions are available in the 2015 MPSERS Comprehensive Annual Financial Report (CAFR) (www.michigan.gov/mpsers-cafr).

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.9%
Alternative Investment Pools	18.0	9.2
International Equity	16.0	7.2
Fixed Income Pools	10.5	0.9
Real Estate and Infrastructure Pools	10.0	4.3
Absolute Return Pools	15.5	6.0
Short Term Investment Pools	2.0	0.0
test	<u>100.0%</u>	

*Long term rate of return does not include 2.1% inflation

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at

Bridgeport-Spaulling Community School District
Notes to the Financial Statements
June 30, 2016

rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the School 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:

1% Decrease (Non-Hybrid/Hybrid)* 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0% / 8.0%
\$ 25,326,232	\$ 19,644,062	\$ 14,853,761

*Non-university employers, the Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.

Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR. See the 2015 MPSERS CAFR (www.michigan.gov/mpsers-cafr).

Payables to the Pension Plan

There were no significant payables to the pension plan that are not ordinary accruals to the district.

Post-Employment Benefits

In addition to the pension benefits described above, state law requires the School District to provide post-employment healthcare benefits for eligible retirees and beneficiaries through the Michigan Public School Employees Retirement System (MPSERS).

The 2012 Retirement Reform included changes to retiree healthcare benefits. New employees hired after the effective date who elect this benefit are enrolled in the defined contribution Personal Healthcare Fund. This establishes a portable tax-deferred account in which the participant contributes up to 2% of their salary, and receives up to a 2% employer match. These funds can be used to pay for healthcare expenses in retirement.

Employees working prior to the enactment of the 2012 Retirement Reform have two options: (a) the Personal Healthcare Fund, or (b) the defined benefit Premium Subsidy benefit.

Employees electing the defined benefit Premium Subsidy benefit contribute 3% of their compensation, and the employer contributes an actuarially determined percent of payroll for all participants. Upon retirement members receive a premium subsidy towards health, dental and vision insurance. The subsidy is a percent of the premium cost, with the percentage varying based on several factors.

For the periods July 1, 2015 through September 30, 2015, and October 1, 2015 through June 30, 2016, the employer contribution rate ranged from 2.20% to 2.71% and 6.40% to 6.83%, respectively.

The School District's actual contributions match the required contributions for the years ended June 30, 2016, 2015, and 2014 and were approximately \$370,000, \$250,000, and \$570,000, respectively.

Bridgeport-Spauling Community School District
Notes to the Financial Statements
June 30, 2016

Unfunded Accrued Liability

During the year ending June 30, 2016, the School District had contributions in the amount of \$769,396 to the MPSERS. This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 10.53% for the year ending June 30, 2016.

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2016.

Note 12 - Subsequent Event

Subsequent to June 30, 2016, the School District entered into an operating lease agreement for buses. The future minimum payments for this lease are as follows:

<u>Year ending June 30,</u>	
2017	\$ 99,032
2018	99,032
2019	<u>99,032</u>
Total	<u>\$ 297,096</u>

REQUIRED SUPPLEMENTARY INFORMATION

Bridgeport-Spaulling Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 1,578,949	\$ 1,573,000	\$ 1,563,465	\$ (9,535)
State sources	12,998,188	12,405,742	12,410,118	4,376
Federal sources	1,740,754	2,292,855	2,059,697	(233,158)
Interdistrict sources	<u>20,000</u>	<u>90,000</u>	<u>69,021</u>	<u>(20,979)</u>
Total revenues	<u>16,337,891</u>	<u>16,361,597</u>	<u>16,102,301</u>	<u>(259,296)</u>
Expenditures				
Instruction				
Basic programs	6,420,522	6,263,921	6,017,736	(246,185)
Added needs	1,927,035	2,513,772	2,297,416	(216,356)
Supporting services				
Pupil	579,492	567,376	524,473	(42,903)
Instructional staff	1,199,910	1,376,188	1,304,013	(72,175)
General administration	299,782	332,776	303,685	(29,091)
School administration	826,911	763,058	750,400	(12,658)
Business	469,099	528,531	479,787	(48,744)
Operations and maintenance	1,795,955	1,815,169	1,682,769	(132,400)
Pupil transportation services	869,103	917,112	805,710	(111,402)
Central	270,412	279,152	206,857	(72,295)
Athletics	214,912	212,997	210,375	(2,622)
Community services	24,943	16,164	15,249	(915)
Capital outlay	<u>158,300</u>	<u>188,489</u>	<u>182,914</u>	<u>(5,575)</u>
Total expenditures	<u>15,056,376</u>	<u>15,774,705</u>	<u>14,781,384</u>	<u>(993,321)</u>
Excess (deficiency) of revenues over expenditures	<u>1,281,515</u>	<u>586,892</u>	<u>1,320,917</u>	<u>734,025</u>

Bridgeport-Spaulling Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 18,597	\$ 18,597
Transfers in	-	-	68,271	68,271
Transfers out	<u>(182,701)</u>	<u>(221,603)</u>	<u>(221,603)</u>	<u>-</u>
Total other financing sources (uses)	<u>(182,701)</u>	<u>(221,603)</u>	<u>(134,735)</u>	<u>86,868</u>
Net change in fund balance	1,098,814	365,289	1,186,182	820,893
Fund balance - beginning	<u>(1,692,848)</u>	<u>(1,692,848)</u>	<u>(1,692,848)</u>	<u>-</u>
Fund balance - ending	<u><u>\$ (594,034)</u></u>	<u><u>\$ (1,327,559)</u></u>	<u><u>\$ (506,666)</u></u>	<u><u>\$ 820,893</u></u>

Bridgeport-Spaulling Community School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th)

	June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
A. School District's proportion of net pension liability (%)	0.08040%	0.08554%								
B. School District's proportionate share of net pension liability	\$ 19,644,062	\$ 18,841,464								
C. School District's covered-employee payroll	\$ 6,690,410	\$ 7,418,977								
D. School District's proportionate share of net pension liability as a percentage of its covered- employee payroll	293.62%	253.96%								
E. Plan fiduciary net position as a percentage of total pension liability	63.17%	66.20%								

Bridgeport-Spaulling Community School District
Required Supplementary Information
Schedule of the School District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
A. Statutorily required contributions	\$1,246,106	\$1,538,704								
B. Contributions in relation to statutorily required contributions	<u>1,246,106</u>	<u>1,538,704</u>								
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
D. School District's covered-employee payroll	6,513,915	6,919,564								
E. Contributions as a percentage of covered-employee payroll	19.13%	22.24%								

Note: Benefit Changes - There were no changes of benefit terms in 2016. Changes in Assumptions - There were no changes of benefit assumptions in 2016.

OTHER SUPPLEMENTARY INFORMATION

Bridgeport-Spaulling Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Fund <u>Food Service</u>	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash	\$ 334,533	\$ 6,220	\$ -	\$ 340,753
Due from other funds	-	3,000	23,756	26,756
Due from other governmental units	54,854	-	-	54,854
Inventory	<u>8,890</u>	<u>-</u>	<u>-</u>	<u>8,890</u>
Total assets	<u>\$ 398,277</u>	<u>\$ 9,220</u>	<u>\$ 23,756</u>	<u>\$ 431,253</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 11,327	\$ -	\$ -	\$ 11,327
Due to other funds	<u>152,316</u>	<u>-</u>	<u>-</u>	<u>152,316</u>
Total liabilities	<u>163,643</u>	<u>-</u>	<u>-</u>	<u>163,643</u>
Fund balance				
Nonspendable				
Inventory	8,890	-	-	8,890
Restricted for				
Food service	225,744	-	-	225,744
Debt service	-	9,220	-	9,220
Capital projects	<u>-</u>	<u>-</u>	<u>23,756</u>	<u>23,756</u>
Total fund balance	<u>234,634</u>	<u>9,220</u>	<u>23,756</u>	<u>267,610</u>
Total liabilities and fund balance	<u>\$ 398,277</u>	<u>\$ 9,220</u>	<u>\$ 23,756</u>	<u>\$ 431,253</u>

Bridgeport-Spauling Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue Fund <u>Food Service</u>	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Local sources	\$ 69,981	\$ 1,243,733	\$ -	\$ 1,313,714
State sources	77,898	-	-	77,898
Federal sources	<u>961,811</u>	<u>-</u>	<u>-</u>	<u>961,811</u>
Total revenues	<u>1,109,690</u>	<u>1,243,733</u>	<u>-</u>	<u>2,353,423</u>
Expenditures				
Food services	1,005,251	-	-	1,005,251
Debt service				
Principal	-	1,430,000	-	1,430,000
Interest and other expenditures	<u>-</u>	<u>134,544</u>	<u>-</u>	<u>134,544</u>
Total expenditures	<u>1,005,251</u>	<u>1,564,544</u>	<u>-</u>	<u>2,569,795</u>
Excess (deficiency) of revenues over expenditures	<u>104,439</u>	<u>(320,811)</u>	<u>-</u>	<u>(216,372)</u>
Other financing sources				
Transfers in	-	221,603	-	221,603
Transfers out	<u>(68,271)</u>	<u>-</u>	<u>-</u>	<u>(68,271)</u>
Total other financing sources (uses)	<u>(68,271)</u>	<u>221,603</u>	<u>-</u>	<u>153,332</u>
Net change in fund balance	36,168	(99,208)	-	(63,040)
Fund balance - beginning	<u>198,466</u>	<u>108,428</u>	<u>23,756</u>	<u>330,650</u>
Fund balance - ending	<u>\$ 234,634</u>	<u>\$ 9,220</u>	<u>\$ 23,756</u>	<u>\$ 267,610</u>

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2016

	2016	2015
Assets		
Cash	\$ 2,786,836	\$ 1,565,285
Accounts receivable	7,274	14,916
Due from other funds	164,916	296,821
Due from other governmental units	2,767,494	2,968,363
Total assets	\$ 5,726,520	\$ 4,845,385
Liabilities		
Accounts payable	\$ 145,441	\$ 216,397
State aid anticipation note payable	4,950,000	5,150,000
Due to other funds	26,756	23,756
Payroll deductions and withholdings	5,374	23,052
Accrued expenditures	1,105,615	1,028,366
Unearned revenue	-	96,662
Total liabilities	6,233,186	6,538,233
Fund balance		
Unassigned (deficit)	(506,666)	(1,692,848)
Total liabilities and fund balance	\$ 5,726,520	\$ 4,845,385

Bridgeport-Spaulding Community School District
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Prior Year
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Revenue from local sources		
Property tax levy	\$ 1,383,535	\$ 1,394,601
Earnings on investments	794	798
Other local revenues	<u>179,136</u>	<u>200,751</u>
Total revenues from local sources	<u>1,563,465</u>	<u>1,596,150</u>
Revenues from state sources		
Grants - unrestricted	10,074,920	10,570,236
Grants - restricted	<u>2,335,198</u>	<u>2,177,946</u>
Total revenues from state sources	<u>12,410,118</u>	<u>12,748,182</u>
Revenues from federal sources		
Grants	<u>2,059,697</u>	<u>1,625,678</u>
Interdistrict sources		
ISD collected millage	<u>69,021</u>	<u>19,452</u>
Other financing sources		
Proceeds from sale of capital assets	18,597	7,895
Transfers in	<u>68,271</u>	<u>-</u>
Total other financing sources	<u>86,868</u>	<u>7,895</u>
Total revenue and other financing sources	<u>\$ 16,189,169</u>	<u>\$ 15,997,357</u>

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2016

	2016	2015
Basic program - elementary		
Salaries	\$ 1,308,375	\$ 1,434,777
Employee benefits	856,908	912,384
Purchased services	118,776	131,392
Supplies and materials	14,122	20,854
Total elementary	2,298,181	2,499,407
Basic program - middle school		
Salaries	819,193	849,158
Employee benefits	577,770	559,744
Purchased services	76,062	36,490
Supplies and materials	6,486	7,346
Total middle school	1,479,511	1,452,738
Basic program - high school		
Salaries	926,445	931,016
Employee benefits	659,873	631,540
Purchased services	118,068	107,525
Supplies and materials	64,508	74,208
Other	220,434	261,727
Total high school	1,989,328	2,006,016
Basic program - pre-school		
Salaries	40,888	27,011
Employee benefits	19,784	13,154
Purchased services	152,218	74,457
Supplies and materials	7,374	10,374
Total pre-school	220,264	124,996
Basic program - summer school		
Salaries	21,873	28,801
Employee benefits	7,779	11,253
Supplies and materials	800	13,733
Total summer school	30,452	53,787

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Added needs - special education		
Salaries	\$ 976,514	\$ 931,290
Employee benefits	692,225	544,090
Purchased services	65,998	37,216
Supplies and materials	76	-
Other	<u>108,929</u>	<u>184,712</u>
Total special education	<u>1,843,742</u>	<u>1,697,308</u>
Added needs - compensatory education		
Salaries	173,979	51,856
Employee benefits	99,752	24,490
Purchased services	69,713	55,217
Supplies and materials	<u>110,230</u>	<u>50,543</u>
Total compensatory education	<u>453,674</u>	<u>182,106</u>
Pupil - guidance services		
Salaries	85,961	84,908
Employee benefits	<u>55,381</u>	<u>44,097</u>
Total guidance services	<u>141,342</u>	<u>129,005</u>
Pupil - health services		
Purchased services	<u>3,500</u>	<u>-</u>
Pupil - psychological services		
Other	<u>87,810</u>	<u>60,375</u>
Pupil - speech services		
Purchased services	-	2,500
Other	<u>195,118</u>	<u>222,537</u>
Total speech services	<u>195,118</u>	<u>225,037</u>

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Pupil - social work services		
Salaries	\$ 22,762	\$ 45,195
Employee benefits	20,336	29,840
Purchased services	-	734
Supplies and materials	-	179
Total social work services	<u>43,098</u>	<u>75,948</u>
Pupil - other support services		
Salaries	25,538	18,771
Employee benefits	13,767	6,870
Purchased services	<u>14,300</u>	<u>11,000</u>
Total other pupil support services	<u>53,605</u>	<u>36,641</u>
Instructional staff - improvement of education		
Salaries	286,086	248,559
Employee benefits	170,688	151,608
Purchased services	279,676	184,991
Supplies and materials	<u>22,362</u>	<u>39,028</u>
Total improvement of education	<u>758,812</u>	<u>624,186</u>
Instructional staff - educational media services		
Salaries	29,635	28,528
Employee benefits	<u>12,999</u>	<u>11,599</u>
Total educational media services	<u>42,634</u>	<u>40,127</u>
Instructional staff - technology assisted instruction		
Purchased services	10,539	18,006
Supplies and materials	<u>-</u>	<u>41,404</u>
Total technology assisted instruction	<u>10,539</u>	<u>59,410</u>

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Instructional staff - supervision and direction of instructional staff		
Salaries	\$ 227,723	\$ 262,186
Employee benefits	139,785	155,302
Purchased services	69,156	13,978
Supplies and materials	16,899	325
Other	<u>19,371</u>	<u>992</u>
Total supervision and direction of instructional staff	<u>472,934</u>	<u>432,783</u>
Instructional staff - academic student assessment		
Purchased services	<u>16,814</u>	<u>11,600</u>
General administration - board of education		
Salaries	2,720	2,340
Purchased services	92,513	160,174
Other	<u>3,929</u>	<u>3,745</u>
Total board of education	<u>99,162</u>	<u>166,259</u>
General administration - executive administration		
Salaries	104,520	201,431
Employee benefits	94,017	122,911
Purchased services	3,668	2,563
Supplies and materials	-	871
Other	<u>2,318</u>	<u>3,330</u>
Total executive administration	<u>204,523</u>	<u>331,106</u>
School administration - office of the principal		
Salaries	418,475	487,540
Employee benefits	311,160	333,255
Purchased services	15,849	311
Supplies and materials	2,916	2,792
Other	<u>2,000</u>	<u>-</u>
Total office of the principal	<u>750,400</u>	<u>823,898</u>

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2016

	2016	2015
Business - fiscal services		
Salaries	\$ 77,000	\$ 44,863
Employee benefits	58,014	56,705
Purchased services	63,773	55,974
Supplies and materials	172	7,522
Other	4,148	3,503
Total fiscal services	203,107	168,567
Business - internal services		
Salaries	6,739	6,684
Employee benefits	7,383	7,034
Purchased services	300	1,145
Supplies and materials	136	243
Total internal services	14,558	15,106
Business - other		
Employee benefits	8,155	7,024
Purchased services	1,194	1,728
Other	252,773	198,486
Total other business	262,122	207,238
Operations and maintenance - operating building services		
Salaries	385,034	413,397
Employee benefits	314,815	332,861
Purchased services	434,548	304,831
Supplies and materials	490,629	524,045
Other	690	5
Total operating building services	1,625,716	1,575,139
Operations and maintenance - security services		
Purchased services	57,053	32,753
Supplies and materials	-	22,855
Total security services	57,053	55,608

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Pupil transportation services		
Salaries	\$ 361,954	\$ 410,002
Employee benefits	179,687	183,681
Purchased services	162,230	52,102
Supplies and materials	81,696	100,895
Other	<u>20,143</u>	<u>490</u>
Total transportation services	<u>805,710</u>	<u>747,170</u>
Central - communication services		
Purchased services	<u>124</u>	<u>721</u>
Central - staff/personnel services		
Salaries	-	3,319
Employee benefits	-	6,036
Purchased services	18,006	16,346
Supplies and materials	<u>180</u>	<u>-</u>
Total staff/personnel services	<u>18,186</u>	<u>25,701</u>
Central - support services technology		
Purchased services	58,881	115,258
Supplies and materials	36,668	17,639
Other	<u>92,998</u>	<u>79,058</u>
Total support services technology	<u>188,547</u>	<u>211,955</u>
Athletics activities		
Salaries	89,577	74,809
Employee benefits	13,467	14,118
Purchased services	84,452	136,194
Supplies and materials	18,728	19,579
Other	<u>4,151</u>	<u>3,537</u>
Total athletic activities	<u>210,375</u>	<u>248,237</u>

Bridgeport-Spaulling Community School District
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Prior Year
For the Year Ended June 30, 2016

	2016	2015
Community services - community activities		
Salaries	\$ 1,247	\$ 5,660
Employee benefits	551	2,371
Purchased services	5,266	4,337
Supplies and materials	8,185	10,222
Total community activities	15,249	22,590
Capital outlay		
Pupil transportation services	182,914	158,202
Other financing uses		
Transfers out	221,603	176,353
Total expenditures and other financing uses	\$ 15,002,987	\$ 14,645,320

Bridgeport-Spaulling Community School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2016

Date of issue: 2009
Original amount of issue: \$ 1,950,000
Purpose of issue: School Facilities

Interest Rate	Year	Annual Maturity May 1st	Semi-annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
5.000%	2017	\$ 120,000	\$ 33,051	\$ 33,051	\$ 186,102
5.000%	2018	130,000	30,051	30,051	190,102
5.000%	2019	135,000	26,801	26,801	188,602
5.150%	2020	150,000	23,325	23,325	196,650
5.250%	2021	155,000	19,387	19,387	193,774
5.500%	2022	170,000	15,125	15,125	200,250
5.500%	2023	180,000	10,450	10,450	200,900
5.500%	2024	200,000	5,500	5,500	211,000
		<u>\$ 1,240,000</u>	<u>\$ 163,690</u>	<u>\$ 163,690</u>	<u>\$ 1,567,380</u>

Date of issue: 2011
Original amount of issue: \$ 5,530,000
Purpose of issue: Refunding 2002 Bonds - Building and Site

Interest Rate	Year	Annual Maturity May 1st	Semi-annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
2.500%	2017	<u>\$ 1,390,000</u>	<u>\$ 17,375</u>	<u>\$ 17,375</u>	<u>\$ 1,424,750</u>