
Clarenceville School District of Oakland and
Wayne Counties

Financial Report
with Supplemental Information
June 30, 2018

Clarenceville School District of Oakland and Wayne Counties

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Independent Auditor's Report

To the Board of Education
Clarenceville School District of Oakland and Wayne Counties

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Clarenceville School District of Oakland and Wayne Counties (the "School District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Clarenceville School District of Oakland and Wayne Counties' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of Clarenceville School District of Oakland and Wayne Counties as of June 30, 2018 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, as of July 1, 2017, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The School District's unrestricted net position has been restated as of July 1, 2017 as a result of this change in accounting principle. Our opinion is not modified with respect to this matter.

To the Board of Education
Clarenceville School District of Oakland and Wayne Counties

Required Supplemental Information

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

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Clarenceville School District of Oakland and Wayne Counties' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018 on our consideration of Clarenceville School District of Oakland and Wayne Counties' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clarenceville School District of Oakland and Wayne Counties' internal control over financial reporting and compliance.



September 13, 2018

Clarenceville School District of Oakland and Wayne Counties

Management's Discussion and Analysis

This section of Clarenceville School District of Oakland and Wayne Counties' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

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

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Information for Major Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the OPEB Liability

Schedule of OPEB Contributions

Other Supplemental Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

Clarenceville School District of Oakland and Wayne Counties

Management's Discussion and Analysis (Continued)

These two statements report the School District's net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position, as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

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

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

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

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

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

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

Clarenceville School District of Oakland and Wayne Counties

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2018 and 2017:

	Governmental Activities	
	2018	2017
	(in millions)	
Assets		
Current and other assets	\$ 10.3	\$ 9.4
Capital assets	11.9	12.4
Total assets	22.2	21.8
Deferred Outflows of Resources	7.0	3.9
Liabilities		
Current liabilities	3.2	3.1
Noncurrent liabilities	0.4	0.4
Net pension liability	32.2	31.5
Net OPEB liability	11.0	-
Total liabilities	46.8	35.0
Deferred Inflows of Resources	4.2	1.7
Net Position		
Net investment in capital assets	11.9	12.4
Restricted	3.6	2.9
Unrestricted	(37.3)	(26.3)
Total net position	<u>\$ (21.8)</u>	<u>\$ (11.0)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$(21.8) million at June 30, 2018. Net investment in capital assets totaling \$11.9 million compares the original cost less depreciation of the School District's capital assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position \$(37.3) million was unrestricted.

The \$(37.3) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

As required by the Government Accounting Standards Board (GASB), the School District adopted GASB Statement No. 75. This standard required the inclusion of the School District's proportionate share of the Michigan Public School Employees' Retiree Health Care Plan within the School District's financial statements, effective July 1, 2017. The effect of the adoption was to decrease July 1, 2017 beginning net position by \$11.1 million and to include the net OPEB obligation and related deferred inflows and outflows of resources in the June 30, 2018 financial statements. All governments participating in the plan were required to adopt this new standard.

Clarenceville School District of Oakland and Wayne Counties

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2018 and 2017.

	Governmental Activities	
	2018	2017
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.7	\$ 0.7
Operating grants	6.6	6.0
General revenue:		
Taxes	3.5	3.5
State aid not restricted to specific purposes	11.7	12.0
Other	0.2	0.2
Total revenue	22.7	22.4
Expenses		
Instruction	13.2	12.8
Support services	6.8	6.9
Athletics	0.3	0.3
Food services	0.7	0.7
Community services	0.4	0.4
Depreciation expense (unallocated)	1.0	1.0
Total expenses	22.4	22.1
Change in Net Position	0.3	0.3
Net Position - Beginning of year, as previously reported	(11.0)	(11.3)
Cumulative Effect of Change in Accounting	(11.1)	-
Net Position - Beginning of year	(22.1)	(11.3)
Net Position - End of year	\$ (21.8)	\$ (11.0)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$22.4 million. Certain activities were partially funded from those who benefited from the programs (\$0.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6.6 million). We paid for the remaining "public benefit" portion of our governmental activities with \$3.5 million in taxes, \$11.7 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$0.3 million. Key reasons for the change in net position were the ongoing operations of the School District as well as activity in the Sinking Fund.

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

The School District's Funds

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

Clarenceville School District of Oakland and Wayne Counties

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$7.1 million, which is an increase of \$0.7 million from last year. The primary reasons for the increase are as follows: The fund balance in the Sinking Fund increased \$0.7 million, as projects undertaken during the year were limited in scope. The School District collected \$1.3 million in voter-approved Sinking Fund millage in the current year. This millage is available to fund specific capital projects allowed by state law and approved by the voters. Major projects, including the renovation of the High School offices and entryway, upgrades to the athletic field and field house, as well as improvements to the Middle School parking and student drop-off areas, will be completed during the summer of 2018. The total budget for the 2018 summer projects is approximately \$4.0 million.

In the General Fund, our principal operating fund, the fund balance increased nominally and remained at \$2.6 million. The General Fund's fund balance is available to fund costs related to allowable school operating purposes.

Within our Special Revenue Funds, the Food Service Fund balance increased \$11,000, while the Community Services Fund increased \$105,000.

The fund balance in the Capital Projects Fund decreased \$125,000 as major expenditures on technology were made.

Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2018. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Budgeted revenue was increased \$0.4 million due to an unexpected increase in MPERS (Michigan Public School Employees' Retirement System)-related State categorical funding, offset by a decrease in foundation allowance due to actual student enrollment being less than original estimates.

Budgeted expenditures were also increased \$0.3 million to account for the offsetting expenditures related to the increase in the MPERS-related state categorical funding mentioned above.

Actual revenue was approximately \$0.3 million less than the final budget, as certain state categorical and federal revenue sources were less than the final budget, as expenditures related to those revenue sources were under budget for the current year.

The actual expenditures and other financing uses were approximately \$0.7 million less than final budget, of which \$0.3 million relates the federal and state revenue mentioned above. This amount will be carried over and expended during the 2018-2019 school year.

The remaining difference is spread across many accounts, but is primarily benefit, utility, and transportation purchased service accounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the School District had \$11.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$0.5 million, or 4.0 percent, from last year.

	2018	2017
Land	\$ 1,106,646	\$ 1,106,646
Buildings and improvements	9,936,117	10,307,205
Furniture and equipment	825,509	986,030
Total capital assets - Net of accumulated depreciation	<u>\$ 11,868,272</u>	<u>\$ 12,399,881</u>

Clarenceville School District of Oakland and Wayne Counties

Management's Discussion and Analysis (Continued)

This year's additions of \$0.5 million, before the impact of depreciation, included cafeteria equipment, technology, and building renovations. Several major capital projects are planned for the 2018-2019 fiscal year. We anticipate capital additions will be approximately \$3.5 million greater than this year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had no bonded debt.

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

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2018-2019 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2018-2019 budget was adopted in June 2018 based on an estimate of students who will enroll in September 2018. Approximately 63.1 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2018 school year, we anticipate that the fall student count will be above the estimates used in creating the 2019 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a revenue estimating conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation, including a foundation allowance increase of \$120 per pupil.

Contacting the School District's Management

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

Clarenceville School District of Oakland and Wayne Counties

Statement of Net Position

June 30, 2018

	Governmental Activities
	<u> </u>
Assets	
Cash and investments (Note 4)	\$ 2,707,810
Receivables:	
Property taxes receivable	74,704
Other receivables	63,794
Due from other governments	3,617,875
Inventories	4,690
Prepaid costs and other assets	48,262
Restricted assets (Note 5)	3,771,846
Capital assets - Net (Note 7)	<u>11,868,272</u>
Total assets	22,157,253
Deferred Outflows of Resources	
Deferred pension costs (Note 11)	6,448,899
Deferred OPEB costs (Note 11)	<u>584,555</u>
Total deferred outflows of resources	7,033,454
Liabilities	
Accounts payable	602,111
Due to other governmental units	231,046
Accrued payroll-related liabilities	1,881,883
Unearned revenue (Note 6)	512,977
Noncurrent liabilities:	
Due within one year (Note 9)	56,815
Due in more than one year (Note 9)	372,688
Net pension liability (Note 11)	32,152,470
Net OPEB liability (Note 11)	<u>10,959,728</u>
Total liabilities	46,769,718
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	1,267,730
Deferred pension cost reductions (Note 11)	2,582,649
Deferred OPEB cost reductions (Note 11)	<u>370,561</u>
Total deferred inflows of resources	<u>4,220,940</u>
Net Position	
Net investment in capital assets	11,868,272
Restricted - Capital projects	3,596,606
Unrestricted	<u>(37,264,829)</u>
Total net position	<u><u>\$ (21,799,951)</u></u>

Clarenceville School District of Oakland and Wayne Counties

Statement of Activities

Year Ended June 30, 2018

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Change in Net Position
Primary government - Governmental activities:				
Instruction	\$ 13,179,682	\$ 200	\$ 3,921,028	\$ (9,258,454)
Support services	6,756,595	58,142	2,010,124	(4,688,329)
Athletics	324,711	64,113	26,335	(234,263)
Food services	735,090	154,881	636,305	56,096
Community services	377,196	471,847	-	94,651
Depreciation expense (unallocated)	1,025,889	-	-	(1,025,889)
Total primary government	\$ 22,399,163	\$ 749,183	\$ 6,593,792	(15,056,188)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				2,262,077
Property taxes, levied for sinking fund				1,264,926
State aid not restricted to specific purposes				11,659,381
Interest and investment earnings				85,636
Other				68,026
Total general revenue				<u>15,340,046</u>
Change in Net Position				283,858
Net Position - Beginning of year, as previously reported				(10,996,580)
Cumulative Effect of Change in Accounting				<u>(11,087,229)</u>
Net Position - Beginning of year				<u>(22,083,809)</u>
Net Position - End of year				<u>\$ (21,799,951)</u>

Clarenceville School District of Oakland and Wayne Counties

Governmental Funds Balance Sheet

June 30, 2018

	General Fund	Sinking Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 1,970,481	\$ -	\$ 737,329	\$ 2,707,810
Receivables:				
Property taxes receivable	45,617	29,087	-	74,704
Other receivables	5,093	-	43,857	48,950
Due from other governments	3,540,632	33,600	43,643	3,617,875
Due from other funds (Note 8)	14,844	3,184,248	49,106	3,248,198
Inventories	-	-	4,690	4,690
Prepaid costs and other assets	46,240	-	2,022	48,262
Restricted assets (Note 5)	3,184,248	587,598	-	3,771,846
	<u>\$ 8,807,155</u>	<u>\$ 3,834,533</u>	<u>\$ 880,647</u>	<u>\$ 13,522,335</u>
Total assets				
Liabilities				
Accounts payable:				
Accounts payable	\$ 350,187	\$ 228,050	\$ 13,997	\$ 592,234
Retainage payable	-	9,877	-	9,877
Due to other governmental units	231,046	-	-	231,046
Due to other funds (Note 8)	3,233,354	-	-	3,233,354
Accrued payroll-related liabilities	1,856,709	-	25,174	1,881,883
Unearned revenue (Note 6)	507,784	-	5,193	512,977
	<u>6,179,080</u>	<u>237,927</u>	<u>44,364</u>	<u>6,461,371</u>
Total liabilities				
Fund Balances				
Nonspendable:				
Inventory	-	-	4,690	4,690
Prepays	46,240	-	2,022	48,262
Restricted:				
Capital projects	-	3,596,606	-	3,596,606
Food service	-	-	219,009	219,009
Committed:				
Capital projects	-	-	55,625	55,625
Community service	-	-	554,937	554,937
Assigned - Budget use of fund balance in subsequent year	30,746	-	-	30,746
Unassigned	2,551,089	-	-	2,551,089
	<u>2,628,075</u>	<u>3,596,606</u>	<u>836,283</u>	<u>7,060,964</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 8,807,155</u>	<u>\$ 3,834,533</u>	<u>\$ 880,647</u>	<u>\$ 13,522,335</u>

Clarenceville School District of Oakland and Wayne Counties

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

June 30, 2018

Fund Balances Reported in Governmental Funds	\$ 7,060,964
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	31,266,047
Accumulated depreciation	<u>(19,397,775)</u>
Net capital assets used in governmental activities	11,868,272
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(429,503)
Net pension liability and related deferred inflows and outflows	(28,286,220)
Net OPEB liability and related deferred inflows and outflows	(10,745,734)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(1,267,730)</u>
Net Position of Governmental Activities	<u>\$ (21,799,951)</u>

Clarenceville School District of Oakland and Wayne Counties

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Sinking Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 2,559,520	\$ 1,269,935	\$ 626,728	\$ 4,456,183
State sources	15,360,411	-	32,302	15,392,713
Federal sources	911,745	-	604,003	1,515,748
Interdistrict sources	1,279,241	-	-	1,279,241
Total revenue	20,110,917	1,269,935	1,263,033	22,643,885
Expenditures				
Current:				
Instruction	12,957,216	-	-	12,957,216
Support services	6,747,407	12,275	-	6,759,682
Athletics	324,808	-	-	324,808
Food services	-	-	735,318	735,318
Community services	10,431	-	366,978	377,409
Capital outlay	-	538,667	186,054	724,721
Total expenditures	20,039,862	550,942	1,288,350	21,879,154
Excess of Revenue Over (Under) Expenditures	71,055	718,993	(25,317)	764,731
Other Financing Sources (Uses)				
Transfers in (Note 8)	39,322	-	75,256	114,578
Transfers out (Note 8)	(75,256)	-	(39,322)	(114,578)
Total other financing sources (uses)	(35,934)	-	35,934	-
Net Change in Fund Balances	35,121	718,993	10,617	764,731
Fund Balances - Beginning of year	2,592,954	2,877,613	825,666	6,296,233
Fund Balances - End of year	\$ 2,628,075	\$ 3,596,606	\$ 836,283	\$ 7,060,964

Clarenceville School District of Oakland and Wayne Counties

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

Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 764,731
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	494,280
Depreciation expense	<u>(1,025,889)</u>
Total	(531,609)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(10,120)
Revenue in support of pension contributions made subsequent to the measurement date	(155,925)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>216,781</u>
Change in Net Position of Governmental Activities	<u><u>\$ 283,858</u></u>

Clarenceville School District of Oakland and Wayne Counties

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2018

	Student Activities Agency Fund	Private Purpose Trust
Assets - Cash and investments (Note 4)	\$ 88,618	\$ 7,484
Liabilities		
Accounts payable	-	1,499
Due to student activities	73,619	-
Due to other governmental units	155	-
Due to other funds (Note 8)	14,844	-
Total liabilities	88,618	1,499
Net Position - Restricted for scholarships	\$ -	\$ 5,985

Clarenceville School District of Oakland and Wayne Counties

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	<u>Private Purpose Trust</u>
Additions	
Private donations	\$ 3,500
Interest	<u>1,257</u>
Total additions	4,757
Deductions - Scholarships	<u>8,849</u>
Net Decrease in Net Position Held in Trust	(4,092)
Net Position Held in Trust - Beginning of year	<u>10,077</u>
Net Position Held in Trust - End of year	<u><u>\$ 5,985</u></u>

June 30, 2018

Note 1 - Nature of Business

Clarenceville School District of Oakland and Wayne Counties (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Sinking Fund records capital projects activities funded with Sinking Fund millage

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Capital projects funds are used to record bond proceeds property tax revenue or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, technology upgrades, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District’s programs. The School District maintains a student activity agency fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

The Private Purpose Trust Fund is used to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships.

Interfund Activity

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

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

Note 2 - Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Investments

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

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Services Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Services Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 2 - Significant Accounting Policies (Continued)

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

	Depreciable Life - Years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 10 years
Buses and other vehicles	5 - 10 years

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as "other financing sources" and bond discounts as "other financing uses". The General Fund is generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to pension and OPEB plan costs.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

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

Net Position Flow Assumption

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

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District, as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

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

Use of Estimates

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

Adoption of New Accounting Pronouncement

As of June 30, 2018, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the Michigan Public School Employees' Retirement System (MPERS). The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

In accordance with the statement, the School District has reported a net OPEB liability of \$11,560,085; deferred outflows of financial resources for OPEB contributions of \$830,023, made subsequent to the measurement date; and deferred inflows of financial resources for revenue received from state aid in support of OPEB contributions of \$357,167 that were received subsequent to the measurement date as the effects of these changes in accounting principles on the School District's net position as of July 1, 2017.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2020.

June 30, 2018

Note 2 - Significant Accounting Policies (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2021.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, authorized prior to March 31, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

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

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for the School District's investments in the Michigan Liquid Asset Fund Plus - MAX Class fund may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. There are no limitations or restrictions on participant withdrawals for the School District's other investment pools that are recorded at amortized cost.

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District had \$1,334,226 of bank deposits (checking accounts) that were uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. At June 30, 2018, the School District does not have investments with custodial credit risk.

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2018, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Money market	\$ 587,598	AAAm	S&P
Bank investment pool	<u>4,878,495</u>	AAAm	S&P
Total	<u>\$ 5,466,093</u>		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

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

Note 5 - Restricted Assets

At June 30, 2018, restricted assets are composed of the following:

Description	Governmental Activities
Unspent property taxes levied for the Sinking Fund, including amounts due from other funds	\$ 3,771,846

Clarenceville School District of Oakland and Wayne Counties

Notes to Financial Statements

June 30, 2018

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2018, the School District had no unavailable revenue and \$512,977 of unearned revenue related to grant and categorical aid payments received prior to meeting all eligibility requirements.

Note 7 - Capital Assets

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

Governmental Activities

	Balance July 1, 2017	Additions	Disposals/ Transfers	Balance June 30, 2018
Capital assets not being depreciated - Land	\$ 1,106,646	\$ -	\$ -	\$ 1,106,646
Capital assets being depreciated:				
Buildings and building improvements	23,031,750	483,151	-	23,514,901
Furniture and equipment	6,076,078	11,129	-	6,087,207
Buses and other vehicles	557,293	-	-	557,293
Subtotal	29,665,121	494,280	-	30,159,401
Accumulated depreciation:				
Buildings and improvements	12,724,545	854,239	-	13,578,784
Furniture and equipment	5,090,048	171,650	-	5,261,698
Buses and other vehicles	557,293	-	-	557,293
Subtotal	18,371,886	1,025,889	-	19,397,775
Net capital assets being depreciated	11,293,235	(531,609)	-	10,761,626
Net capital assets	<u>\$ 12,399,881</u>	<u>\$ (531,609)</u>	<u>\$ -</u>	<u>\$ 11,868,272</u>

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

Construction Commitments

The School District has active construction projects as of June 30, 2018 related to various school improvements. The remaining costs of the projects will be financed with proceeds collected from the Sinking Fund millage. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sinking Fund	\$ 272,229	\$ 3,942,229

Clarenceville School District of Oakland and Wayne Counties

Notes to Financial Statements

June 30, 2018

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	General Fund	Agency Fund	Total
General Fund	\$ -	\$ 14,844	\$ 14,844
Sinking Fund	3,184,248	-	3,184,248
Nonmajor governmental funds	49,106	-	49,106
Total	<u>\$ 3,233,354</u>	<u>\$ 14,844</u>	<u>\$ 3,248,198</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. At June 30, 2018, the General Fund owed the Sinking Fund for the respective portion of tax collections. Additionally, the General Fund owed the Capital Projects Fund for budgeted fund support. The Agency Fund owed the General Fund for employee reimbursement of out-of-pocket expenses and for purchase card transactions.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 75,256
Nonmajor governmental funds	General Fund	39,322

Transfers from the General Fund provided funding for various capital projects. Funds from the Food Services Fund were transferred to the General Fund to cover excess costs related to operations of the fund for the purpose for which it was created.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 431,279	\$ 56,924	\$ (58,700)	\$ 429,503	\$ 56,815

Note 10 - Risk Management

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

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

June 30, 2018

Note 11 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

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

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

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

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Contributions

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

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree healthcare as of the day before their transition date, and their prior contributions are deposited into their 401(k) account.

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

The range of rates is as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2018 were \$3,372,811, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$1,267,730 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018. For the year ended June 30, 2018, the contributions also include a one-time payment to the School District received under Section 147c(2) of the State Aid Act, which the School District then remitted as a contribution to the plan.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2018 were \$760,266, which include the School District's contributions required for those members with a defined contribution benefit.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2018, the School District reported a liability of \$32,152,470 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the School District's proportion was 0.12 percent and 0.13 percent, respectively.

Net OPEB Liability

At June 30, 2018, the School District reported a liability of \$10,959,728 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2018 was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the School District's proportion was 0.12 percent.

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

For the year ended June 30, 2018, the School District recognized pension expense of \$3,029,844, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2018, 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	\$ 279,427	\$ (157,765)
Changes in assumptions	3,522,559	-
Net difference between projected and actual earnings on pension plan investments	-	(1,537,100)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	24,350	(887,784)
The School District's contributions to the plan subsequent to the measurement date	2,662,563	-
	<u>2,662,563</u>	<u>-</u>
Total	<u>\$ 6,488,899</u>	<u>\$ (2,582,649)</u>

The \$1,267,730 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2019	\$ 282,940
2020	825,940
2021	265,105
2022	(130,298)
Total	<u>\$ 1,243,687</u>

Clarenceville School District of Oakland and Wayne Counties

Notes to Financial Statements

June 30, 2018

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$733,061.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (116,689)
Net difference between projected and actual earnings on OPEB plan investments	-	(253,830)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	-	(42)
Employer contributions to the plan subsequent to the measurement date	584,555	-
Total	<u>\$ 584,555</u>	<u>\$ (370,561)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2019	\$ (89,546)
2020	(89,546)
2021	(89,546)
2022	(89,546)
2023	(12,377)
Total	<u>\$ (370,561)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2017 is based on the results of an actuarial valuation as of September 30, 2016 and rolled forward. The total pension and OPEB liability was determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	7.00% - 7.50%	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.50%	Net of investment expenses based on the groups
Salary increases	3.50% - 12.30%	Including wage inflation of 3.50%
Healthcare cost trend rate	7.50%	Year one graded to 3.5% year 12
Mortality basis		RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 - 7.50 percent as of September 30, 2017 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.50 percent as of September 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.60 %
Private equity pools	18.00	8.70
International equity pools	16.00	7.20
Fixed-income pools	10.50	(0.10)
Real estate and infrastructure pools	10.00	4.20
Real return, opportunistic, and absolute pool	15.50	5.00
Short-term investment pools	2.00	(0.90)
Total	100.00 %	

MPSERS approved a decrease in the discount rate for the September 30, 2017 annual actuarial valuation for the pension plan and the OPEB plan to 7.05 percent and 7.15 percent, respectively. As a result, the actuarial computed employer contributions, net pension liability, and net OPEB liability will increase for the measurement period ending September 30, 2018.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate, depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.00 - 6.50%)	Current Discount Rate (7.00 - 7.50%)	1 Percent Increase (8.00 - 8.50%)
Net pension liability of the School District	\$ 41,883,974	\$ 32,152,470	\$ 23,959,163

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 12,837,010	\$ 10,959,728	\$ 9,366,505

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current healthcare cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 9,281,417	\$ 10,959,728	\$ 12,865,334

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2018, the School District reported a payable of \$600,013 and \$159,387 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018.

Required Supplemental Information

Clarenceville School District of Oakland and Wayne Counties

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 2,503,821	\$ 2,527,312	\$ 2,559,520	\$ 32,208
State sources	15,342,081	15,626,611	15,360,411	(266,200)
Federal sources	974,620	958,289	911,745	(46,544)
Interdistrict sources	1,234,972	1,308,760	1,279,241	(29,519)
Total revenue	20,055,494	20,420,972	20,110,917	(310,055)
Expenditures				
Current:				
Instruction:				
Basic program	9,626,356	9,739,149	9,516,401	(222,748)
Added needs	3,604,652	3,662,359	3,440,815	(221,544)
Total instruction	13,231,008	13,401,508	12,957,216	(444,292)
Support services:				
Pupil	1,518,898	1,518,936	1,509,926	(9,010)
Instructional staff	926,131	1,055,796	963,042	(92,754)
General administration	356,645	352,560	331,992	(20,568)
School administration	1,233,525	1,212,838	1,203,029	(9,809)
Business	392,852	394,255	383,910	(10,345)
Operations and maintenance	1,318,964	1,278,514	1,251,529	(26,985)
Pupil transportation services	653,257	660,533	627,309	(33,224)
Central	486,163	488,901	476,670	(12,231)
Total support services	6,886,435	6,962,333	6,747,407	(214,926)
Athletics	313,350	331,983	324,808	(7,175)
Community services	25,747	32,728	10,431	(22,297)
Total expenditures	20,456,540	20,728,552	20,039,862	(688,690)
Excess of Revenue (Under) Over Expenditures	(401,046)	(307,580)	71,055	378,635
Other Financing Sources (Uses)				
Transfers in	-	-	39,322	39,322
Transfers out	(75,000)	(75,000)	(75,256)	(256)
Total financing uses	(75,000)	(75,000)	(35,934)	39,066
Net Change in Fund Balance	(476,046)	(382,580)	35,121	417,701
Fund Balance - Beginning of year	2,592,954	2,592,954	2,592,954	-
Fund Balance - End of year	\$ 2,116,908	\$ 2,210,374	\$ 2,628,075	\$ 417,701

Clarenceville School District of Oakland and Wayne Counties

Required Supplemental Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

Last Four Plan Years Plan Years Ended September 30

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.12407 %	0.12633 %	0.12957 %	0.12983 %
School District's proportionate share of the net pension liability	\$ 32,152,470	\$ 31,519,140	\$ 31,648,140	\$ 28,596,053
School District's covered employee payroll	\$ 10,307,652	\$ 10,516,812	\$ 10,774,731	\$ 11,184,796
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	311.93 %	299.70 %	293.73 %	255.67 %
Plan fiduciary net position as a percentage of total pension liability	63.96 %	63.01 %	62.92 %	66.15 %

Clarenceville School District of Oakland and Wayne Counties

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

**Last Four Fiscal Years
 Years Ended June 30**

	2018	2017	2016	2015
Statutorily required contribution	\$ 3,103,614	\$ 2,977,568	\$ 2,959,689	\$ 2,386,357
Contributions in relation to the statutorily required contribution	3,103,614	2,977,568	2,959,689	2,386,357
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -
School District's Covered Employee Payroll	\$ 10,171,707	\$ 10,680,171	\$ 10,576,780	\$ 10,954,128
Contributions as a Percentage of Covered Employee Payroll	30.51 %	27.88 %	27.98 %	21.79 %

Clarenceville School District of Oakland and Wayne Counties

Required Supplemental Information
Schedule of Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement System

**Last One Plan Year
Plan Year Ended June 30**

	<u>2017</u>
School District's proportion of the net OPEB liability	0.12376 %
School District's proportionate share of the net OPEB liability	\$ 10,959,728
School District's covered employee payroll	\$ 10,307,652
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	106.33 %
Plan fiduciary net position as a percentage of total OPEB liability	36.53 %

Clarenceville School District of Oakland and Wayne Counties

**Required Supplemental Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System**

**Last One Fiscal Year
Year Ended June 30**

	<u>2018</u>
Statutorily required contribution	\$ 734,674
Contributions in relation to the statutorily required contribution	<u>734,674</u>
Contribution Deficiency	\$ -
School District's Covered Employee Payroll	\$ 10,171,707
Contributions as a Percentage of Covered Employee Payroll	7.22 %

Clarenceville School District of Oakland and Wayne Counties

Notes to Pension Required Supplemental Information Schedules

June 30, 2018

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent to 7.00 percent to 7.50 percent based on the group.

Covered Payroll

The employers' covered payroll to be reported in the required supplemental information is defined by *GASB 82, Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by *GASB 85, Omnibus 2017*, as payroll on which contributions to both plans are based. For the School District, covered payroll represents payroll on which contributions to both plans are based.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

There were no changes of benefit assumptions in 2017.

Covered Payroll

The employers' covered payroll to be reported in the required supplemental information is defined by *GASB 82, Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by *GASB 85, Omnibus 2017*, as payroll on which contributions to both plans are based. For the School District, covered payroll represents payroll on which contributions to both plans are based.

Other Supplemental Information

Clarenceville School District of Oakland and Wayne Counties

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2018

	Special Revenue Funds			
	Food Services Fund	Community Services Fund	Capital Projects Fund	Total
Assets				
Cash and investments	\$ 196,521	\$ 540,808	\$ -	\$ 737,329
Receivables:				
Other receivables	-	43,857	-	43,857
Due from other governments	36,025	1,099	6,519	43,643
Due from other funds	-	-	49,106	49,106
Inventories	4,690	-	-	4,690
Prepaid costs and other assets - Prepaid expenses	1,817	205	-	2,022
Total assets	\$ 239,053	\$ 585,969	\$ 55,625	\$ 880,647
Liabilities				
Accounts payable	\$ 1,075	\$ 12,922	\$ -	\$ 13,997
Accrued payroll-related liabilities	8,599	16,575	-	25,174
Unearned revenue	3,863	1,330	-	5,193
Total liabilities	13,537	30,827	-	44,364
Fund Balances				
Nonspendable:				
Inventory	4,690	-	-	4,690
Prepays	1,817	205	-	2,022
Restricted - Food service	219,009	-	-	219,009
Committed:				
Capital projects	-	-	55,625	55,625
Community service	-	554,937	-	554,937
Total fund balances	225,516	555,142	55,625	836,283
Total liabilities and fund balances	\$ 239,053	\$ 585,969	\$ 55,625	\$ 880,647

Clarenceville School District of Oakland and Wayne Counties

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

Year Ended June 30, 2018

	Special Revenue Funds			
	Food Services Fund	Community Services Fund	Capital Projects Fund	Total
Revenue				
Local sources	\$ 154,881	\$ 471,847	\$ -	\$ 626,728
State sources	32,302	-	-	32,302
Federal sources	604,003	-	-	604,003
Total revenue	791,186	471,847	-	1,263,033
Expenditures				
Current:				
Food services	735,318	-	-	735,318
Community services	-	366,978	-	366,978
Capital outlay	5,840	-	180,214	186,054
Total expenditures	741,158	366,978	180,214	1,288,350
Excess of Revenue Over (Under) Expenditures	50,028	104,869	(180,214)	(25,317)
Other Financing Sources (Uses)				
Transfers in	256	-	75,000	75,256
Transfers out	(39,322)	-	-	(39,322)
Total other financing sources (uses)	(39,066)	-	75,000	35,934
Net Change in Fund Balances	10,962	104,869	(105,214)	10,617
Fund Balances - Beginning of year	214,554	450,273	160,839	825,666
Fund Balances - End of year	\$ 225,516	\$ 555,142	\$ 55,625	\$ 836,283