

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED JUNE 30, 2017

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT

June 30, 2017

ADMINISTRATION

Superintendent..... James Rautiola

BOARD OF EDUCATION

President..... Jill Efraimson

Vice President..... Sarah Anderson

Treasurer..... Brad Pennala

Secretary..... Paul Marttila

Trustee..... Christina Hatman

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Stanton Township Public School District
Atlantic Mine, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stanton Township Public School District as of and for the year then ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension requirements on pages 6 through 11 and 36 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The additional information on pages 40 through 44 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional information on pages 40 through 44 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 a report dated October 27, 2017 on our consideration of the Stanton Township Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stanton Township Public School District internal control over financial reporting and compliance.

*Rukkila, Negro and Associates,
Certified Public Accountants, PC*

October 27, 2017

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

This section of Stanton Township Public School District's annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follows this section.

Financial Highlights

The District showed an increase in the unreserved general fund balance for the fiscal year. The following considerations attributed to this increase:

- Unrestricted state aid increased by \$106,601 due to an increase in students and an increase in the foundation allowance of \$120. The District's General Fund restricted state funding increased by \$14,837 with a majority from MPSERS Offset and At-Risk.

Overview of the Financial Statements

The annual report consists of a series of financial statements including other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consists of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the District as a whole and represent an overall view of the District's finances.

Statement of Net Position and the Statement of Activities

These statements provide information that help determine how the District is doing financially as a result of the year's activities. The statements are shown using a full accrual basis.

The District's net position and the changes in the net position during the year are reported by these two statements. Increases or decreases in the District's net position is one way to determine if the financial position of the District is improving or deteriorating. However, non-financial factors will need to be considered as well to determine the overall financial position of the District.

- Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. These statements also report the District's operations in more detail than the Government-wide Financial Statements by providing information about the most significant funds.

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

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Overview of the Financial Statements (Continued)

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including the Debt Service Fund and Food Service Fund.

Major Funds: Under GASB Statement 34, the audit focus has shifted from type of governmental fund to major funds. Major funds are the largest funds in terms of assets, liabilities, revenues or expenses/expenditures. This allows the reader to see more detailed activity of the major funds. For the District, the General Fund and Capital Projects Fund meet this requirement.

Non-major Funds: In the basic financial statements, non-major funds are consolidated into one column. These are smaller funds. Detailed information about non-major funds can be found after the notes to the financial statements.

- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information, other than Management's Discussion and Analysis, provides information about the required budgetary comparison information on the General Fund.
- Other supplementary information provides detailed information about the General, Debt Service, Capital Projects, and Food Service Fund.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Overview of the Financial Statements (Continued)

Summary of Net Position

	<u>2017</u>	<u>2016</u>
Assets		
Current assets	\$ 822,338	\$ 3,718,866
Capital assets - Net	<u>3,529,948</u>	<u>572,318</u>
Total assets	<u>4,352,286</u>	<u>4,291,184</u>
Deferred outflows of resources - Pension	260,551	160,086
Liabilities		
Current liabilities	226,290	346,795
Noncurrent liabilities	3,351,978	3,379,900
Net pension liability	<u>1,969,601</u>	<u>1,842,316</u>
Total liabilities	<u>5,547,869</u>	<u>5,569,011</u>
Deferred inflows of resources - Pension	35,850	41,724
Net position		
Net investment in capital assets	95,987	(216,699)
Restricted		
Food service	7,161	1,720
Debt service	62,512	64,441
Capital projects	79,819	-
Unrestricted	<u>(1,216,361)</u>	<u>(1,008,927)</u>
Total net position	<u>\$ (970,882)</u>	<u>\$ (1,159,465)</u>

Results of Operations in Governmental Activities

	<u>2017</u>	<u>2016</u>
Program Revenues		
Charges for services	\$ 17,431	\$ 15,764
Operating grants and contributions	303,615	292,706
Grant Revenues		
Taxes	467,133	312,875
State aid	1,054,610	948,009
Earnings on investments	6,189	5,339
Miscellaneous other financing sources	-	(15,110)
Incoming transfers - other schools	(2,009)	1,574
Other	<u>3,394</u>	<u>2,875</u>
Total revenues	<u>1,850,363</u>	<u>1,564,032</u>
Functions/program expenses		
Instruction	921,190	921,101
Supporting services	540,318	488,524
School service	80,671	73,462
Athletics	10,689	9,384
Other Debt Service	<u>108,912</u>	<u>21,453</u>
Total expenses	<u>1,661,780</u>	<u>1,513,924</u>
Change in net position	188,583	50,108
Net position - Beginning	<u>(1,159,465)</u>	<u>(1,209,573)</u>
Net position - Ending	<u>\$ (970,882)</u>	<u>\$ (1,159,465)</u>

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Overview of the Financial Statements (Continued)

The following table highlights the District's General Fund activities:

	2017	% of total	2016	% of total
Revenues				
Taxes	\$ 310,733	18.6 %	\$ 312,875	20.9 %
Other taxes	370	-	-	-
Athletics	2,169	0.1 %	3,106	0.2 %
Contributions	331	-	358	-
State aid	1,054,610	63.0 %	948,009	63.2 %
State restricted	165,283	9.9 %	150,446	10.0 %
Other financing sources	66,942	4.0 %	4,958	0.3 %
Federal sources	73,356	4.4 %	80,336	5.4 %
Total revenues	\$ 1,673,794	100.0 %	\$ 1,500,088	100.0 %
Expenditures				
Basic instruction	\$ 805,117	51.8 %	\$ 787,372	57.6 %
Added needs	111,497	7.2 %	122,215	8.9 %
General administration	286,149	18.4 %	261,834	19.1 %
Athletics	10,546	0.7 %	9,309	0.7 %
Operations & maintenance	144,786	9.3 %	99,222	7.2 %
Transportation	180,930	11.6 %	89,509	6.5 %
Other financing uses	15,657	1.0 %	-	-
Total expenditures	\$ 1,554,682	100.0 %	\$ 1,369,461	100.0 %

Significant Transactions and Changes in Individual Funds

The overall financial position of the individual Governmental funds of the District did not change significantly from the previous year. A comparison of revenues/transfers, expenditures/transfers and fund balances is as follows:

	2017	2016	Change
General Fund			
Revenues/Transfers	\$ 1,673,794	\$ 1,500,088	\$ 173,706
Expenditures/Transfers	\$ 1,554,682	\$ 1,369,461	\$ 185,221
Fund Balance	\$ 539,989	\$ 420,877	\$ 119,112
Food Service Fund			
Revenues/Transfers	\$ 85,528	\$ 74,235	\$ 11,293
Expenditures/Transfers	\$ 80,087	\$ 73,098	\$ 6,989
Fund Balance	\$ 7,161	\$ 1,720	\$ 5,441
Debt Retirement Fund			
Revenues/Transfers	\$ 156,313	\$ 79,551	\$ 76,762
Expenditures/Transfers	\$ 158,242	\$ 15,110	\$ 143,132
Fund Balance	\$ 62,512	\$ 64,441	\$ (1,929)
Capital Projects Fund			
Revenues/Transfers	\$ 5,200	\$ 3,335,268	\$ (3,330,068)
Expenditures/Transfers	\$ 2,876,867	\$ 383,782	\$ 2,493,085
Fund Balance	\$ 79,819	\$ 2,951,486	\$ (2,871,667)

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Significant Transactions and Changes in Individual Fund (Continued)

General Fund: Local sources decreased by \$2,030 with a majority of the decrease in taxes. Unrestricted state aid increased in the amount of \$106,601. Restricted state grants increased by \$14,837 and federal grants decreased by \$6,980.

Expenditures increased from prior year in the amount \$169,564 mainly in operations and maintenance and transportation. The District purchased a bus, copier, floor scrubber, and property.

School Service Fund: Revenues increased in student lunches for school lunch program and the purchase expenditures increased.

Debt Retirement Fund: Taxes were collected for the debt and bond and interest payments were paid as scheduled.

Capital Projects Fund: The Capital Projects fund expenditures of \$2,876,867 were for construction.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the annual budget prior to the start of the fiscal year in July. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the fiscal year ended June 30, 2017, the original budget was adopted on June 16, 2016. Since the original budget is adopted two months before school is in session, there are unknowns such as the number of students enrolled for the year. Since much of the District's revenue is determined based on the number of students enrolled, this variable could have a significant impact on the budget. Often there are a number of unforeseen events that occur throughout the year that impact the budget and/or cause budget variances. The District amended its budget during the fiscal year due to these unforeseen factors.

	Budgeted Amounts		Actual	Variance Final to Actual	% Variance
	Original	Final			
Revenues	\$ 1,425,000	\$ 1,606,188	\$ 1,610,942	\$ 4,754	0.3 %
Expenditures					
Instruction	\$ 887,791	\$ 918,668	\$ 916,614	\$ 2,054	0.2 %
Supporting services	470,309	643,024	622,411	20,613	3.2 %
Total expenditures	\$ 1,358,100	\$ 1,561,692	\$ 1,539,025	\$ 22,667	1.5 %
Other financing sources (uses)	\$ (16,000)	\$ (148)	\$ 47,195	\$ 47,343	(0.3)%

Original to final budget changes consisted of an increase in Revenues of \$179,020. Expenditures increased by \$203,592. Final budget to actual showed a \$22,667 decrease of expenditures. Actual other financing sources and uses include the bus loan of \$62,852 and payments on the same of \$10,046.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Capital Assets and Debt Administration

Capital Assets – A bus was purchased for \$82,852 on August 29, 2016. Equipment purchases include a copier and floor scrubber totaling \$13,600. Total cost of the capital building project totaled \$3,305,073. Depreciation expense totaled \$74,538.

Information on the District’s capital assets can be found starting on page 25 of this report.

Long-term Debt – At the end of the current fiscal year, the District’s total debt was \$3,417,805. This total amount is backed by the full faith and credit of the District. The District’s net total debt decreased by \$55,047.

Information on the District’s debt can be found starting on page 26 of this report.

Known Facts, Decisions, or Conditions Having Significant Affect on Future Operations

The graph depicts an increase of eleven students from the previous year, using the State Aid Membership Count.

<u>Year</u>	<u>Student Total</u>	<u>Change</u>
2012-13	151	-3
2013-14	149	-2
2014-15	159	10
2015-16	169	10
2016-17	180	11

Our elected officials and administration consider many factors when setting the District’s 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.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District’s finances. If you have questions about this report or need additional information, contact the Business Office, Stanton Township Public Schools.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

Assets	
Cash and cash equivalents	\$ 430,805
Investments	18,609
Accounts receivable	6,352
Due from governmental units	217,905
Restricted investments	148,667
Capital assets - Net	<u>3,529,948</u>
Total assets	<u>4,352,286</u>
Deferred outflows of resources - Pension	260,551
Liabilities	
Accounts payable	3,775
Accrued interest	16,156
Accrued expenses	101,802
Unearned revenue	2,998
Due to governmental units	24,282
Compensated absences	11,450
Note payable, due within one year	12,277
Notes payable, due in more than one year	40,528
Bonds payable, due within one year	65,000
Bonds payable, due in more than one year	3,300,000
Net pension liability	<u>1,969,601</u>
Total liabilities	<u>5,547,869</u>
Deferred inflows of resources - Pension	35,850
Net position	
Net investment in capital assets	95,987
Restricted	
Food service	7,161
Debt service	62,512
Capital projects	79,819
Unrestricted	<u>(1,216,361)</u>
Total net position	<u>\$ (970,882)</u>

The accompanying notes to the financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Program Revenues			Governmental Activities
Expenditures	Charges for services	Operating grants and contributions	Net (Expense) Revenue and Changes in Net Position	
<u>Functions/Programs</u>				
Government Activities				
Instruction and instructional support	\$ 921,190	\$ -	\$ 238,970	\$ (682,220)
Support services	540,318	-	-	(540,318)
School food service	80,671	17,027	62,880	(764)
Athletics	10,689	404	1,765	(8,520)
Interest on long-term debt	108,912	-	-	(108,912)
Total governmental activities	\$ 1,661,780	\$ 17,431	\$ 303,615	(1,340,734)
General revenues:				
				466,763
Taxes, levied for general operations				370
Other taxes				1,054,610
State aid				6,189
Earnings on investments				(2,009)
Gains/losses on sale of fixed assets				3,394
Miscellaneous				1,529,317
Total general revenues, transfers, and special items				1,529,317
Change in net position				188,583
Net position - Beginning of year				(1,159,465)
Net position - End of year				\$ (970,882)

The accompanying notes to the financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 424,236	\$ -	\$ 6,569	\$ 430,805
Investments	18,609	-	-	18,609
Restricted investments	-	86,155	62,512	148,667
Accounts receivable	5,519	-	833	6,352
Due from governmental units	217,905	-	-	217,905
Due from other funds	6,577	-	-	6,577
Total assets	<u>\$ 672,846</u>	<u>\$ 86,155</u>	<u>\$ 69,914</u>	<u>\$ 828,915</u>
Liabilities				
Accounts payable	\$ 3,775	\$ -	\$ -	\$ 3,775
Accrued expenses	101,802	-	-	101,802
Due to other funds	-	6,336	241	6,577
Due to governmental units	24,282	-	-	24,282
Unearned revenue	2,998	-	-	2,998
Total liabilities	<u>132,857</u>	<u>6,336</u>	<u>241</u>	<u>139,434</u>
Fund balances				
Restricted				
Food service	-	-	7,161	7,161
Debt service	-	-	62,512	62,512
Capital projects	-	79,819	-	79,819
Assigned	63,000	-	-	63,000
Unassigned	476,989	-	-	476,989
Total fund balances	<u>539,989</u>	<u>79,819</u>	<u>69,673</u>	<u>689,481</u>
Total liabilities and fund balances	<u>\$ 672,846</u>	<u>\$ 86,155</u>	<u>\$ 69,914</u>	<u>\$ 828,915</u>

The accompanying notes to the financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 689,481
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds	3,529,948
Long-term liabilities, including deferred compensated absences, are not due and payable in the current period and therefore are not reported in the funds	(3,429,255)
Net pension liability	(1,969,601)
Deferred outflows from the difference between pension changes of assumptions and contributions subsequent to the measurement date	260,551
Deferred inflows from the difference between projected and actual investment earnings of the pension plan	(35,850)
Accrued interest is not included as a liability in governmental funds	<u>(16,156)</u>
Net position of governmental activities	<u><u>\$ (970,882)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2017

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total</u>
Revenues				
Local sources	\$ 317,693	\$ 5,200	\$ 173,350	\$ 496,243
State sources	1,219,893	-	590	1,220,483
Federal sources	73,356	-	62,290	135,646
Total revenues	<u>1,610,942</u>	<u>5,200</u>	<u>236,230</u>	<u>1,852,372</u>
Expenditures				
Instruction	916,614	-	-	916,614
Supporting services	611,865	2,876,867	-	3,488,732
School service	-	-	80,087	80,087
Debt service	-	-	113,242	113,242
Athletics	10,546	-	-	10,546
Total expenditures	<u>1,539,025</u>	<u>2,876,867</u>	<u>193,329</u>	<u>4,609,221</u>
Excess (deficiency) of revenues over expenditures	<u>71,917</u>	<u>(2,871,667)</u>	<u>42,901</u>	<u>(2,756,849)</u>
Other financing sources (uses)				
Debt principal payments	(10,046)	-	(45,000)	(55,046)
Proceeds from loan	62,852	-	-	62,852
Operating transfers in (out)	(5,611)	-	5,611	-
Total other financing sources (uses)	<u>47,195</u>	<u>-</u>	<u>(39,389)</u>	<u>7,806</u>
Net change in fund balances	119,112	(2,871,667)	3,512	(2,749,043)
Fund balances - Beginning of year	<u>420,877</u>	<u>2,951,486</u>	<u>66,161</u>	<u>\$ 3,438,524</u>
Fund balances - End of year	<u>\$ 539,989</u>	<u>\$ 79,819</u>	<u>\$ 69,673</u>	<u>\$ 689,481</u>

The accompanying notes to the financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	(2,749,043)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds do not record depreciation and report capital outlays as expenditures; in the statement of activities, these costs are capitalized and allocated over their estimated useful lives as depreciation		2,959,639
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.		(2,009)
Accrued expenses are recorded in the statement of activities when incurred; they are not reported in governmental funds until paid		8,748
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position		(62,852)
The change in net pension liability amounts does not require the use of current resources and is not reported in the governmental funds		(20,946)
Repayment of loan and bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		55,046
		<u>55,046</u>
Change in net position of governmental activities	\$	<u><u>188,583</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2017

	<u>Trust and Agency Fund</u>
Assets	
Cash	\$ 12,960
Total assets	<u>\$ 12,960</u>
Liabilities	
Due to student groups	\$ 12,960
Total liabilities	<u>\$ 12,960</u>

The accompanying notes to the financial statements are an integral part of this statement.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Stanton Township Public School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant District accounting policies are described below.

REPORTING ENTITY

Stanton Township Public School District (the "District") is governed by the Stanton Township Public School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement Numbers 14 and 39.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – net investment in capital assets; restricted for special revenue fund; and unrestricted net position.

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

The District does allocate indirect costs.

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

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all revenues and expenditures associated with the District's capital structures.

Other Non-Major funds:

Special Revenue Funds - Special Revenue Funds are used to account for the activities of specific school service revenue sources such as School Food Service.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Modified Accrual Method – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgements, are recorded only when payment is done.

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

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Revenue - The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts and the local county treasurer. For the year ended June 30, 2017, the foundation allowance was based on pupil membership counts taken in February and October of previous years for a three year blended average.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2013 to August 2016. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

Foundation	\$ 7,511.00
Less Local Support:	
Assumed Local Revenue	\$ 314,180.00
Divided by General Education k-12 membership	<u>180.10</u>
Calculated Local Support	<u>(1,744.48)</u>
Foundation Grant Allowance Per Pupil	<u><u>\$ 5,766.52</u></u>

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

Other Accounting Policies

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquire. Investments are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Property Taxes – Property taxes levied by the District are collected by Stanton Township and are periodically remitted to the District. The taxes are levied on December 31 and are due upon receipt of the billing by the taxpayer and becomes a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2017, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund - Non-homestead	18.00
Debt service fund - Homestead and non-homestead	3.00

Receivables and Payables – Activity between funds are reported as “due to/from other funds.” All receivables, including property taxes receivable, are shown net of allowance for uncollectibles.

Inventory – The District utilizes the purchase method of recording inventories and supplies. Under the purchase method, inventories are recorded as expenditures when they are purchased.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets – Capital assets, which include land, buildings, equipment, site improvements, and vehicles are reported in the applicable governmental activities column in the government-wide financial statements. Fixed assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair & maintenance that do not add to the value or materially extend asset lives are not capitalized.

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

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

Compensated Absences – The liabilities for compensated absences reported in the district-wide statements in the amount of \$11,450 consisted of a sick leave balance. Accrued Sick decreased by \$3,450 from prior year. Teachers and support staff may accumulate unused sick days to a maximum of 150 and 120 days, respectively. Upon termination of employment, teachers and support staff with at least ten (10) and eleven (11) years of service, respectively, to the District are paid \$30 and \$15 per day, respectively, of unused accumulated sick days.

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

Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position - Deferred outflows are reported in a separate section following assets, and deferred inflows are reported in a separate section following liabilities. The statement of net position then arrives at net position which includes the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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

Fund Balance - Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either a.) Not in spendable form, or b.) Legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, laws or regulations of other governments. *Committed fund balance*, if any, is reported from amounts that can be used for specific purposes pursuant to constraints imposed by formal action by the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. *Unassigned fund balance* is the residual classification for the general fund.

At June 30, 2017 the District had an assigned fund balance in the amount of \$63,000 in the General Fund of which \$5,000 is for curriculum, \$5,000 for technology, \$25,000 for building and site, and \$28,000 for school buses.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned balance.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. A public hearing is held to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978) enacted at a regular meeting by School Board approval. The Act provides that a local unit shall not incur expenditures in excess of the amount appropriated.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.
5. Budget appropriations lapse at the end of the fiscal year.

In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. Violations, if any, for the General Fund are noted in the required supplementary information section.

NOTE C - DEPOSITS AND INVESTMENTS

At year end, the District's cash deposits (checking, savings and certificates of deposit) and investments were reported in the basic financial statements in the following categories and breakdown between deposits and investments for the District's governmental activities are as follows:

	Governmental Funds	Trust and Agency Fund	Totals
Unrestricted cash	\$ 430,805	\$ -	\$ 430,805
Restricted cash	-	12,960	12,960
Investments	18,609	-	18,609
Restricted investments	148,667	-	148,667
Total cash and cash equivalents	<u>\$ 598,081</u>	<u>\$ 12,960</u>	<u>\$ 611,041</u>

As of June 30, 2017 the District had the following investments:

Investment Type	Fair Value	Weighted average maturity (years)	Standard & Poor's Rating
MILAF+ Cash Mgmt Class	\$ 79,039	0.0027	AAAm
MILAF+ MAX Class	88,237	0.0027	AAAm
Total fair value	<u>\$ 167,276</u>		

1 day maturity equals .0027, one year equals 1.00

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2017, the fair value of the District's investments is the same as the value of the pool shares.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

Investment and Deposit Risk

Interest Rate Risk – In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District’s cash requirements. The District’s investments held at year end do not have maturity dates.

Credit Risk – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments pools as identified in the list of authorized investments below. The District’s investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment are identified above for investments held at year end.

Custodial Credit Risk - Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State law does not require and the District does not have a policy for deposit custodial credit risk. As of June 30, 2017, \$170,016 of the District’s bank balance of \$470,575 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. On the investment listed above, there is no custodial credit risk, as these investments are unategorized as to credit risk.

Concentration of Credit Risk – State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments below. The District’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above and are external investment pools.

Fair Value Measurement - The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other markets participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the School District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The District does not have any investments subject to the fair value measurement.

Michigan law authorizes the District to deposit and invest in:

1. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bill or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
2. Certificates of deposits issued by the State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
4. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the Federal Deposit Insurance Corporation.
5. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
6. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

NOTE D - RECEIVABLES

Receivables from governmental units at year end that are expected to be collected within one year consist of the following:

	General Fund	Food Service Fund	Total
State	\$ 217,905	\$ -	\$ 217,905
Local	5,519	833	6,352
Total	<u>\$ 223,424</u>	<u>\$ 833</u>	<u>\$ 224,257</u>

NOTE E - CAPITAL ASSETS

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

	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ -	\$ 16,434	\$ -	\$ 16,434
Capital assets, being depreciated				
Buildings and additions	660,274	\$ 3,305,073	\$ 39,994	3,925,353
Construction in progress	383,782	-	383,782	-
Equipment and furniture	45,555	13,600	5,000	54,155
School buses	232,754	82,852	48,329	267,277
Subtotal	<u>1,322,365</u>	<u>\$ 3,401,525</u>	<u>\$ 477,105</u>	<u>4,246,785</u>

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE E - CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>July 01, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Accumulated depreciation				
Building and additions	486,295	\$ 57,552	\$ 37,985	505,862
Equipment and furniture	32,528	6,826	5,000	34,354
School buses	231,224	10,160	48,329	193,055
Subtotal	<u>750,047</u>	<u>\$ 74,538</u>	<u>\$ 91,314</u>	<u>733,271</u>
Net capital assets being depreciated	<u>572,318</u>			<u>3,513,514</u>
Net capital assets	<u>\$ 572,318</u>			<u>\$ 3,529,948</u>

Depreciation expense was charged to governmental activities for support services.

NOTE F - INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts due from (to) other funds represent the balance of monies due from or to other funds for expenditures made or fund balance transfers approved. The amounts of inter-fund receivables and payables and transfers as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Fund</u>	<u>Due To</u>
General Fund	\$ 6,577	Food Service Fund	\$ 241
Food Service Fund	-	Capital Projects	6,336
Total	<u>\$ 6,577</u>	Total	<u>\$ 6,577</u>

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Food Service Fund	\$ 5,611	General Fund	\$ 5,611

NOTE G - PAYABLES

Accounts payable and accrued liabilities as of June 30, 2017, for the District's General Fund is as follows:

<u>Payables</u>	<u>General Fund</u>
Accounts payable	\$ 3,775
Accrued expenditures	32,259
Salaries payable	69,543
Total payables	<u>\$ 105,577</u>

NOTE H - LONG TERM DEBT

2016 Building and Site Bond

On March 4, 2016, the District issued general obligation bonds of \$3,410,000. Proceeds from this bond issue are to be used for the construction of an addition to the building, partially remodeling, furnishing, and refurbishing, and equipping and re-equipping the school; acquiring, installing, and equipping the school for instructional technology; and developing and improving the site.

The bond issue (denominations of \$5,000) matures as indicated below with interest at varying rates of 1% to 3% per annum payable semiannually on the first day of November and May in each year; and shall mature on May 1 in each year until 2042.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE H - LONG TERM DEBT (Continued)

Optional Redemption: The bonds or portions of the bonds in multiples of \$5,000 maturing on or after May 1, 2026 are subject to redemption at the option of the District in such order as the District may determine and by lot within any maturity, on any date occurring on or after May 1, 2026 at par plus accrued interest to the date fixed for redemption.

The Bonds due May 1, 2042 are term bonds subject to mandatory redemption in part, by lot, on the redemption dates and in the principal amounts set forth below and at the redemption price equal to the principal amount thereof, without premium, together with interest thereon to the redemption date.

Fiscal Year	November 1	May 1		Total
	Interest	Interest	Principal	
2017-2018	48,431	48,431	65,000	161,862
2018-2019	47,781	47,781	75,000	170,562
2019-2020	47,031	47,031	85,000	179,062
2020-2021	46,181	46,181	85,000	177,362
2021-2022	45,331	45,331	90,000	180,662
2022-2023	44,431	44,431	95,000	183,862
2023-2024	43,481	43,481	100,000	186,962
2024-2025	42,481	42,481	105,000	189,962
2025-2026	41,431	41,431	110,000	192,862
2026-2027	40,194	40,194	115,000	195,388
2027-2028	38,756	38,756	120,000	197,512
2028-2029	36,956	36,956	125,000	198,912
2029-2030	35,081	35,081	130,000	200,162
2030-2031	33,132	33,132	135,000	201,264
2031-2032	31,106	31,106	140,000	202,212
2032-2033	29,007	29,007	150,000	208,014
2033-2038	108,913	108,913	840,000	1,057,826
2038-2042	34,173	34,173	800,000	868,346
	<u>\$ 793,897</u>	<u>\$ 793,897</u>	<u>\$ 3,365,000</u>	<u>\$ 4,952,794</u>

Installment Purchase Agreement

On August 26, 2016, the District purchased a 2016 Bluebird Bus for \$82,852. The bus was financed with an installment purchase agreement for 60 months at an interest rate of 1.99% in the amount of \$62,852. Payments are made monthly.

Fiscal Year	Interest	Principal	Total
2017-2018	\$ 939	\$ 12,277	\$ 13,216
2018-2019	693	12,524	13,217
2019-2020	441	12,775	13,216
2020-2021	185	13,032	13,217
2021-2022	5	2,197	2,202
	<u>\$ 2,263</u>	<u>\$ 52,805</u>	<u>\$ 55,068</u>

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE H - LONG TERM DEBT (Continued)

Long-term liabilities activity, as reported in and liquidated through the following funds for the fiscal year ended June 30, 2017, was as follows:

	Balance July 01, 2016	Increase	Decrease	Balance June 30, 2017	Current Portion
2016 School Building & Site Bond	\$ 3,410,000	\$ -	\$ 45,000	\$ 3,365,000	\$ 65,000
Bus Loan	-	62,852	10,047	52,805	12,277
	<u>3,410,000</u>	<u>62,852</u>	<u>55,047</u>	<u>3,417,805</u>	<u>\$ 77,277</u>
Other Accrued Interest	21,453	-	5,297	16,156	
Accrued Benefits	14,900	-	3,450	11,450	
Total	<u>\$ 3,446,353</u>	<u>\$ 62,852</u>	<u>\$ 63,794</u>	<u>\$ 3,445,411</u>	

As of June 30, 2017, the aggregate maturities of long-term debt are as follows:

Fiscal Year	Interest	Principal	Total
2017-2018	97,801	77,277	175,078
2018-2019	96,255	87,524	183,779
2019-2020	94,503	97,775	192,278
2020-2021	92,547	98,032	190,579
2021-2022	90,667	92,197	182,864
2022-2023	88,862	95,000	183,862
2023-2024	86,962	100,000	186,962
2024-2025	84,962	105,000	189,962
2025-2026	82,862	110,000	192,862
2026-2027	80,388	115,000	195,388
2027-2028	77,512	120,000	197,512
2028-2029	73,912	125,000	198,912
2029-2030	70,162	130,000	200,162
2030-2031	66,264	135,000	201,264
2031-2032	62,212	140,000	202,212
2032-2033	58,014	150,000	208,014
2033-2038	217,826	840,000	1,057,826
2038-2042	68,346	800,000	868,346
	<u>\$ 1,590,057</u>	<u>\$ 3,417,805</u>	<u>\$ 5,007,862</u>

NOTE I - DEFINED BENEFIT PLAN

Plan Description

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

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE I - DEFINED BENEFIT PLAN (Continued)

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

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

Benefits Provided

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

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

Benefit provisions of the defined pension plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. Defined benefit pension plan members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to defined benefit pension plan members. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% to 7.0%.

Pension Reform 2010

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

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. Members who elected under option 1 to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP).

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE I - DEFINED BENEFIT PLAN (Continued)

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided the member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

Annual Amount - total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 - Credited Service after the Transition Date times 1.5% times FAC

Option 2 - Credited Service after the Transition Date (until total service reached 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC.

Option 4 - None (member will receive benefit through a Defined Contribution plan). As a DC participant they receive a 4% employer contribution to a tax-deferred 401 (k) account and can choose to contribute up to the maximum amounts permitted by the IRS.

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7%. Plan members electing the defined contribution plan are not required to make additional contributions.

Employer Contributions

Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under the method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 20-year period for fiscal year 2016.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE I - DEFINED BENEFIT PLAN (Continued)

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

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

Required contributions to the pension plan from Stanton Township Public School District were \$177,274 for the year ended September 30, 2016.

Pension Liabilities

At June 30, 2017, the District reported a liability of \$1,969,601 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2015 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016 and 2015, the District's proportion was .007894% and .007542%.

<u>MPSERS (Plan) Non-university employers</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Total Pension Liability	\$67,917,445,078	\$66,312,041,902
Plan Fiduciary Net Pension	\$42,968,263,308	\$41,887,015,147
Net Pension Liability	\$24,949,181,770	\$24,425,026,755
Proportionate Share	.007894%	.007542%
Net Pension Liability for the District	\$1,969,601	\$1,842,316

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

For the year ended June 30, 2017, the District recognized total pension expense of \$196,833. This amount excludes contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 24,546	\$ 4,668
Changes of assumptions	30,793	-
Net difference between projected and actual earnings on pension plan investments	32,735	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	71,089	31,182
District's contributions subsequent to the measurement date	101,388	-
Total	<u>\$ 260,551</u>	<u>\$ 35,850</u>

\$101,388 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE I - DEFINED BENEFIT PLAN (Continued)

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

Year Ending September 30	Amount
2017	\$ 24,616
2018	\$ 22,041
2019	\$ 58,627
2020	\$ 18,029

Actuarial Assumptions

Investment rate of return - 8.0% per year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% per year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 2.5%

Mortality Assumptions - RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB for men and women were used.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2015. Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on pension plan investments - The rate of 8% (7% for Pension Plus Plan) net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation as of September 30, 2016 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.9%
% Alternative Investment Pools	18.0 %	9.2%
International Equity	16.0 %	7.2%
Fixed Income Pools	10.5 %	.9%
Real Estate and Infrastructure Pools	10.0 %	4.3%
Absolute Return Pools	15.5 %	6.0%
Short Term Investment Pools	2.0 %	0.0%
Total	<u>100.0 %</u>	

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

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE I - DEFINED BENEFIT PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The discount rate did not change from the prior measurement date. 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 contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Lower (7.0%)	Discount Rate (8.0%)	1% Higher (9.0%)
District's proportionate share of the net pension liability	\$ 2,536,350	\$ 1,969,601	\$ 1,491,777

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2016 Comprehensive Annual Financial Report.

Payable to the Pension Plan - At year end the District is current on all required pension plan payments. Amounts accrued at year end were \$25,648. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers and the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

Other Information

Discount Rate - Assumed Rate of Return

On February 23, 2017, in accordance with PA 300 of 1980, as amended, the Michigan Public Schools Employees' Retirement System's board approved a decrease in the assumed investment rate of return (discount rate) used in the System's annual actuarial valuation for the non-hybrid defined benefit pension plan from 8% to 7.5% effective for the fiscal year 2016 valuation and following.

The September 30, 2016 Annual Actuarial Valuation Report will be used to establish the employer contribution for fiscal year beginning October 1, 2018 and will be based upon the 7.5% investment rate of return assumption. The actuarial computed employer contributions and the net pension liability will increase as a result of lowering the assumed investment rate of return.

Pension Reform 2017

Senate Bill 401 amends the Public School Employees Retirement Act (PA 300 of 1980, as amended).

The bill closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but contains a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The bill includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - June 30, 2017**

NOTE J - 403(b) RETIREMENT PLAN

The District has a 403(b) plan which is a qualified tax sheltered annuity plan for the benefit of eligible employees. The plan is self administered by the District with a plan year ending December 31. Participants can invest in annuity contracts or custodial accounts which invest in mutual funds. The School District is not required to make contributions. Distributions are governed by IRS regulations.

NOTE K - RECONCILIATION OF MDE GRANT REPORTS

The amounts reported as current payments on MDE grant reports prepared by the State of Michigan, reconcile with the federal revenue on the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances on page 16 as follows:

Total current payments per MDE Reports	\$	153,083
Prior grants reported		(33,593)
USDA Commodities		4,499
Small Rural Achievement Grant - REAP		11,657
Total Federal Financial Assistance	\$	<u>135,646</u>

The District expended less than \$750,000 in Federal awards during the fiscal year ended June 30, 2017 and is exempt from Federal Single Audit requirements, thus a schedule of federal financial assistance was not prepared.

NOTE L - 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 general liability and employee medical benefit claims and participates in the SEG Self-insurers Workers' Disability Compensation Fund for claims relating to 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.

NOTE M - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE N - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, Governmental Accounting Standards Board (GASB), issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which will be effective for the District's 2018 fiscal year. The Statement will require School Districts who participate in defined benefit other post-employment benefit (OPEB) plans to report a net OPEB liability in the statement of net position. The School District will be required to recognize on the statement of net position their proportionate share of the net OPEB liability related to its participation in the MPERS plan. There will be revised note disclosures and required supplementary information which will enhance the comparability and consistency of how governments calculate the OPEB liabilities and expense.

REQUIRED SUPPLEMENTARY INFORMATION

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance Final to Actual
	Original	Final		
Revenues				
Local sources	\$ 312,768	\$ 319,178	\$ 317,693	\$ (1,485)
State sources	1,032,939	1,216,557	1,219,893	3,336
Federal sources	79,293	70,453	73,356	2,903
Total revenues	<u>1,425,000</u>	<u>1,606,188</u>	<u>1,610,942</u>	<u>4,754</u>
Expenditures				
Instruction	887,791	918,668	916,614	2,054
Supporting services	470,309	643,024	622,411	20,613
Total expenditures	<u>1,358,100</u>	<u>1,561,692</u>	<u>1,539,025</u>	<u>22,667</u>
Excess (deficiency) of revenues over expenditures	66,900	44,496	71,917	27,421
Other financing sources (uses)				
Operating transfers in (out)	(16,000)	(63,000)	(5,611)	57,389
Proceeds from loan	-	62,852	62,852	-
Debt principal payments	-	-	(10,046)	(10,046)
Total other financing sources (uses)	<u>(16,000)</u>	<u>(148)</u>	<u>47,195</u>	<u>47,343</u>
Net change in fund balance	<u>\$ 50,900</u>	<u>\$ 44,348</u>	119,112	<u>\$ 74,764</u>
Fund balance - Beginning of year			<u>420,877</u>	
Fund balance - End of year			<u>\$ 539,989</u>	

**STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
PENSION REQUIREMENTS
Year Ended June 30, 2017**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

Michigan Public School Employees Retirement Plan
Last Three Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>
A. District's proportion of net pension liability	0.00773 %	0.00754 %	0.00789 %
B. District's proportionate share of net pension liability	\$ 1,703,510	\$ 1,842,316	\$ 1,969,601
C. District's covered payroll	\$ 686,101	\$ 618,660	\$ 680,700
D. District's proportionate share of net pension liability as a percentage of its covered payroll	40 %	34 %	35 %
E. Plan fiduciary net position as a percentage of total pension liability	66.2000 %	63.1700 %	63.2600 %

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Michigan Public School Employees Retirement Plan
Last Three Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
A. Statutorily required contributions	\$ 139,315	\$ 126,779	\$ 131,693
B. Contributions in relation to statutorily required contributions	139,315	126,779	131,693
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. District's covered payroll	\$ 650,544	\$ 649,222	\$ 687,100
E. Contributions as a percentage of covered payroll	21 %	20 %	19 %

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - June 30, 2017

NOTE A - CHANGE OF BENEFIT TERMS

There were no changes of benefit terms in 2016.

NOTE B - CHANGE OF ASSUMPTIONS

There were no changes of benefit assumptions in 2016.

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources			
Taxes	\$ 314,180	\$ 310,733	\$ (3,447)
Other taxes	-	370	370
Earnings on investments	600	702	102
Athletics	2,168	2,169	1
Contributions	300	331	31
Miscellaneous	1,930	3,388	1,458
Total local sources	<u>319,178</u>	<u>317,693</u>	<u>(1,485)</u>
State sources			
Unrestricted grants			
State aid	1,053,603	1,054,610	1,007
Restricted grants			
At-risk	46,214	48,541	2,327
MPSERS cost offset	94,782	94,782	-
Data collection	4,552	4,550	(2)
Technology infrastructure grant	4,254	4,254	-
Other grants	13,152	13,156	4
Total restricted grants	<u>162,954</u>	<u>165,283</u>	<u>2,329</u>
Total state sources	<u>1,216,557</u>	<u>1,219,893</u>	<u>3,336</u>
Federal sources			
Title I	48,683	48,683	-
Title II	13,070	13,016	(54)
REAP	8,700	11,657	2,957
Total federal sources	<u>70,453</u>	<u>73,356</u>	<u>2,903</u>
Total revenues	<u>1,606,188</u>	<u>1,610,942</u>	<u>4,754</u>
Expenditures			
Instruction			
Basic program			
Elementary school	818,349	805,117	13,232
Total basic program	<u>818,349</u>	<u>805,117</u>	<u>13,232</u>
Added needs			
Compensatory education	51,625	62,935	(11,310)
At-risk	48,694	48,562	132
Total added needs	<u>100,319</u>	<u>111,497</u>	<u>(11,178)</u>
Total instruction	<u>918,668</u>	<u>916,614</u>	<u>2,054</u>

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE (Continued)
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Supporting services			
General administration			
Board of education	\$ 33,530	\$ 33,254	\$ 276
Executive administration	252,211	252,895	(684)
Total general administration	<u>285,741</u>	<u>286,149</u>	<u>(408)</u>
Operations & maintenance	145,751	144,786	965
Pupil transportation	201,027	180,930	20,097
Athletics	<u>10,505</u>	<u>10,546</u>	<u>(41)</u>
Total supporting services	<u>643,024</u>	<u>622,411</u>	<u>20,613</u>
Total expenditures	<u>1,561,692</u>	<u>1,539,025</u>	<u>22,667</u>
Excess (deficiency) of revenues over expenditures	44,496	71,917	27,421
Other financing sources (uses)			
Operating transfers in (out)	(63,000)	(5,611)	57,389
Proceeds from loan	(62,852)	62,852	125,704
Debt principal payments	<u>-</u>	<u>(10,046)</u>	<u>(10,046)</u>
Total other financing sources (uses)	<u>(125,852)</u>	<u>47,195</u>	<u>173,047</u>
Net change in fund balance	<u>\$ (81,356)</u>	119,112	<u>\$ 200,468</u>
Fund balance - Beginning of year		<u>420,877</u>	
Fund balance - End of year		<u>\$ 539,989</u>	

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NON-MAJOR FUNDS
COMBINING BALANCE SHEET

	<u>Debt</u> <u>Retirement</u>	<u>Food Service</u> <u>Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ -	\$ 6,569	\$ 6,569
Restricted investments	62,512	-	62,512
Receivables	-	833	833
Total assets	<u>\$ 62,512</u>	<u>\$ 7,402</u>	<u>\$ 69,914</u>
Liabilities			
Due to other funds	\$ -	\$ 241	\$ 241
Total liabilities	<u>-</u>	<u>241</u>	<u>241</u>
Fund balances			
Restricted	<u>62,512</u>	<u>7,161</u>	<u>69,673</u>
Total fund balances	<u>62,512</u>	<u>7,161</u>	<u>69,673</u>
Total liabilities and fund balances	<u>\$ 62,512</u>	<u>\$ 7,402</u>	<u>\$ 69,914</u>

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
NON-MAJOR
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2017

	Debt Retirement	Food Service Fund	Total
Revenues			
Taxes	\$ 156,030	\$ -	\$ 156,030
Student lunches	-	10,762	10,762
School lunch program	-	57,791	57,791
Adult lunches	-	1,413	1,413
Breakfast	-	2,145	2,145
Special milk	-	2,707	2,707
Other state revenue	-	590	590
USDA entitlements	-	4,499	4,499
Earnings on investments	283	4	287
Miscellaneous	-	6	6
Total revenues	<u>156,313</u>	<u>79,917</u>	<u>236,230</u>
Expenditures			
School service	-	80,087	80,087
Interest expense	113,242	-	113,242
Total expenditures	<u>113,242</u>	<u>80,087</u>	<u>193,329</u>
Excess (deficiency) of revenues over expenditures	<u>43,071</u>	<u>(170)</u>	<u>42,901</u>
Other financing sources (uses)			
Operating transfers in (out)	-	5,611	5,611
Debt principal payments	(45,000)	-	(45,000)
Total other financing sources (uses)	<u>(45,000)</u>	<u>5,611</u>	<u>(39,389)</u>
Net change in fund balances	(1,929)	5,441	3,512
Fund balances - Beginning of year	<u>64,441</u>	<u>1,720</u>	<u>66,161</u>
Fund balances - End of year	<u>\$ 62,512</u>	<u>\$ 7,161</u>	<u>\$ 69,673</u>

STANTON TOWNSHIP PUBLIC SCHOOL DISTRICT
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources			
Adult lunches	\$ 1,407	\$ 1,413	\$ 6
Special milk	2,703	2,707	4
Breakfast	2,140	2,145	5
Student lunches	10,777	10,762	(15)
Earnings on investments	3	4	1
Miscellaneous	5	6	1
Total local sources	<u>17,035</u>	<u>17,037</u>	<u>2</u>
State sources	<u>690</u>	<u>590</u>	<u>(100)</u>
Federal sources			
School lunch program	57,790	57,791	1
USDA entitlements	4,499	4,499	-
Total federal sources	<u>62,289</u>	<u>62,290</u>	<u>1</u>
Total revenues	<u>80,014</u>	<u>79,917</u>	<u>(97)</u>
Expenditures			
Salaries	21,257	21,256	1
Employee benefits	10,832	10,831	1
Purchased services	47,912	48,000	(88)
Total expenditures	<u>80,001</u>	<u>80,087</u>	<u>(86)</u>
Excess (deficiency) of revenues over expenditures	13	(170)	(183)
Other financing sources (uses)			
Operating transfers in (out)	-	5,611	5,611
Total other financing sources (uses)	<u>-</u>	<u>5,611</u>	<u>5,611</u>
Net change in fund balance	<u>\$ 13</u>	5,441	<u>\$ 5,428</u>
Fund balance - Beginning of year		<u>1,720</u>	
Fund balance - End of year		<u>\$ 7,161</u>	

COMMUNICATIONS SECTION

RUKKILA | NEGRO AND ASSOCIATES

Certified Public Accountants, PC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Stanton Township Public School District
Atlantic Mine, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stanton Township Public School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rukkila, Negro & Associates,
Certified Public Accountants, PC*

October 27, 2017

RUKKILA | NEGRO AND ASSOCIATES

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Education
Stanton Township Public School District
Atlantic Mine, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stanton Township Public School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 31, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Stanton Township Public School District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the Stanton Township Public School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Stanton Township Public School District's financial statements is current judgements.

Management's estimate of the useful lives of fixed assets, used to calculate depreciation, is based on the estimated useful lives of certain classes of assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 27, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Stanton Township Public School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Stanton Township Public School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on RSI.

We were engaged to report on the supplemental financial information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the board and management of Stanton Township Public School District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate your business, thank you.

*Rukkila, Negro & Associates,
Certified Public Accountants, PC*

October 27, 2017