Redford Union School District #1
Redford, Michigan

FINANCIAL STATEMENTS

June 30, 2015

Redford Union School District #1

Redford, Michigan

June 30, 2015

BOARD OF EDUCATION AND ADMINISTRATION

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Redford Union School District #1

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Redford Union School District #1
Redford, 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 Redford Union School District #1 (the District), as of and for the year ended June 30, 2015, 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 Redford Union School District #1, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note M to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during the year. As a result, the financial statements now recognize the District's unfunded defined pension benefit obligation as a liability for the first time, and more comprehensively and comparably measures the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). Our opinions are not modified with respect to this matter.

Also as discussed in Note M to the financial statements, the District implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, during the year. As a result, the District recognized a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 16, 2015

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Redford Union School District #1 financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's most significant fund - the General Fund - with all other funds presented in one column as other nonmajor governmental funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents.

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

Basic Financial Statements

District-wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for Major Funds

Other Supplementary Information

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

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

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

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

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

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

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

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

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

The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2014 and 2015:

Table 1
Condensed Statement of Net Position
As of June 30, 2014 and 2015

	Governmental Activities	
	2014	2015
Assets		
Current Assets	$ 15,515,302	$ 14,096,309
Capital Assets	25,478,722	23,525,747
Total Assets	**40,994,024**	**37,622,056**
Deferred Outflows	**2,621,586**	**4,580,817**
Liabilities		
Current Liabilities	15,431,411	12,244,622
Long-Term Liabilities	67,858,143	63,013,086
Total Liabilities	**83,289,554**	**75,257,708**
Deferred Inflows	**-**	**4,920,382**
Net Position		
Investment in Capital Assets	3,356,873	3,541,569
Restricted	1,471,982	1,559,850
Unrestricted	(44,502,799)	(43,076,636)
Total Net Position	**$ (39,673,944)**	**$ (37,975,217)**

The above analysis focuses on the net position. The change in net position of the District's governmental activities is discussed below. The District's net position was ($39,673,944) and ($37,975,217) at June 30, 2014 and 2015, respectively. By far the most significant portion of the District's net position is the negative unrestricted portion related to pensions. Net investment capital assets totaling $3,356,873 and $3,541,569 at June 30, 2014 and 2015, respectively, compares the original cost, less depreciation of the District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net position for day-to-day operations. Net position restricted was $1,471,982 and $1,559,850 at June 30, 2014 and 2015, respectively. The remaining amount of net position, ($44,502,799) and ($43,076,636) at June 30, 2014 and 2015, respectively, was unrestricted.

The ($43,076,636) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position shows how the District is able to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years 2014 and 2015. (Note: The 2014 column is prior to the implementation of GASB Statement No. 68 which was effective for fiscal years beginning after June 15, 2014):

Table 2
Change in Net Position from Operations
As of June 30, 2014 and 2015

	Governmental Activities	
	2014	2015
Revenues		
Program Revenues		
Charges for Service	$ 702,609	$ 753,257
Operating Grants	17,115,824	17,851,569
General Revenues		
Property Taxes	6,277,398	5,801,229
State School Aid-unrestricted	17,838,021	18,276,421
Investment earnings	55,034	79,606
Miscellaneous	89,914	157,123
Total Revenues	**42,078,800**	**42,919,205**
Functions/Program Expenses		
Instruction	21,131,931	22,862,397
Supporting services	12,958,448	13,514,613
Community services	155,887	135,758
Food Services	1,008,501	1,121,432
Interest on long-term debt	1,506,088	1,373,630
Unallocated depreciation	2,070,326	2,212,648
Total Expenses	**38,831,181**	**41,220,478**
Increase in Net Position	**$ 3,247,619**	**$ 1,698,727**

As reported in the statement of activities, the cost of all of our governmental activities this year was $41,317,724. Certain activities were partially funded from those who benefited from the programs ($753,257) or by other governments and organizations that subsidized certain programs with grants and contributions ($17,851,569). We paid for the remaining "public benefit" portion of our governmental activities with $5,801,229 in taxes, $18,276,421 in state foundation allowance, and with our other revenues, i.e., interest and general entitlements.

The District experienced an increase in net position of $1,601,481. Key reasons for the change in net position in 2014-2015 include an increase in local revenue from employee donations and an increase in state revenue due to increased enrollment.

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

The District's Funds

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

As the District completed this year, the governmental funds reported a combined fund balance of $4,277,011, which is an increase of $1,387,915 from last year. The primary reasons for the change are as follows:

In the General Fund, our principal operating fund, the fund balance increased from $523,187 to $2,432,092. The change is due mainly to significant reductions in expenditures and an increase in revenue compared to the prior year.

Our Special Education Center Program Fund decreased fund balance ($492,726) from the prior year due to a decrease in revenue in the current year.

General Fund Budgetary Highlights

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

There were revisions made to the 2014-2015 General Fund original budget. Budgeted revenues and other financing sources were decreased by $266,307 mainly due to reduced special education revenue from state.

Budgeted expenditures and other financing uses were increased by $358,758 due to increase in enrolment with online academies and shared services.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2015, the District had $23,525,747 invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions and depreciation) of $1,952,975, or 7.67 percent, from last year.

Table 3
Capital Assets, Net
Years Ended June 30, 2014 and 2015

	Balance June 30, 2014	Balance June 30, 2015
Land	$ 30,123	$ 30,123
Construction in progress	23,192	-
Buildings and additions	25,220,915	23,157,005
Equipment and furniture	190,851	330,434
Vehicles	13,641	8,185
Total	**$ 25,478,722**	**$ 23,525,747**

This year's additions of $282,865 consisted mainly of building improvements and equipment. No additional debt was issued for this addition.

We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the District had $20,115,801 in debt outstanding versus $22,361,396 in the previous year - a change of 10.04 percent. Those bonds consisted of the following:

Table 4
Outstanding Debt
Years Ended June 30, 2014 and 2015

	Balance June 30, 2014	Balance June 30, 2015
1997 School Improvement Bonds	$ 8,920,000	$ 7,660,000
2007 School Improvement Bonds	1,630,000	1,630,000
2009 School Improvement Bonds	11,670,000	10,770,000
Installment Loans	141,396	55,801
Total	**$ 22,361,396**	**$ 20,115,801**

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. If the District issues "qualified debt", i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The District's outstanding unqualified general obligation debt of $20,115,801 is below the statutorily imposed limit.

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

Economic Factors and Next Year’s Budgets and Rates

Our elected officials and administration considered many factors when setting the District’s 2015-2016 fiscal year budget. One of the most important factors affecting the budget is our student count and state foundation revenue. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2016 fiscal year is 10 percent and 90 percent of the February 2016 and October 2015 student counts, respectively. The 2015-2016 budget was adopted in June 2015, based on an estimate of students who will be enrolled in September 2015. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under state law, the District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State’s ability to fund local school operations. Based on early enrollment data at the start of the 2015-2016 school year, we anticipate that the fall student count will be better with the estimates used in creating the 2015-2016 budget. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the District’s revenue is heavily dependent on state funding and the health of the State’s School Aid Fund, the actual revenue received depends on the State’s ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimated future funding will continue to be in jeopardy of being cut on a per student basis.

Contacting the District’s Management

This report is designed to give an overview of the financial conditions of the Redford Union School District #1. Additional financial information can be obtained by contacting Central Office, Redford Union School District #1:

17715 Brady Street, Redford, MI 48240
Business office

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Greg McIntyre
(Tel) 313-242-6009

Accounting Manager
Jennie Li
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BASIC FINANCIAL STATEMENTS

Redford Union School District #1

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 7,220,821
Cash on hand with paying agent	429,950
Accounts receivable	154,951
Due from other governmental units	6,248,392
Inventory	17,528
Prepaids	24,667
Total current assets	14,096,309
Noncurrent assets	
Capital assets not being depreciated	30,123
Capital assets, net of accumulated depreciation	23,495,624
Total noncurrent assets	23,525,747
TOTAL ASSETS	37,622,056
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	53,867
Deferred outflows of resources related to pensions	4,526,950
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,580,817
LIABILITIES	
Current liabilities	
Accounts payable	543,928
Accrued payroll	2,709,110
Accrued interest payable	207,313
Unearned revenue	6,579
Short-term notes payable	6,559,681
Current portion of compensated absences	219,011
Current portion of long-term debt	1,999,000
Total current liabilities	12,244,622
Noncurrent liabilities	
Noncurrent portion of compensated absences	388,242
Noncurrent portion of long-term debt	18,116,801
Net pension liability	44,508,043
Total noncurrent liabilities	63,013,086
TOTAL LIABILITIES	75,257,708
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources related to pensions	4,920,382
NET POSITION	
Net investment in capital assets	3,541,569
Restricted for food service	764,332
Restricted for debt service	795,518
Unrestricted	(43,076,636)
TOTAL NET POSITION	$ (37,975,217)

See accompanying notes to financial statements.

Redford Union School District #1

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 22,862,397	$ 43,742	$ 14,809,101	$ (8,009,554)
Supporting services	13,514,613	487,449	1,982,844	(11,044,320)
Community services	135,758	-	-	(135,758)
Food service	1,121,432	222,066	1,059,624	160,258
Interest on long-term debt	1,373,630	-	-	(1,373,630)
Unallocated depreciation	2,212,648	-	-	(2,212,648)
TOTAL	$ 41,220,478	$ 753,257	$ 17,851,569	(22,615,652)
General revenues				
Property taxes, levied for general purposes				2,546,864
Property taxes, levied for debt service				3,254,365
State school aid - unrestricted				18,276,421
Investment earnings				79,606
Miscellaneous				157,123
TOTAL GENERAL REVENUES				24,314,379
CHANGE IN NET POSITION				1,698,727
Restated net position, beginning of year				(39,673,944)
Net position, end of year				$ (37,975,217)

See accompanying notes to financial statements.

Redford Union School District #1

Governmental Funds

BALANCE SHEET

June 30, 2015

	General	Special Education Center Program	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 6,651,746	$ -	$ 569,075	$ 7,220,821
Cash on hand with paying agent	429,950	-	-	429,950
Accounts receivable	154,951	-	-	154,951
Due from other governmental units	5,390,715	567,573	290,104	6,248,392
Due from other funds	-	34,289	976,865	1,011,154
Inventory	3,277	-	14,251	17,528
Prepaids	24,667	-	-	24,667
TOTAL ASSETS	$ 12,655,306	$ 601,862	$ 1,850,295	$ 15,107,463
LIABILITIES				
Accounts payable	$ 535,365	$ 5,705	$ 2,858	$ 543,928
Accrued payroll	2,709,110	-	-	2,709,110
Due to other funds	414,997	596,157	-	1,011,154
Unearned revenue	4,061	-	2,518	6,579
Short-term notes payable	6,559,681	-	-	6,559,681
TOTAL LIABILITIES	10,223,214	601,862	5,376	10,830,452
FUND BALANCES				
Nonspendable				
Prepaids	24,667	-	-	24,667
Inventory	3,277	-	-	3,277
Restricted				
Food service	-	-	764,332	764,332
Debt service	-	-	1,002,831	1,002,831
Capital projects	-	-	77,756	77,756
Unassigned	2,404,148	-	-	2,404,148
TOTAL FUND BALANCES	2,432,092	-0-	1,844,919	4,277,011
TOTAL LIABILITIES AND FUND BALANCES	$ 12,655,306	$ 601,862	$ 1,850,295	$ 15,107,463

See accompanying notes to financial statements.

Redford Union School District #1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2015

Total fund balances - governmental funds		$ 4,277,011
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is	$ 59,572,427	
Accumulated depreciation is	(36,046,680)	
Capital assets, net		23,525,747
Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:		
Deferred charges on refunding		53,867
Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pensions contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earning will be deferred over time in the government-wide financial statements. These amounts consist of:		
Deferred outflows of resources related to pensions	4,526,950	
Deferred inflows of resources related to pensions	(4,920,382)	
		(393,432)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and loans payable	(20,115,801)	
Accrued interest payable	(207,313)	
Compensated absences	(607,253)	
Net pension liability	(44,508,043)	
		(65,438,410)
Net position of governmental activities		$ (37,975,217)

See accompanying notes to financial statements.

Redford Union School District #1

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2015

	General	Special Education Center Program	Nonmajor Governmental Funds	Total
REVENUES				
Local sources	$ 4,439,291	$ -	$ 3,530,580	$ 7,969,871
State sources	22,418,444	2,522,374	26,932	24,967,750
Federal sources	1,954,321	349,200	1,313,805	3,617,326
TOTAL REVENUES	28,812,056	2,871,574	4,871,317	36,554,947
EXPENDITURES				
Current				
Instruction	18,049,155	4,845,892	-	22,895,047
Supporting services	10,079,737	3,454,165	-	13,533,902
Community services	135,373	-	-	135,373
Food service	-	-	1,118,253	1,118,253
Capital outlay	-	-	223,156	223,156
Debt service	88,534	-	3,537,025	3,625,559
TOTAL EXPENDITURES	28,352,799	8,300,057	4,878,434	41,531,290
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	459,257	(5,428,483)	(7,117)	(4,976,343)
OTHER FINANCING SOURCES (USES)				
Payments from other districts	547,745	5,816,513	-	6,364,258
Transfers in	901,903	-	1,823,225	2,725,128
Transfers out	-	(880,756)	(1,844,372)	(2,725,128)
TOTAL OTHER FINANCING SOURCES (USES)	1,449,648	4,935,757	(21,147)	6,364,258
NET CHANGE IN FUND BALANCE	1,908,905	(492,726)	(28,264)	1,387,915
Fund balance, beginning of year	523,187	492,726	1,873,183	2,889,096
Fund balance, end of year	$ 2,432,092	$ -0-	$ 1,844,919	$ 4,277,011

See accompanying notes to financial statements.

Redford Union School District #1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Net change in fund balances - total governmental funds		$ 1,387,915
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 259,673	
Depreciation expense	(2,212,648)	
Excess of depreciation expense over capital outlay		(1,952,975)
Items resulting from the repayment of long-term debt and borrowing of long-term debt are reported as expenditures, other financing uses, and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings and other liabilities increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Amortization of deferred charge on refunding	(13,466)	
Bond and loan principal retirement	2,245,595	
		2,232,129
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in compensated absences	19,800	
Decrease in accrued interest payable	21,674	
Decrease in employee benefit liability	97,246	
Change in deferred outflows of resources related to pensions	1,972,697	
Change in deferred inflows of resources related to pensions	(4,920,382)	
Decrease in net pension liability	2,840,623	
		31,658
Change in net position of governmental activities		$ 1,698,727

See accompanying notes to financial statements.

Redford Union School District #1

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015

	Agency Fund
ASSETS	
Cash and cash equivalents	$ 179,799
LIABILITIES	
Due to individuals and others	$ 179,799

See accompanying notes to financial statements.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Redford Union School District #1 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; these financial statements present the financial activities of Redford Union School District #1. The District has no activities that would be classified as component units.

Based upon the application of these criteria, the financial statements contain all the funds controlled by the District.

2. Basis of Presentation

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the district-wide financial statements) present information for the district as a whole. All nonfiduciary activities of the district are included (i.e., fiduciary fund activities are not included in the district-wide financial statements). Interfund activity has been eliminated in the preparation of the district-wide financial statements.

The statement of activities presents the direct functional expenses of the District and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State aid payments and shows how governmental functions are either self-financing or supported by the general revenues of the District.

FUND FINANCIAL STATEMENTS

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District utilizes governmental and fiduciary funds.

The governmental fund financial statements present the District's individual major funds and aggregated nonmajor funds. A separate column is shown for the major funds on the balance sheet and statement of revenues, expenditures, and changes in fund balances. Nonmajor funds are combined and shown in a single column. Fiduciary funds are reported by type.

The major funds of the District are:

a. General Fund - The General Fund is used to account for money or other resources provided to the District to support the educational programs and general operations of the District.

b. Special Education Center Program Fund - The Special Education Center Program Fund is used by the District to account for proceeds that are restricted to expenditures within the Special Education Center Program.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus

The district-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the district-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for the fiduciary agency fund since assets equal liabilities.

4. Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The district-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property tax revenue is recognized in the fiscal year for which it is levied. Revenues for grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received by the before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenditures.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used 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 period. Revenues susceptible to accrual include property taxes, state and federal aid, and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

The District reports unearned revenue on its governmental funds balance sheet, as applicable. Unearned revenues arise when the District receives resources before it has a legal claim to them. In subsequent periods, when revenue recognition criteria are met, it is removed from the balance sheet and revenue is recognized.

If/when both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

5. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. All annual appropriations lapse at fiscal year end.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets and Budgetary Accounting - continued

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

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means for financing them.

b. Public hearings are conducted to obtain taxpayer comments.

c. 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). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amounts appropriated.

d. The budgets are legally adopted at the functional level; however, they are maintained at the object level for control purposes. Any revisions that alter the total expenditures at the functional level must be approved by the School Board.

e. The Superintendent is authorized to transfer budgeted amounts for purposes of meeting emergency needs of the District; however, these transfers must be approved subsequently by the Board of Education.

f. Formal budgetary integration is employed as a management control device during the year for the General fund and all Special Revenue funds.

g. The budget, as presented, has been amended in a legally permissible manner.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts, pooled investment funds, and imprest cash. Cash equivalents are recorded at market value. Cash on hand with paying agent consists of deposits with a bank for repayment of the $6,500,000 State School Aid Anticipation Note.

7. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” on the governmental funds balance sheet.

8. Inventories

Inventories are stated at cost on a first in/first out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Food Service Fund inventory consists of food and paper goods. Inventory that will be sold, rather than used in providing services (i.e. food in the Food Service Fund), and for which the proceeds from the sales are restricted for food service activities are not classified as “nonspendable” but instead are reflected as a component of restricted fund balance in accordance with GASB Statement No. 54.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Due From Other Governmental Units

Due from other governmental units consists of various amounts owed to the District for grant programs and State Aid payments. The State of Michigan's funding stream of State Aid payments results in the final two (2) payments for the fiscal year ended June 30, 2015, to be paid in July and August 2015. Of the total amount of $6,248,392 due from other governmental units, $4,515,186 consists of State Aid and the remaining $1,733,206 is from other governmental grants.

10. Capital Assets

Capital assets include land, construction in progress, buildings and additions, equipment, furniture, and other assets, and buses and vehicles and are recorded (net of accumulated depreciation, if applicable) in the district-wide financial statements. Capital assets are those with an initial individual cost of $5,000 or more and an estimated useful life of more than five years. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the district-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Equipment, furniture, and other assets	5 - 10 years
Buses and vehicles	5 - 10 years

11. Compensated Absences

Based on the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*, the District has recorded all liabilities associated with compensated absences. Accumulated vested severance amounts and nonvested severance amounts that are probable to vest and be paid at termination are considered payable from future resources and are recorded along with the related payroll taxes as a long-term liability in the district-wide financial statements.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the balance sheet, when applicable, will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of a net position/fund balance that applies to a future period and so it will not be recognized as an outflow of resources (expense/expenditure) until then. The District has several items that qualify for reporting in this category. They are deferred charges on refunding and deferred outflows of resources related to pensions that are reported in the government-wide financial statement of net position. Deferred charges on refunding results from differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions result from changes in assumptions, changes in proportionate share and differences between the District's contributions and proportionate share of contributions and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position and the balance sheet, when applicable, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and so it will not be recognized as an inflow or resources (revenue) until that time. The District only has one item that qualifies for reporting in this category. It is deferred inflows of resources related to pensions resulting from the net difference between projected and actual earnings on pension plan investments.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Short-Term Note Obligations

Short-term debt is recognized as a liability of a governmental fund and is included on the balance sheet of the applicable fund. During the current year the District paid off the short-term note that was outstanding at the beginning of the year and subsequently borrowed funds to meet short-term cash flow borrowing needs. The final payment is due and payable in August 2015, and anticipated State Aid is expected to be sufficient to cover this commitment.

14. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the district-wide financial statements. Accrued interest payable is due within one year and is reported as a current liability.

15. Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized on district-wide financial statements as the District's proportionate share of the Michigan Public School Employees' Retirement System's (MPSERS) total pension liability, less the pension plan's fiduciary net position.

16. Long-term Obligations

Long-term debt is recognized as a liability in the district-wide financial statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

17. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and are due upon receipt of the billing by the taxpayer. The actual due date is September 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied to the extent that they result in current revenue (collected as of year-end). Amounts received subsequent to June 30 are recognized as revenue when collected.

The District levies taxes of $18.00 per $1,000 of taxable valuation on most nonprimary residence exempt property (2014 value $138,002,074) and $6.00 per $1,000 of taxable valuation on commercial personal property for general governmental services (2014 value $6,189,200) and $10.10 per $1,000 of taxable valuation on the total applicable taxable valuation of all property within the District for debt service. The District is also permitted to levy additional amounts for enhancement and/or debt service if voter approval is obtained. Total 2014 taxable value of the District was $326,001,545.

18. State Foundation Revenue

Beginning with the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. Prior to the fiscal year ended June 30, 1995, the State utilized a district power equalizing approach. 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. State Foundation Revenue - continued

The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts. For the year ended June 30, 2015, the foundation allowance was based on the average of pupil membership counts taken in October 2014 and February 2015. The average calculation was weighted 90% for the October 2014 count and 10% for the February 2015 count. 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 nonhomestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through nine (9) payments made during the fiscal year and two (2) payments made subsequent to year-end. The local revenue is recognized as outlined above under Property Taxes.

19. State Categorical Revenue

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.

20. Interfund Transactions

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers on the governmental fund financial statements. Transfers are netted as part of the reconciliation to the district-wide financial statements.

21. Restrictions of Net Position

Restrictions of net position shown in the district-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes.

22. Federal Programs

Federal programs are accounted for in the specific governmental funds to which they relate. The District has not integrated its Single Audit reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

23. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

24. Comparative Data

Comparative data for the prior year has not been presented in the basic financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH AND CASH EQUIVALENTS

In accordance with Michigan Public Act 451 of 1976, Section 1223(1), as amended, the District is authorized to invest its surplus funds in the following types of investments:

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.

2. Certificates of deposit issued by a 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 government.

5. United States government or Federal agency obligation repurchase agreements.

6. Bankers' acceptances issued by a bank that is a member of the Federal Depository Insurance Corporation.

7. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a School District.

8. Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a School District.

Michigan Public Acts authorize school districts in Michigan to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations. Deposits of the District are at federally insured banks and credit unions in the State of Michigan in the name of the School District.

Deposits

There is custodial credit risk as it relates to 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. As of June 30, 2015, the carrying amount of the District's deposits was $7,052,877 and the bank balance was $7,134,810 of which $775,587 was covered by Federal depository insurance. The balance of $6,359,223 was uninsured, but collateralized. The District also had $429,950 on deposit with the State of Michigan at the Michigan Finance Authority in relation to the set aside payments to repay the State Aid Anticipation Note, Series 2014B that is due and payable August 20, 2015.

Investments

As of June 30, 2015, the District had the following investments:

INVESTMENT TYPE	Carrying Amount	Market Value	Weighted Average Maturity
Uncategorized pooled investment funds			
MILAF+ Cash Management Class	$ 346,444	$ 346,823	47 days

The difference between the carrying amount and the market value in the MILAF fund was outstanding checks at June 30, 2015.

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2015, the District's investments in the uncategorized pooled investment (the Michigan Liquid Asset Fund Plus) are rated AAAm according to Standard & Poor's.

Interest rate risk

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.

Concentration of credit risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business in accordance with Board approved policy.

As of June 30, 2015, the District's deposits and investments were reported in the financial statements in the following categories:

	Governmental Activities	Fiduciary Fund	Total
Cash and cash equivalents	$ 7,220,821	$ 179,799	$ 7,400,620
Cash on hand with paying agent	429,950	-	429,950
	$ 7,650,771	$ 179,799	$ 7,830,570

The District had $1,299 of cash on hand as of June 30, 2015.

Due to significantly higher cash flow at certain periods during the year, the amount the District held as cash and cash equivalents decreased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2015
Governmental activities				
Capital assets not being depreciated				
Land	$ 30,123	$ -	$ -	$ 30,123
Construction in progress	23,192	-	(23,192)	-0-
Total capital assets not being depreciated	53,315	-0-	(23,192)	30,123
Capital assets being depreciated				
Buildings and additions	54,009,784	102,807	-	54,112,591
Equipment, furniture, and other assets	5,206,005	180,058	-	5,386,063
Buses and vehicles	43,650	-	-	43,650
Total capital assets being depreciated	59,259,439	282,865	-0-	59,542,304
Less accumulated depreciation for:				
Buildings and additions	(28,788,869)	(2,166,717)	-	(30,955,586)
Equipment, furniture, and other assets	(5,015,154)	(40,475)	-	(5,055,629)
Buses and vehicles	(30,009)	(5,456)	-	(35,465)
Total accumulated depreciation	(33,834,032)	(2,212,648)	-0-	(36,046,680)
Net capital assets being depreciated	25,425,407	(1,929,783)	-0-	23,495,624
Capital assets, net	$ 25,478,722	$ (1,929,783)	$ (23,192)	$ 23,525,747

Depreciation expense was not allocated to governmental functions. It appears on the Statement of Activities as "unallocated."

NOTE D: LONG-TERM DEBT

The following is a summary of changes in long-term debt obligations of the District for the year ended June 30, 2015.

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due Within One Year
1997 Refunding Bonds	$ 8,920,000	$ -	$ (1,260,000)	$ 7,660,000	$ -
2007 Refunding Bonds	1,630,000	-	-	1,630,000	485,000
2009 Building and Site Bonds	11,670,000	-	(900,000)	10,770,000	1,500,000
Installment Loans	141,396	-	(85,595)	55,801	14,000
Compensated Absences	627,053	316,089	(335,889)	607,253	219,011
	$ 22,988,449	$ 316,089	$ (2,581,484)	$ 20,723,054	$ 2,218,011

NOTE D: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt (including current portions) are presented below:

General Obligation Bonds

$35,575,000 1997 Refunding Bonds dated December 1, 1997, due in annual installments ranging from $1,715,000 to $2,120,000 through May 1, 2022 with interest ranging from 5.00 to 5.125 percent, payable semi-annually.	$ 7,660,000
$6,590,000 2007 Refunding Bonds dated March 29, 2007, due in annual installments ranging from $485,000 to $605,000 through May 1, 2018 with interest of 4.00 percent, payable semi-annually.	1,630,000
$12,530,000 2009 Building and Site Bonds dated June 29, 2009, due in annual installments ranging from $630,000 to $1,730,000 through May 1, 2024 with interest ranging from 6.75 to 7.75 percent, payable semi-annually.	10,770,000
	$ 20,060,000

Installment Loans

$108,301 2011 Installment Agreement dated July 29, 2011, due in quarterly installments ranging from $3,301 to $3,500, through April 1, 2019.	$ 55,801

Compensated Absences

Sick Leave - In recognition of services to the District, a sick leave payment will be made upon termination to eligible employees according to their respective employment contracts or past practice.

Vacation Payable - In recognition of services to the District, any accumulated unused vacation days payment will be made upon termination to eligible employees according to past practice. This payment will be paid on all unused vacation days at the employee's rate of pay at the time of termination.

The sick and vacation liabilities, including the related payroll taxes, have been recorded in the district-wide financial statements as compensated absences in the amount of $607,253.

Annual Requirements for Bonded and Installment Loan Debt

The annual requirements to pay the debt principal and interest outstanding for the Long-Term Debt are as follows:

Year Ending	General Obligation Debt		Installment Loan Debt	
June 30,	Principal	Interest	Principal	Interest
2016	$ 1,985,000	$ 1,243,875	$ 14,000	$ -
2017	2,100,000	1,123,225	14,000	-
2018	2,245,000	992,425	14,000	-
2019	2,345,000	853,425	13,801	-
2020	2,485,000	718,850	-	-
2021-2024	8,900,000	1,402,975	-	-
	$ 20,060,000	$ 6,334,775	$ 55,801	-0-

NOTE D: LONG-TERM DEBT - CONTINUED

Advance Refunding - Prior

The District has issued various refunding bonds to defease bonded debt. These refundings were accomplished by establishing irrevocable trusts with escrow agents composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The various refunding bonds were used to fund escrow amounts, pay the cost of issuance of the refunding bonds, and to pay the remaining balances of the defeased obligations. Accordingly, the various trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfunds receivables and payables at June 30, 2015 is as follows:

Due to Special Education Center Program Fund from:	
General Fund	$ 34,289
Due to nonmajor governmental funds from:	
General Fund	$ 380,708
Special Education Center Program Fund	596,157
	$ 976,865

Amounts appearing as interfunds payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE F: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfer to General Fund from:	
Special Education Center Program Fund	$ 880,756
Nonmajor governmental fund	21,147
	$ 901,903
Transfer to nonmajor governmental funds from:	
Nonmajor governmental fund	$ 1,823,225

The transfers from the Special Education Center Program Fund and the nonmajor governmental fund to the General Fund were to cover indirect costs. The transfers between the nonmajor governmental funds were to ensure that the various debt service funds had enough cash available to make principal and interest payments as necessary.

NOTE G: EMPLOYEE RETIREMENT SYSTEM

PLAN DESCRIPTION

The Michigan Public School Employees' Retirement System (MPSERS) (the 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 MPSERS board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html. MPSERS board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The Governor appointed board members consist of:

- Two active classroom teachers or other certified school personnel.
- One active member or retiree from a non-certified support position.
- One active school system superintendent.
- One active finance or operations (non-superintendent) member.
- One retiree from a classroom teaching position.
- One retiree from a finance or operations management position.
- One administrator or trustee of a community college that is a reporting unit of the System.
- Two from the general public, one with health insurance or actuarial science experience, and one with institutional investment experience.
- One elected member of a reporting unit's board of control.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees' Retirement Act. There are 685 participating employers. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges and seven universities may be members. The seven universities are: Eastern Michigan, Central Michigan, Northern Michigan, Western Michigan, Ferris State, Michigan Technological, and Lake Superior State. Employees, who first become employed by one of the seven universities on or after January 1, 1996, become members of an alternative plan.

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Comprehensive Annual Financial Report.

The System is administered by the Office of Retirement Services 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.

Membership

At September 30, 2014, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:

Regular benefits	181,489
Survivor benefits	16,855
Disability benefits	6,168
Total	204,512

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

PLAN DESCRIPTION - CONTINUED

Membership - continued

Inactive plan members entitled to but not yet receiving benefits	16,979
Active plan members	
Vested	108,934
Non-vested	101,843
Total active plan members	210,777
Total plan members	432,268

BENEFITS PROVIDED

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Member Contributions

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when 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. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first $5,000; 3.6% of $5,001 through $15,000; 4.3% of all wages over $15,000. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first $5,000; 3.6% of $5,001 through $15,000; 6.4% of all wages over $15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

BENEFITS PROVIDED - CONTINUED

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Their options are described in detail under Pension Reform 2012. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

Employer Contributions

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

GASB Statement No. 67, which was adopted during the year ended September 30, 2014, addresses accounting and financial reporting requirements for pension plans. The requirements for GASB Statement No. 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information.

Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The implementation of GASB Statement No. 67 did not significantly impact the accounting for accounts receivable and investment balances.

Reserves

Reserve for Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Retired Benefit Payments for regular and disability retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Employer Contributions representing unclaimed funds.

Members no longer contribute to this reserve except to purchase eligible service credit or repay previously refunded contributions. At September 30, 2014, the balance in this reserve was $1.5 billion.

Reserve for Pension Plus Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Pension Plus Retired Benefit Payments for regular retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Pension Plus Employer Contributions representing unclaimed funds. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was $59.5 million.

Reserve for Member Investment Plan - This reserve represents MIP contributions and interest less refunds and transfers to the Reserve for Retired Benefit Payments. At September 30, 2014, the balance in this reserve was $4.7 billion.

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reserves - continued

Reserve for Employer Contributions - This reserve represents all reporting unit contributions, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually. Amounts are transferred annually to the Reserve for Retired Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was ($25.8) billion.

Reserve for Pension Plus Employer Contributions - This reserve represents all reporting unit contributions for Pension Plus members, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually at a rate of 7%. Amounts are transferred annually to the Reserve for Retired Pension Plus Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was $55.5 million.

Reserve for Retired Benefit Payments - This reserve represents payments of future retirement benefits to current retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was $44.6 billion.

Reserve for Retired Pension Plus Benefit Payments - This reserve represents payments of future retirement benefits to current Pension Plus retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Pension Plus Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. Currently, there are no participants qualified to retire under this program. At September 30, 2014, the balance in this reserve was $0.

Reserve for Undistributed Investment Income - This reserve represents all investment earnings. Interest is transferred annually to the other reserves. Administrative expenses of the System are paid from the Reserve for Administrative Expenses, which is credited with amounts from the Reserve for Undistributed Investment Income to cover the expenses. For ease of reporting and understanding, the two reserves are presented as one reserve in the supporting schedules. Public Act 143 of 1997 established a stabilization subaccount within the Reserve for Undistributed Investment Income to which any over funding is credited. As of September 30, 2014, the balance in the subaccount was zero. At September 30, 2014, the balance in this reserve was $18.6 billion.

Reserve for Health (OPEB) Related Benefits - This reserve is credited with employee and employer contributions for retirees' health, dental, and vision benefits. Starting in fiscal year 2013, the employer contribution is based on a prefunded basis and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. In addition, in fiscal year 2014, federal funding for Medicare Part D and Employer Group Waiver Plan (EGWP) was paid directly to a third party vendor. The third party vendor uses the EGWP funding for any claims submitted and bills the system for any remaining claims outstanding. Premiums for health, dental and vision benefits are paid from this reserve. At September 30, 2014, the balance in this reserve was $3.5 billion.

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reporting Entity

The System is a pension and other employee benefit trust fund of the State. As such, the System is considered part of the State and is included in the State's Comprehensive Annual Financial Report as a pension and other employee benefit trust fund. The System and its Board are not financially accountable for any other entities or other organizations.

Benefit Protection

Public Act 100 of 2002 was passed by the Michigan Legislature to protect pension benefits of public employees from alienation (being transferred). Alienation is attachment, garnishment, levy, execution, bankruptcy, or other legal process except for divorce orders or eligible domestic relation orders. The statutes governing the System contained an "antialienation" clause to provide for this protection; however, many smaller public pension systems did not have the benefit of this protection. Therefore, Public Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

Fair Value of Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on the net asset value reported in the financial statements of the respective investment entity. The net asset value is determined in accordance with governing documents of the investment entity, and is subject to an independent annual audit. Securities purchased with cash collateral under securities lending activities are recorded at estimated fair value. Other investments not having an established market are recorded at estimated fair value.

Investment Income

Dividend and interest income is recognized on the accrual basis. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date (the date upon which the transaction is initiated), except for purchase and sale of mortgages, real estate, and alternative investments which are recorded as of the settlement date (the date upon which the transaction is ultimately completed). The effect of recording such transactions as of the settlement date does not materially affect the System's financial statements.

Costs of Administering the System

Each year a restricted State general fund appropriation is requested to fund the on-going business operations of the System. These administrative costs are ultimately funded by the System through the regular transfer of funds from the System to the State's general fund based on either a direct cost or allocation basis depending on the nature of the expense. Costs of administering the System are financed by undistributed investment income of the System.

Cash

At September 30, 2014, the System had $246.7 million in a common cash investment pool maintained for various State operating funds. The participating funds in the common cash pool earn interest at various rates depending upon prevailing short-term interest rates. Earnings from these activities amounted to ($0.6) thousand for the year ended September 30, 2014.

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

CONTRIBUTIONS AND FUNDING STATUS

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of the September 30, 2014, valuation will be amortized over a 22 year period for the 2014 fiscal year. The schedule below summarizes pension contribution rates in effect for the System's 2014 fiscal year.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	18.34 - 19.61 %
Member Investment Plan	3.0 - 7.0	18.34 - 19.61
Pension Plus	3.0 - 6.4	18.11
Defined Contribution	0.0	15.44 - 16.61

The System may reconcile with actuarial requirements annually. If the system reconciles in a year, any funding excess or deficiency for pension benefits is smoothed over a maximum of 5 years, with at least one-fifth (20%) of the funding excess or deficiency included in the subsequent year's contribution. This payment is not recognized as a payable or receivable in the accounting records. If the System does not reconcile in a year, any funding excess or deficiency for pension benefits is accounted for in subsequent required contributions over the remaining amortization period. For fiscal year 2014, the System did not reconcile.

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

The program allows members to purchase service credit and repay refunds on a tax-deferred basis. Members sign an irrevocable agreement that identifies the contract duration, monthly payment, total contract amount, and years of service credit being purchased. The duration of the contract can range from 1 to 20 years. The amounts are withheld from members' paychecks and are treated as employer pick-up contributions pursuant to Internal Revenue Code Section 414(h). At September 30, 2014, there were 16,503 agreements. The agreements were discounted using the assumed actuarial rate of return of 8% for September 30, 2014. The average remaining length of a contract was approximately 6.0 years for 2014. The short-term receivable was $29.7 million and the discounted long-term receivable was $83.6 million at September 30, 2014.

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY

Measurement of the MPSERS Net Pension Liability

The plan's net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

MPSERS (Plan) Net Pension Liability - Non-University
As of September 30, 2014

Total Pension Liability	$ 65,160,887,182
Plan Fiduciary Net Position	43,134,384,072
Net Pension Liability	$ 22,026,503,110
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.20%
Net Pension Liability as a percentage of Covered-Employee Payroll	250.11%

Year 1 MPSERS GASB 68 implementation recognizes a 0.00% change in the reporting unit's proportionate share between beginning net pension liability and ending net pension liability.

MPSERS (Plan) Net Pension Liability - Non-University
As of October 1, 2013

Total Pension Liability	$ 62,859,499,994
Plan Fiduciary Net Position	39,427,686,072
Net Pension Liability	$ 23,431,813,922

Proportionate Share of Redford Union School District #1's Net Pension Liability

At September 30, 2014, the District reported a liability of $44,508,043 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013, as of that date. The District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all reporting units' statutorily required contributions for the measurement period. At September 30, 2014, the District's proportionate share percent was 0.20207 percent.

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	4.8 %
Alternative Investment Pools	18.0	8.5
International Equity	16.0	6.1
Fixed Income Pools	10.5	1.5
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	15.5	6.3
Short Term Investment Pools	2.0	-0.2
Total	100 %	

*Long term rate of return does not include 2.5% inflation

Rate of Return

For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 12.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

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

As required by GASB Statement No. 68, the following presents the reporting unit'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 reporting unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease (Non-Hybrid/Hybrid) 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid) 9.0% / 8.0%
District's proportionate share of the net pension liability	$ 58,679,979	$ 44,508,043	$ 32,567,978

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every year. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total pension liability is required to be rolled forward from the actuarial valuation date to the pension plan's fiscal year end.

The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions

Actuarial valuations for the pension plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

Actuarial Valuations and Assumptions - continued

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions	
Wage Inflation Rate:	3.5%
Investment Rate of Return	
- MIP and Basic Plans (Non-Hybrid):	8.0%
- Pension Plus Plan (Hybrid):	7.0%
Projected Salary Increases:	3.5 - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Healthcare Cost Trend Rate:	8.5% Year 1 graded to 3.5% Year 12
Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For Retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2015, the District recognized total pension expense of $3,605,276. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,642,252	$ -
Net difference between projected and actual earnings on pension plan investments	-	4,920,382
Changes in proportion and differences between the District's contributions and proportionate share of contributions	69	-
District's contributions subsequent to the measurement date	2,884,629	-
Total	$ 4,526,950	$ 4,920,382

NOTE G: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - CONTINUED

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date ($2,884,629), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized In Future Pension Expenses)

Year Ended September 30,	Amount
2015	$ (803,042)
2016	(803,042)
2017	(803,042)
2018	(868,935)

NOTE H: OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Michigan Public School Employees' Retirement System (MPSERS) 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. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10.0 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate.

Contribution rates for the year ended June 30, 2015, are as follows:

	Health Contribution Rate	
	Basic/MIP	Pension Plus
July 1, 2014 - September 30, 2014	5.52 - 6.45%	5.52 - 6.45%
October 1, 2014 - June 30, 2015	2.20 - 2.71%	2.20 - 2.71%

NOTE H: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

PLAN DESCRIPTION - CONTINUED

The District's required and actual contributions to the various plans for the last fiscal year are as follows:

	Defined Benefit Plan	Defined Contribution Plan	
Fiscal Year Ending June 30,	Employer Health Contributions	Employer Contributions	Employee Contributions
2015	$ 579,548	$ 12,694	$ 21,279
2014	1,237,658	8,096	10,909
2013	1,546,339	4,813	4,794

NOTE I: SHORT-TERM NOTES

On August 20, 2013, the District issued a short-term State School Aid Anticipation Note in the amount of $9,470,000. This note was paid in full on August 20, 2014.

On August 20, 2014, the District issued a short-term State School Aid Anticipation Note in the amount of $6,500,000 for the purpose of funding operating expenditures until the 2015 State Aid payments resumed. This short-term note, which has a net outstanding balance of $6,500,000 at June 30, 2015, is reported in the General Fund under the caption short-term notes payable, with a balance of $6,559,681 which includes accrued interest. The outstanding balance is due in full on August 20, 2015.

NOTE J: RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, errors and omissions; the District is self-insured for workers' compensation and medical claims, up to certain limits but carries stop-loss insurance for excess claims in these areas. The District carries commercial insurance for various other liability exposures.

MAISL is 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.

Prior to the current year, The District estimated the liability for workers' compensation, medical claims, and prescription drug benefits that had been incurred through the end of the fiscal year, including both those claims that had been reported as well as those that have not yet been reported. These estimates were recorded in the governmental-wide financial statements. The District now has commercial insurance for these claims. Changes in the estimated liability for the past two fiscal years were as follows:

	2015	2014
Unpaid claims - Beginning of year	$ 97,246	$ 626,636
Estimated claims incurred - Including changes in estimates	(61,659)	41,614
Claim payments	(35,587)	(571,004)
Unpaid claims - End of year	$ -0-	$ 97,246

NOTE K: RESTATEMENT OF BEGINNING NET POSITION

Beginning net position has been restated for governmental activities due to a change in accounting principles.

Ending net position as of 6/30/14	$ 5,120,469
Beginning net pension liability	(47,348,666)
Beginning deferred outflows for contributions subsequent to the measurement date	2,554,253
Restated beginning net position	$ (39,673,944)

NOTE L: SUBSEQUENT EVENT

In August 2015, the District received funds from the Michigan Municipal Bond Authority short-term cash flow borrowing program. The loan in the amount of $7,149,000 was for the purpose of funding operating expenditures until the fiscal year 2016 State Aid payments resume. Future anticipated State Aid and other local funds are expected to be sufficient to cover this commitment.

NOTE M: CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* was implemented during the year. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, was implemented during the year as it is required to be applied simultaneously with the provisions of GASB Statement No. 68. The statement addresses an issue regarding the application of the transition provisions of GASB Statement No. 68 and amends paragraph 137 of GASB Statement No. 68 and requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

NOTE N: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government’s highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

NOTE N: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, Redford Union School District #1's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment has not been determined by Redford Union School District #1.

For assigned fund balance, Redford Union School District #1 has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Education.

The District has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

NOTE O: CONTINGENT LIABILITIES

Under the terms of various Federal and State grants, periodic compliance audits are required and certain costs may be questioned, allowed, or disallowed, which could result in funds being returned and/or received from grantor agencies.

NOTE P: BONDED CONSTRUCTION FUNDS

The Capital Projects 2009 Bond Fund of the District includes the capital project activities funded by the 2009 School Improvement Bonds. For the projects recorded in this fund, the District has complied with the applicable provisions of Section 1351 (a) of the Revised School Code in the current year.

NOTE Q: UPCOMING ACCOUNTING PRONOUNCEMENTS

In March 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District it currently evaluating the impact this standard will have on the financial statements when adopted for the District's 2015-2016 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensibly and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The District is currently evaluating the impact this standard will have on the financial statement when adopted during the District's 2017-2018 fiscal year.

NOTE Q: UPCOMING ACCOUNTING PRONOUNCEMENTS - CONTINUED

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The statement improves financial reporting through the disclosure of information about the nature and magnitude of tax abatements that are not consistently or comprehensively reported to the public at present. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the District’s 2016-2017 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Redford Union School District #1

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	$ 4,234,862	$ 4,131,748	$ 4,439,291	$ 307,543
State sources	22,166,036	21,911,982	22,418,444	506,462
Federal sources	2,047,479	2,045,674	1,954,321	(91,353)
TOTAL REVENUES	28,448,377	28,089,404	28,812,056	722,652
EXPENDITURES				
Current				
Instruction				
Basic programs	14,206,913	12,006,681	11,628,074	378,607
Added needs	3,922,044	4,322,013	4,297,728	24,285
Adult and continuing education	-	2,092,575	2,123,353	(30,778)
Total Instruction	18,128,957	18,421,269	18,049,155	372,114
Supporting services				
Pupil	2,066,819	1,857,005	1,855,378	1,627
Instructional staff	522,683	596,760	567,466	29,294
General administration	474,851	456,148	489,013	(32,865)
School administration	1,351,332	1,120,009	1,146,037	(26,028)
Business	747,481	699,557	635,039	64,518
Pupil transportation	1,293,077	1,384,437	1,385,467	(1,030)
Operations and maintenance	2,557,315	2,801,251	2,698,254	102,997
Central support	780,194	1,012,884	1,023,087	(10,203)
Athletics	327,733	302,911	279,996	22,915
Total supporting services	10,121,485	10,230,962	10,079,737	151,225
Community services	165,277	130,167	135,373	(5,206)
Debt service	91,036	88,534	88,534	-0-
TOTAL EXPENDITURES	28,506,755	28,870,932	28,352,799	518,133
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(58,378)	(781,528)	459,257	1,240,785

Redford Union School District #1

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Payments from other districts	$ 358,000	$ 458,884	$ 547,745	$ 88,861
Transfers in	1,035,000	1,026,782	901,903	(124,879)
Transfers out	(77,323)	(71,904)	-	71,904
TOTAL OTHER FINANCING SOURCES (USES)	1,315,677	1,413,762	1,449,648	35,886
NET CHANGE IN FUND BALANCE	1,257,299	632,234	1,908,905	1,276,671
Fund balance, beginning of year	523,187	523,187	523,187	-0-
Fund balance, end of year	$ 1,780,486	$ 1,155,421	$ 2,432,092	$ 1,276,671

Redford Union School District #1

Special Education Center Program Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State sources	$ 1,939,887	$ 2,522,117	$ 2,522,374	$ 257
Federal sources	381,687	357,200	349,200	(8,000)
TOTAL REVENUES	2,321,574	2,879,317	2,871,574	(7,743)
EXPENDITURES				
Current				
Salaries	4,829,013	4,993,456	4,799,094	194,362
Fringe benefits	2,941,500	2,914,923	3,113,496	(198,573)
Purchased services	357,964	250,006	226,547	23,459
Supplies	111,331	181,944	160,920	21,024
TOTAL EXPENDITURES	8,239,808	8,340,329	8,300,057	40,272
EXCESS OF REVENUES (UNDER) EXPENDITURES	(5,918,234)	(5,461,012)	(5,428,483)	32,529
OTHER FINANCING SOURCES (USES)				
Payments from other districts	6,501,501	6,332,249	5,816,513	(515,736)
Transfers out	(583,267)	(871,237)	(880,756)	(9,519)
TOTAL OTHER FINANCING SOURCES (USES)	5,918,234	5,461,012	4,935,757	(525,255)
NET CHANGE IN FUND BALANCE	-0-	-0-	(492,726)	(492,726)
Fund balance, beginning of year	492,726	492,726	492,726	-0-
Fund balance, end of year	$ 492,726	$ 492,726	$ -0-	$ (492,726)

Redford Union School District #1

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Michigan Public School Employee Retirement Plan

Last Fiscal Year (ultimately ten fiscal years will be displayed)
(Amounts were determined as of 9/30 of each fiscal year)

	2014
District's proportion of net pension liability (%)	0.20207%
District's proportionate share of net pension liability	$ 44,508,043
District's covered employee payroll	$ 17,106,398
District's proportionate share of net pension liability as a percentage of its covered employee payroll	260.18%
Plan fiduciary net position as a percentage of total pension liability	66.20%

Redford Union School District #1

SCHEDULE OF CONTRIBUTIONS

Michigan Public School Employee Retirement Plan

Last Fiscal Year (ultimately ten fiscal years will be displayed)
(Amounts were determined as of 6/30 of each fiscal year)

	2015
Statutorily required contributions	$ 3,777,283
Contributions in relation to statutorily required contributions	3,777,283
Contribution deficiency (excess)	$ -0-
District's covered employee payroll	$ 16,813,295
Contributions as a percentage of covered employee payroll	22.47%

NOTE A: MICHIGAN PUBLIC SCHOOL EMPLOYEE RETIREMENT PLAN

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

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

NOTE B: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated. The District's budgeted expenditures in the General Fund have been adopted at the functional classification level. The District's budgeted expenditures in the Special Education Center Program Fund have been adopted by object/activity.

During year ended June 30, 2015, the District incurred expenditures in excess of the amounts appropriated as follows:

	Amounts Appropriated	Amounts Expended	Variance
General Fund			
Current			
Instruction			
Adult and continuing education	$ 2,092,575	$ 2,123,353	$ 30,778
Supporting services			
General administration	456,148	489,013	32,865
School administration	1,120,009	1,146,037	26,028
Pupil transportation	1,384,437	1,385,467	1,030
Central support	1,012,884	1,023,087	10,203
Community services	130,167	135,373	5,206
Special Education Center Program Fund			
Current			
Fringe benefits	2,914,923	3,113,496	198,573
Other financing uses			
Transfers out	871,237	880,756	9,519

OTHER SUPPLEMENTARY INFORMATION

Redford Union School District #1

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2015

	Special Revenue	Debt Service		
	Food Service	1997 Bond Issue	2007 Refunding Issue	2009 Bond Issue
ASSETS				
Cash and cash equivalents	$ -	$ 491,319	$ -	$ -
Due from other governmental units	8,991	281,113	-	-
Due from other funds	746,466	230,399	-	-
Inventory	14,251	-	-	-
TOTAL ASSETS	$ 769,708	$ 1,002,831	$ -0-	$ -0-
LIABILITIES				
Accounts payable	$ 2,858	$ -	$ -	$ -
Unearned revenue	2,518	-	-	-
TOTAL LIABILITIES	5,376	-0-	-0-	-0-
FUND BALANCES				
Restricted				
Food service	764,332	-	-	-
Debt service	-	1,002,831	-	-
Capital projects	-	-	-	-
TOTAL FUND BALANCES	764,332	1,002,831	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	$ 769,708	$ 1,002,831	$ -0-	$ -0-

Capital Projects	
2009 Bond Issue	Total
$ 77,756	$ 569,075
-	290,104
-	976,865
-	14,251
$ 77,756	$ 1,850,295
$ -	$ 2,858
-	2,518
-0-	5,376
-	764,332
-	1,002,831
77,756	77,756
77,756	1,844,919
$ 77,756	$ 1,850,295

Redford Union School District #1

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2015

	Special Revenue	Debt Service		
	Food Service	1997 Bond Issue	2007 Refunding Issue	2009 Bond Issue
REVENUES				
Local sources	$ 222,066	$ 3,308,477	$ -	$ -
State sources	26,932	-	-	-
Federal sources	1,032,692	281,113	-	-
TOTAL REVENUES	1,281,690	3,589,590	-0-	-0-
EXPENDITURES				
Current				
Food service	1,118,253	-	-	-
Debt service				
Principal retirement	-	1,260,000	-	900,000
Interest, fiscal, and other charges	-	453,800	65,200	858,025
Capital outlay	128,661	-	-	-
TOTAL EXPENDITURES	1,246,914	1,713,800	65,200	1,758,025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,776	1,875,790	(65,200)	(1,758,025)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	65,200	1,758,025
Transfers out	(21,147)	(1,823,225)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(21,147)	(1,823,225)	65,200	1,758,025
NET CHANGE IN FUND BALANCES	13,629	52,565	-0-	-0-
Fund balances, beginning of year	750,703	950,266	-	-
Fund balances, end of year	$ 764,332	$ 1,002,831	$ -0-	$ -0-

Capital Projects	
2009 Bond Issue	Total
$ 37	$ 3,530,580
-	26,932
-	1,313,805
37	4,871,317
-	1,118,253
-	2,160,000
-	1,377,025
94,495	223,156
94,495	4,878,434
(94,458)	(7,117)
-	1,823,225
-	(1,844,372)
-0-	(21,147)
(94,458)	(28,264)
172,214	1,873,183
$ 77,756	$ 1,844,919