Redford Union School District #1
Redford, Michigan

FINANCIAL STATEMENTS

June 30, 2016

Redford Union School District #1

Redford, Michigan

June 30, 2016

BOARD OF EDUCATION AND ADMINISTRATION

Redford Union School District #1

TABLE OF CONTENTS

June 30, 2016

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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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Redford Union School District #1, as of June 30, 2016, 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 L to the financial statements, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*, during the year. As a result, 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. Our opinions are not modified with respect to this matter.

Finally, as discussed in Note L to the financial statements, the District implemented GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants, during the year. As a result, the District's external investment pool has measured all of its investments at amortized cost for financial reporting purposes. This statement also established additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. 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 17, 2016, 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 17, 2016

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)

<u>Basic Financial Statements</u>

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, 2015 and 2016:

Table 1
Condensed Statement of Net Position
As of June 30, 2015 and 2016

	Governmental Activities	
	2015	2016
Assets		
Current Assets	$ 14,096,309	$ 17,714,674
Capital Assets	23,525,747	21,682,580
Total Assets	**37,622,056**	**39,397,254**
Deferred Outflows	**4,580,817**	**5,885,997**
Liabilities		
Current Liabilities	12,244,622	12,779,390
Long-Term Liabilities	63,013,086	65,805,423
Total Liabilities	**75,257,708**	**78,584,813**
Deferred Inflows	**-**	**1,505,841**
Net Position		
Investment in Capital Assets	3,541,569	3,680,779
Restricted	1,559,850	1,829,636
Unrestricted	(43,076,636)	(40,317,818)
Total Net Position	**$ (37,975,217)**	**$ (34,807,403)**

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 ($37,975,217) and ($34,530,288) at June 30, 2015 and 2016, 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 $3,541,569 and $3,680,779 at June 30, 2015 and 2016, 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 $$1,559,850 and $1,829,636 at June 30, 2015 and 2016, respectively. The remaining amount of net position, ($43,076,636) and ($40,040,703) at June 30, 2015 and 2016, respectively, was unrestricted.

The ($40,040,703) 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 2015 and 2016.

Table 2
Change in Net Position from Operations
As of June 30, 2015 and 2016

	Governmental Activities	
	2015	2016
Revenues		
Program Revenues		
Charges for Service	$ 753,257	$ 804,675
Operating Grants	17,851,569	16,811,492
General Revenues		
Property Taxes	5,801,229	6,039,207
State School Aid-unrestricted	18,276,421	20,919,480
Investment earnings	79,606	71,341
Miscellaneous	157,123	245,953
Total Revenues	**42,919,205**	**44,892,148**
Functions/Program Expenses		
Instruction	22,862,397	24,111,829
Supporting services	13,514,613	12,914,490
Community services	135,758	133,185
Food Services	1,121,432	1,079,224
Interest on long-term debt	1,373,630	1,239,539
Unallocated depreciation	2,212,648	2,246,067
Total Expenses	**41,220,478**	**41,724,334**
Increase in Net Position	**$ 1,698,727**	**$ 3,167,814**

As reported in the statement of activities, the cost of all of our governmental activities this year was $42,789,394. Certain activities were partially funded from those who benefited from the programs ($804,675) or by other governments and organizations that subsidized certain programs with grants and contributions ($18,153,667). We paid for the remaining "public benefit" portion of our governmental activities with $6,039,207 in taxes, $20,919,480 in state foundation allowance, and with our other revenues, i.e., interest and general entitlements.

The District experienced an increase in net position of $3,444,929. Key reasons for the change in net position in 2015-2016 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 $7,431,938, which is an increase of $3,204,927 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 $2,432,092 to $5,222,395. The change is due mainly to an increase in revenue compared to the prior year.

Our Special Education Center Program Fund fund balance ($0) was unchanged from the prior 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 2015-2016 General Fund original budget. Budgeted revenues and other financing sources were increased by approximately $3.2 million.

Budgeted expenditures and other financing uses were increased by approximately $2.5 million due to increase in enrolment with online academies and shared services.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the District had $21,682,580 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 $1,843,167, or 8.8 percent, from last year.

Table 3
Capital Assets, Net
Years Ended June 30, 2015 and 2016

	Balance June 30, 2015	Balance June 30, 2016
Land	$ 30,123	$ 30,123
Construction in progress	-	-
Buildings and additions	23,157,005	20,987,717
Equipment and furniture	330,434	662,011
Vehicles	8,185	2,729
Total	**$ 23,525,747**	**$ 21,682,580**

This year's additions of $402,900 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 $18,116,801 in debt outstanding versus $20,115,801 in the previous year - a change of 10 percent. Those bonds consisted of the following:

Table 4
Outstanding Debt
Years Ended June 30, 2015 and 2016

	Balance June 30, 2015	Balance June 30, 2016
1997 School Improvement Bonds	$ 7,660,000	$ 7,660,000
2007 School Improvement Bonds	1,630,000	1,145,000
2009 School Improvement Bonds	10,770,000	9,270,000
Installment Loans	55,801	41,801
Total	**$ 20,115,801**	**$ 18,116,801**

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 $18,116,801 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 2016-2017 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 2015 and October 2015 student counts, respectively. The 2016-2017 budget was adopted in June 2016, based on an estimate of students who will be enrolled in September 2016. 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 2016-2017 school year, we anticipate that the fall student count will be better with the estimates used in creating the 2016-2017 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

Asst. Supt. of Business
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, 2016

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 11,093,039
Cash on hand with paying agent	430,938
Accounts receivable	89,624
Due from other governmental units	6,076,320
Inventory	16,846
Prepaids	7,907
Total current assets	17,714,674
Noncurrent assets	
Capital assets not being depreciated	30,123
Capital assets, net of accumulated depreciation	21,652,457
Total noncurrent assets	21,682,580
TOTAL ASSETS	39,397,254
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	40,401
Deferred outflows of resources related to pensions	5,845,596
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,885,997
LIABILITIES	
Current liabilities	
Accounts payable	492,530
Accrued payroll	2,497,889
Due to other governmental units	60,984
Accrued interest payable	187,204
Unearned revenue	5,591
Short-term notes payable	7,225,742
Current portion of compensated absences	195,450
Current portion of long-term debt	2,114,000
Total current liabilities	12,779,390
Noncurrent liabilities	
Noncurrent portion of compensated absences	390,900
Noncurrent portion of long-term debt	16,002,801
Net pension liability	49,411,722
Total noncurrent liabilities	65,805,423
TOTAL LIABILITIES	78,584,813
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources related to pensions	1,505,841
NET POSITION	
Net investment in capital assets	3,680,779
Restricted for food service	587,732
Restricted for debt service	1,241,904
Unrestricted	(40,317,818)
TOTAL NET POSITION	$ (34,807,403)

See accompanying notes to financial statements.

Redford Union School District #1

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

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	$ 24,111,829	$ 60,010	$ 14,579,388	$ (9,472,431)
Supporting services	12,914,490	503,492	1,016,865	(11,394,133)
Community services	133,185	-	-	(133,185)
Food service	1,079,224	241,173	1,215,239	377,188
Interest on long-term debt	1,239,539	-	-	(1,239,539)
Unallocated depreciation	2,246,067	-	-	(2,246,067)
TOTAL	$ 41,724,334	$ 804,675	$ 16,811,492	(24,108,167)
General revenues				
Property taxes, levied for general purposes				2,699,791
Property taxes, levied for debt service				3,339,416
State school aid - unrestricted				20,919,480
Investment earnings				71,341
Miscellaneous				245,953
TOTAL GENERAL REVENUES				27,275,981
CHANGE IN NET POSITION				3,167,814
Net position, beginning of year				(37,975,217)
Net position, end of year				$ (34,807,403)

See accompanying notes to financial statements.

Redford Union School District #1

Governmental Funds

BALANCE SHEET

June 30, 2016

	General	Special Education Center Program	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 9,589,385	$ -	$ 1,503,654	$ 11,093,039
Cash on hand with paying agent	430,938	-	-	430,938
Accounts receivable	89,624	-	-	89,624
Due from other governmental units	5,265,668	738,557	72,095	6,076,320
Due from other funds	109,200	-	619,341	728,541
Inventory	-	-	16,846	16,846
Prepaids	7,907	-	-	7,907
TOTAL ASSETS	$ 15,492,722	$ 738,557	$ 2,211,936	$ 18,443,215
LIABILITIES				
Accounts payable	$ 481,573	$ 10,016	$ 941	$ 492,530
Accrued payroll	2,497,889	-	-	2,497,889
Due to other governmental units	60,984	-	-	60,984
Due to other funds	-	728,541	-	728,541
Unearned revenue	4,139	-	1,452	5,591
Short-term notes payable	7,225,742	-	-	7,225,742
TOTAL LIABILITIES	10,270,327	738,557	2,393	11,011,277
FUND BALANCES				
Nonspendable				
Prepaids	7,907	-	-	7,907
Restricted				
Food service	-	-	705,836	705,836
Debt service	-	-	1,429,108	1,429,108
Capital projects	-	-	74,599	74,599
Unassigned	5,214,488	-	-	5,214,488
TOTAL FUND BALANCES	5,222,395	-0-	2,209,543	7,431,938
TOTAL LIABILITIES AND FUND BALANCES	$ 15,492,722	$ 738,557	$ 2,211,936	$ 18,443,215

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, 2016

Total fund balances - governmental funds		$ 7,431,938

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	$ 59,975,327	
Accumulated depreciation is	(38,292,747)	
Capital assets, net		21,682,580

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		40,401

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 and state aid related to pensions 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	5,845,596	
Deferred inflows of resources related to pensions	(1,505,841)	
		4,339,755

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	(18,116,801)	
Accrued interest payable	(187,204)	
Compensated absences	(586,350)	
Net pension liability	(49,411,722)	
		(68,302,077)
Net position of governmental activities		$ (34,807,403)

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, 2016

	General	Special Education Center Program	Nonmajor Governmental Funds	Total
REVENUES				
Local sources	$ 3,790,234	$ -	$ 3,640,029	$ 7,430,263
State sources	25,821,630	2,571,969	39,716	28,433,315
Federal sources	1,872,833	375,126	1,435,072	3,683,031
TOTAL REVENUES	31,484,697	2,947,095	5,114,817	39,546,609
EXPENDITURES				
Current				
Instruction	19,573,050	5,300,680	-	24,873,730
Supporting services	9,653,383	3,669,125	-	13,322,508
Community services	137,286	-	-	137,286
Food service	-	-	1,112,265	1,112,265
Capital outlay	-	-	387,631	387,631
Debt service	14,000	-	3,231,976	3,245,976
TOTAL EXPENDITURES	29,377,719	8,969,805	4,731,872	43,079,396
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,106,978	(6,022,710)	382,945	(3,532,787)
OTHER FINANCING SOURCES (USES)				
Payments from other districts	518,070	6,169,644	-	6,687,714
Transfers in	165,255	-	2,362,475	2,527,730
Transfers out	-	(146,934)	(2,380,796)	(2,527,730)
TOTAL OTHER FINANCING SOURCES (USES)	683,325	6,022,710	(18,321)	6,687,714
NET CHANGE IN FUND BALANCE	2,790,303	-0-	364,624	3,154,927
Fund balance, beginning of year	2,432,092	-	1,844,919	4,277,011
Fund balance, end of year	$ 5,222,395	$ -0-	$ 2,209,543	$ 7,431,938

See accompanying notes to financial statements.

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, 2016

Net change in fund balances - total governmental funds		$ 3,154,927
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	$ 402,900	
Depreciation expense	(2,246,067)	
Excess of depreciation expense over capital outlay		(1,843,167)
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	1,999,000	
		1,985,534
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	20,903	
Decrease in accrued interest payable	20,109	
Change in deferred outflows of resources related to pensions	1,318,646	
Change in deferred inflows of resources related to pensions	3,414,541	
(Decrease) in net pension liability	(4,903,679)	
		(129,480)
Change in net position of governmental activities		$ 3,167,814

See accompanying notes to financial statements.

Redford Union School District #1

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2016

	Agency Fund
ASSETS	
Cash and cash equivalents	$ 139,804
LIABILITIES	
Due to individuals and others	$ 139,804

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 $7,149,000 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, 2016, to be paid in July and August 2016. Of the total amount of $6,076,320 due from other governmental units, $5,106,414 consists of State Aid and the remaining $969,906 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Deferred Outflows/Inflows of Resources - continued

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 two items that qualify for reporting in this category. They are deferred inflows of resources related to pensions resulting from the net difference between projected and actual earnings on pension plan investments and state aid related to pensions.

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 2016, 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

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

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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Property Taxes - continued

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 2015 taxable value of the District was $331,791,366.

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.

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, 2016, the foundation allowance was based on the average of pupil membership counts taken in October 2015 and February 2015. The average calculation was weighted 90% for the October 2015 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

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, 2016, the carrying amount of the District's deposits was $10,821,678 and the bank balance was $10,950,077 of which $730,546 was covered by Federal depository insurance. The balance of $10,219,531 was uninsured, but collateralized. The District also had $430,938 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 2015C that is due and payable August 22, 2016.

Fair Value Measurements

Fair value is defined as 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. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three (3) levels of inputs that may be used to measure fair value:

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

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

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

Investments

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

The District participates in the Michigan Liquid Asset Fund Plus (MILAF+), the portfolio securities are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. It is MILAF+'s policy to compare amortized cost and fair values of the securities periodically throughout each month and as of the last business day of each month. Fair value is determined by reference to quoted market prices. MILAF+'s annual financial statement may be obtained at www.milaf.org. As of June 30, 2016, the District had a book value of $409,866 invested with MILAF+.

MILAF+ portfolio investments are assigned a level based upon the observability of the inputs which are indication of the risk associated with investing in those securities. Money market securities are valued using amortized cost, as outlined in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by the MILAF+ Portfolio are categorized as Level 2.

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, 2016, the District's investments in the uncategorized pooled investment (the Michigan Liquid Asset Fund Plus) are rated AAAm according to Standard & Poor's and had a weighted average maturity (WAM) of < 60 days.

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, 2016, 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	$ 11,093,039	$ 139,804	$ 11,232,843
Cash on hand with paying agent	430,938	-	430,938
	$ 11,523,977	$ 139,804	$ 11,663,781

The District had $1,299 of cash on hand as of June 30, 2016.

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, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities				
Capital assets not being depreciated				
Land	$ 30,123	$ -	$ -	$ 30,123
Capital assets being depreciated				
Buildings and additions	54,112,591	-	-	54,112,591
Equipment, furniture, and other assets	5,386,063	402,900	-	5,788,963
Buses and vehicles	43,650	-	-	43,650
Total capital assets being depreciated	59,542,304	402,900	-0-	59,945,204
Less accumulated depreciation for:				
Buildings and additions	(30,955,586)	(2,169,288)	-	(33,124,874)
Equipment, furniture, and other assets	(5,055,629)	(71,323)	-	(5,126,952)
Buses and vehicles	(35,465)	(5,456)	-	(40,921)
Total accumulated depreciation	(36,046,680)	(2,246,067)	-0-	(38,292,747)
Net capital assets being depreciated	23,495,624	(1,843,167)	-0-	21,652,457
Capital assets, net	$ 23,525,747	$ (1,843,167)	$ -0-	$ 21,682,580

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, 2016.

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
1997 Refunding Bonds	$ 7,660,000	$ -	$ -	$ 7,660,000	$ -
2007 Refunding Bonds	1,630,000	-	(485,000)	1,145,000	540,000
2009 Building and Site Bonds	10,770,000	-	(1,500,000)	9,270,000	1,560,000
Installment Loans	55,801	-	(14,000)	41,801	14,000
Compensated Absences	607,253	344,628	(365,531)	586,350	195,450
	$ 20,723,054	$ 344,628	$ (2,364,531)	$ 18,703,151	$ 2,309,450

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 $540,000 to $605,000 through May 1, 2018 with interest of 4.00 percent, payable semi-annually.	1,145,000
$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 7.00 to 7.75 percent, payable semi-annually.	9,270,000
	$ 18,075,000

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.	$ 41,801

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 $586,350.

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
2017	$ 2,100,000	$ 1,123,225	$ 14,000	$ -
2018	2,245,000	1,057,825	14,000	-
2019	2,345,000	992,425	13,801	-
2020	2,485,000	922,926	-	-
2021	2,640,000	853,425	-	-
2022-2026	6,260,000	786,137	-	-
	$ 18,075,000	$ 5,735,963	$ 41,801	$ -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, 2016 is as follows:

Due to General Fund from:	
Special Education Center Program Fund	$ 109,200
Due to nonmajor governmental funds from:	
Special Education Center Program Fund	$ 619,341

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	$ 146,934
Nonmajor governmental fund	18,321
	$ 165,255
Transfer to nonmajor governmental funds from:	
Nonmajor governmental fund	$ 2,362,475

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: SHORT-TERM NOTES

On August 20, 2014, the District issued a short-term State School Aid Anticipation Note in the amount of $6,500,000. This note was paid in full on August 20, 2015.

On August 20, 2015, the District issued a short-term State School Aid Anticipation Note in the amount of $7,149,000 for the purpose of funding operating expenditures until the 2015 State Aid payments resumed. This short-term note is reported in the General Fund under the caption short-term notes payable, with a balance of $7,225,242 which includes accrued interest. The outstanding balance is due in full on August 22, 2016.

NOTE H: EMPLOYEE RETIREMENT SYSTEM

PLAN DESCRIPTION

The Michigan Public School Employees' Retirement System (System or 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

BENEFITS PROVIDED

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members. A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

CONTRIBUTIONS AND FUNDED STATUS

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

CONTRIBUTIONS AND FUNDED STATUS - CONTINUED

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015, valuation will be amortized over a 21 year period for ORS' 2015 fiscal year.

The schedule below summarizes pension contribution rates in effect for ORS' 2015 fiscal year.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	22.52 - 23.07%
Member Investment Plan	3.0 - 7.0%	22.52 - 23.07%
Pension Plus	3.0 - 6.4%	21.99%
Defined Contribution	0.00%	17.72 - 18.76%

Required contributions to the pension plan from the District were $3,902,621 for the year ended September 30, 2015.

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

	September 30, 2015	September 30, 2014
Total Pension Liability	$ 66,312,041,902	$ 65,160,887,182
Plan Fiduciary Net Position	41,887,015,147	43,134,384,072
Net Pension Liability	$ 24,425,026,755	$ 22,026,503,110

At June 30, 2016, the District reported a liability of $49,411,722 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2014. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2015, the District's proportion was 0.20229956 percent, which was an increase 0.00022956 percent from its proportion measured as of September 30, 2014.

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2014
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.5%
Investment Rate of Return	
- MIP and Basic Plans (Non-Hybrid):	8.00%
- Pension Plus Plan (Hybrid)	7.00%
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
Mortality:	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projected scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the tables were used for males and 70% of the tables were used for females. This assumption was first used for the September 30, 2014, valuation of the System.

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.

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

NET PENSION LIABILITY - NON-UNIVERSITY - CONTINUED

Long-Term Expected Return on Plan Assets - continued

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.9%
Alternative Investment Pools	18.0	9.2%
International Equity	16.0	7.2%
Fixed Income Pools	10.5	0.9%
Real Estate and Infrastructure Pools	10.0	4.3%
Absolute Return Pools	15.5	6.0%
Short Term Investment Pools	2.0	.0.
Total	100 %	

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

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine 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.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.0% (7.0% for the Hybrid Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage 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	$ 63,704,376	$ 49,411,722	$ 37,362,429

NOTE H: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

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

For the year ended June 30, 2016, the District recognized total pension expense of $4,241,815. At June 30, 2016, 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
Differences between expected and active experience	$ -	$ 163,666
Net difference between projected and actual earnings on pension plan investments	252,207	-
Changes of assumptions	1,216,621	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	243,234	-
State aid related to pensions		1,342,175
District's contributions subsequent to the measurement date	4,133,534	-
Total	$ 5,845,596	$ 1,505,841

$4,133,534 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. $1,342,175 reported as deferred inflows of resources under the caption "State Aid related to pensions" will be recognized as an increase to State Aid revenue in the year ended June 30, 2017. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2016	$ 204,120
2017	204,120
2018	138,149
2019	1,002,007

DEFINED CONTRIBUTION PLAN

Benefit provisions of MPSERS also requires the District to contribute to a defined contribution tax-deferred investment account for all eligible employees. The District is required to match 50% of an employee's contributions up to 1% of an employee's salary. The retirement benefits are determined by the final average compensation and years of service with disability and survivor benefits available to members. The District contribution for the year ended June 30, 2016, was $43,540.

NOTE I: 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, 2016, are as follows:

	Health Contribution Rate	
	Basic/MIP	Pension Plus
July 1, 2015 - September 30, 2015	2.20 - 2.71%	2.20 - 2.71%
October 1, 2015 - June 30, 2016	6.40 - 6.83%	6.40 - 6.83%

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
2016	$ 1,093,504	$ 19,768	$ 44,118
2015	579,548	12,674	21,579
2014	1,237,658	8,096	10,909

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.

NOTE K: SUBSEQUENT EVENT

In August 2016, the District received funds from the Michigan Municipal Bond Authority short-term cash flow borrowing program. The loan in the amount of $4,651,898 was for the purpose of funding operating expenditures until the fiscal year 2017 State Aid payments resume. Future anticipated State Aid and other local funds are expected to be sufficient to cover this commitment.

NOTE L: CHANGES IN ACCOUNTING PRINCIPLES

GASB Statement No. 72, *Fair Value Measurement and Application,* was implemented during the year. 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.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was implemented during the year. The statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this statement.

NOTE M: 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.

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.

NOTE M: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

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 N: 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 O: 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 P: UPCOMING ACCOUNTING PRONOUNCEMENTS

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.

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.

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017-2018 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Redford Union School District #1

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	$ 3,215,253	$ 3,431,133	$ 3,790,234	$ 359,101
State sources	22,582,290	25,708,666	25,821,630	112,964
Federal sources	2,045,674	1,972,259	1,872,833	(99,426)
TOTAL REVENUES	27,843,217	31,112,058	31,484,697	372,639
EXPENDITURES				
Current				
Instruction				
Basic programs	11,554,319	13,794,194	13,075,361	718,833
Added needs	4,284,572	4,447,568	4,208,213	239,355
Adult and continuing education	2,751,047	2,539,561	2,289,476	250,085
Total instruction	18,589,938	20,781,323	19,573,050	1,208,273
Supporting services				
Pupil	1,803,630	2,048,885	1,820,667	228,218
Instructional staff	610,587	837,253	783,998	53,255
General administration	448,384	591,549	560,744	30,805
School administration	1,165,818	1,321,063	1,223,494	97,569
Business	643,113	680,579	634,946	45,633
Pupil transportation	1,293,927	1,257,182	1,316,949	(59,767)
Operations and maintenance	2,836,123	2,578,985	2,491,525	87,460
Central support	730,961	577,016	554,544	22,472
Athletics	327,494	333,472	266,516	66,956
Total supporting services	9,860,037	10,225,984	9,653,383	572,601
Community services	130,852	151,301	137,286	14,015
Debt service	14,000	14,000	14,000	-0-
TOTAL EXPENDITURES	28,594,827	31,172,608	29,377,719	1,794,889
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(751,610)	(60,550)	2,106,978	2,167,528

Redford Union School District #1

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Payments from other districts	$ 463,600	$ 439,902	$ 518,070	$ 78,168
Transfers in	825,000	1,029,988	165,255	(864,733)
Transfers out	(71,905)	(49,278)	-	49,278
TOTAL OTHER FINANCING SOURCES (USES)	1,216,695	1,420,612	683,325	(737,287)
NET CHANGE IN FUND BALANCE	465,085	1,360,062	2,790,303	1,430,241
Fund balance, beginning of year	2,432,092	2,432,092	2,432,092	-0-
Fund balance, end of year	$ 2,897,177	$ 3,792,154	$ 5,222,395	$ 1,430,241

Redford Union School District #1

Special Education Center Program Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State sources	$ 2,522,117	$ 2,571,710	$ 2,571,969	$ 259
Federal sources	357,200	375,126	375,126	-0-
TOTAL REVENUES	2,879,317	2,946,836	2,947,095	259
EXPENDITURES				
Current				
Salaries	4,476,937	4,738,001	5,266,055	(528,054)
Fringe benefits	2,915,709	3,353,631	3,217,386	136,245
Purchased services	250,006	177,839	256,869	(79,030)
Supplies	181,941	185,605	229,495	(43,890)
TOTAL EXPENDITURES	7,824,593	8,455,076	8,969,805	(514,729)
EXCESS OF REVENUES (UNDER) EXPENDITURES	(4,945,276)	(5,508,240)	(6,022,710)	(514,470)
OTHER FINANCING SOURCES (USES)				
Payments from other districts	5,816,513	6,169,644	6,169,644	-0-
Transfers out	(871,237)	(661,404)	(146,934)	514,470
TOTAL OTHER FINANCING SOURCES (USES)	4,945,276	5,508,240	6,022,710	514,470
NET CHANGE IN FUND BALANCE	-0-	-0-	-0-	-0-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -0-	$ -0-	$ -0-	$ -0-

Redford Union School District #1

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Michigan Public School Employee Retirement Plan

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

	2014	2015
District's proportion of net pension liability (%)	0.2020700%	0.20229956%
District's proportionate share of net pension liability	$ 44,508,043	$ 49,411,722
District's covered employee payroll	$ 17,106,398	$ 16,721,314
District's proportionate share of net pension liability as a percentage of its covered employee payroll	260.18%	295.50%
Plan fiduciary net position as a percentage of total pension liability	66.20%	63.17%

Redford Union School District #1

SCHEDULE OF CONTRIBUTIONS

Michigan Public School Employee Retirement Plan

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

	2015	2016
Statutorily required contributions	$ 3,777,283	$ 4,877,875
Contributions in relation to statutorily required contributions	3,777,283	4,877,875
Contribution deficiency (excess)	$ -0-	$ -0-
District's covered employee payroll	$ 16,813,295	$ 16,656,975
Contributions as a percentage of covered employee payroll	22.47%	29.28%

NOTE A: MICHIGAN PUBLIC SCHOOL EMPLOYEE RETIREMENT PLAN

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

Changes of assumptions: Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by MPSERS for use in annual pension valuations beginning with the September 30, 2014 valuation. These changes result in an amount shown as deferred outflows of resources as disclosed in Note H to the financial statements.

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, 2016, the District incurred expenditures in excess of the amounts appropriated as follows:

	Amounts Appropriated	Amounts Expended	Variance
General Fund			
Supporting services			
Pupil transportation	$ 1,257,182	$ 1,316,949	$ 59,767
Special Education Center Program Fund			
Current			
Salaries	4,738,001	5,266,055	528,054
Purchased services	177,839	256,869	79,030
Supplies	185,605	229,495	43,890

OTHER SUPPLEMENTARY INFORMATION

Redford Union School District #1

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

June 30, 2016

	Special Revenue	Debt Service		
	Food Service	1997 Bond Issue	2007 Refunding Issue	2009 Bond Issue
ASSETS				
Cash and cash equivalents	$ -	$ 1,429,055	$ -	$ -
Due from other governmental units	72,095	-	-	-
Due from other funds	619,288	53	-	-
Inventory	16,846	-	-	-
TOTAL ASSETS	$ 708,229	$ 1,429,108	$ -0-	$ -0-
LIABILITIES				
Accounts payable	$ 941	$ -	$ -	$ -
Unearned revenue	1,452	-	-	-
TOTAL LIABILITIES	2,393	-0-	-0-	-0-
Inventory	-	-	-	-
Restricted				
Food service	705,836	-	-	-
Debt service	-	1,429,108	-	-
Capital projects	-	-	-	-
TOTAL FUND BALANCES	705,836	1,429,108	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	$ 708,229	$ 1,429,108	$ -0-	$ -0-

Capital Projects	
2009 Bond Issue	Total
$ 74,599	$ 1,503,654
-	72,095
-	619,341
-	16,846
$ 74,599	$ 2,211,936
$ -	$ 941
-	1,452
-0-	2,393
-	-
-	705,836
-	1,429,108
74,599	74,599
74,599	2,209,543
$ 74,599	$ 2,211,936

Redford Union School District #1

Nonmajor Governmental Funds

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

Year Ended June 30, 2016

	Special Revenue	Debt Service		
	Food Service	1997 Bond Issue	2007 Refunding Issue	2009 Bond Issue
REVENUES				
Local sources	$ 241,173	$ 3,398,704	$ -	$ -
State sources	39,716	-	-	-
Federal sources	1,175,523	259,549	-	-
TOTAL REVENUES	1,456,412	3,658,253	-0-	-0-
EXPENDITURES				
Current				
Food service	1,112,265	-	-	-
Debt service				
Principal retirement	-	485,000	-	1,500,000
Interest, fiscal, and other charges	-	384,501	65,200	797,275
Capital outlay	384,322	-	-	-
TOTAL EXPENDITURES	1,496,587	869,501	65,200	2,297,275
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,175)	2,788,752	(65,200)	(2,297,275)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	65,200	2,297,275
Transfers out	(18,321)	(2,362,475)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(18,321)	(2,362,475)	65,200	2,297,275
NET CHANGE IN FUND BALANCES	(58,496)	426,277	-0-	-0-
Fund balances, beginning of year	764,332	1,002,831	-	-
Fund balances, end of year	$ 705,836	$ 1,429,108	$ -0-	$ -0-

Capital Projects	
2009 Bond Issue	Total
$ 152	$ 3,640,029
-	39,716
-	1,435,072
152	5,114,817
-	1,112,265
-	1,985,000
-	1,246,976
3,309	387,631
3,309	4,731,872
(3,157)	382,945
-	2,362,475
-	(2,380,796)
-0-	(18,321)
(3,157)	364,624
77,756	1,844,919
$ 74,599	$ 2,209,543