

New Haven Community Schools

**Financial Report
with Supplemental Information
June 30, 2016**

New Haven Community Schools

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Independent Auditor's Report

To the Board of Education
New Haven Community Schools

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 New Haven Community Schools (the "School District") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise New Haven Community Schools' 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 an opinion 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 New Haven Community Schools as of June 30, 2016 and the respective changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
New Haven Community Schools

Emphasis of Matters

As described in Note 2 to the financial statements, fund balance in the General Fund at June 30, 2016 is an accumulated fund deficit of \$65,100, which is a violation of the State of Michigan Uniform Budgeting and Accounting Act.

Our opinion is not modified with respect to this matter.

Required Supplemental Information

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

Other Information

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

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

To the Board of Education
New Haven Community Schools

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016 on our consideration of New Haven Community Schools' 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 New Haven Community Schools' internal control over financial reporting and compliance.

Plante & Morse, PLLC

September 26, 2016

New Haven Community Schools

Management's Discussion and Analysis

This section of New Haven Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2016. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand New Haven Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the combined Debt Service Funds, and the 2006 Building and Site Fund - with all other funds presented in one column as nonmajor funds. The remaining statement of fiduciary assets and liabilities presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

Other Supplemental Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets 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 revenue and expenses are taken into account regardless of when cash is received or paid.

New Haven Community Schools

Management's Discussion and Analysis (Continued)

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

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

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

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

Governmental Funds - All of the School 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 modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations.

New Haven Community Schools

Management's Discussion and Analysis (Continued)

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

The School District is the trustee, or fiduciary, for one fiduciary fund. The student activity fund represents the activities of the student and parent groups for school and school-related purposes and are considered an Agency Fund. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table I provides a comparative summary of the School District's net position as of June 30:

Table I	Governmental Activities	
	June 30	
	2016	2015
	(in millions)	
Assets		
Current and other assets	\$ 5.7	\$ 6.1
Capital assets	69.8	75.0
Total assets	75.5	81.1
Deferred Outflows of Resources	3.1	1.7
Total assets and deferred outflows of resources	78.6	82.8
Liabilities		
Current liabilities	3.7	3.6
Net pension liability	17.1	15.5
Long-term liabilities	78.6	80.6
Total liabilities	99.4	99.7
Deferred Inflow of Resources	0.6	1.1
Total liabilities and deferred inflows of resources	100.0	100.8
Net Position		
Net investment in capital assets	(5.9)	-
Restricted	0.7	0.8
Unrestricted	(16.2)	(18.8)
Total net position	\$ (21.4)	\$ (18.0)

New Haven Community Schools

Management's Discussion and Analysis (Continued)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$21.4 million at June 30, 2016. Capital assets, net of related debt totaling a negative \$5.9 million, compares the original cost, less depreciation of the Schools 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 assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net position (a deficit of \$16.2 million) was unrestricted.

The \$16.2 million deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. A total of \$17.1 million of this deficit unrestricted net position is the School District's proportionate share of the net pension liability related to the Michigan Public School Employees Retirement System. 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 School District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years 2016 and 2015 (see Table 2).

New Haven Community Schools

Management's Discussion and Analysis (Continued)

Table 2

	Governmental Activities	
	Year Ended June 30	
	2016	2015
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.3	\$ 0.3
Operating grants	2.4	2.6
General revenue:		
Property taxes	7.5	6.6
State aid - Unrestricted	6.6	7.1
Other	0.4	0.3
Total revenue	17.2	16.9
Functions/Program Expenses		
Instruction	6.6	7.0
Support services	4.5	4.8
Athletics	0.1	0.1
Food services	0.5	0.5
Community services	0.2	0.2
Payments to other public schools	0.3	0.2
Interest and other expenses on long-term debt	2.6	3.4
Depreciation (unallocated)	2.0	2.0
Total functions/program expenses	16.8	18.2
Impairment Loss	(3.8)	-
Decrease in Net Position	(3.4)	(1.3)
Net Position - Beginning of year	(18.0)	(16.7)
Net Position - End of year	<u>\$ (21.4)</u>	<u>\$ (18.0)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$16.8 million. Certain activities were partly funded from those who benefited from the programs, \$0.3 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$2.4 million. We paid for the remaining "public benefit" portion of our governmental activities with \$7.5 million in taxes, \$6.6 million in unrestricted state aid, and \$0.4 million of our other revenue (i.e., interest and general entitlements).

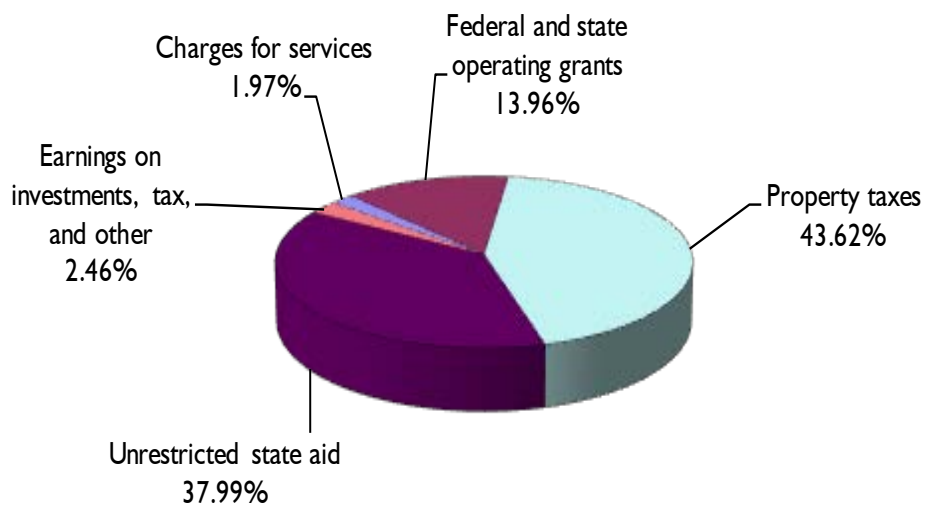
The School District experienced a decrease in net position of \$3.4 million. Key reasons for the change in net position are comprised of a \$5.9 million reduction in net investment in capital assets mainly due to an impairment loss of \$3.8 million (see Note 6 - Notes to financial statements) and board-approved budgetary expenditures. A reconciliation of the changes in net position appears in the basic financial statements.

New Haven Community Schools

Management's Discussion and Analysis (Continued)

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

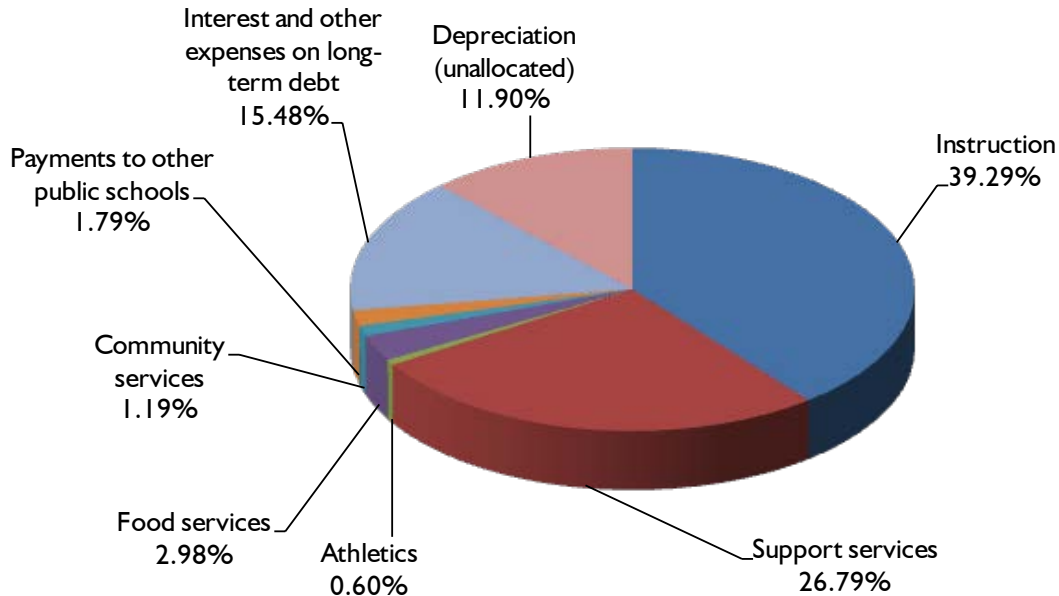
Analysis of Revenue - Governmental Activities Year Ended June 30, 2016



New Haven Community Schools

Management's Discussion and Analysis (Continued)

Analysis of Expenses - Governmental Activities Year Ended June 30, 2016



The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$2.5 million, which is a decrease from last year of \$.3 million. The primary reasons for changes within major funds are as follows:

- In the General Fund, our principal operating fund, the fund balance increased approximately \$231,000, reducing the deficit to approximately \$65,000.
- Combined, the debt service funds showed a fund balance increase of approximately \$43,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service funds fund balances are reserved since they can only be used to pay debt service obligations.
- The combined capital projects funds showed a fund balance decrease of approximately \$.6 million as the School District continued construction projects related primarily to the 2006 bond issue. Bonded capital projects funds balances are reserved for capital projects.

New Haven Community Schools

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

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

- Budgeted revenue increased by approximately \$600,000. State revenue was increased for anticipated increased use of categorical grants. Federal revenue decreased for anticipated decreased use of federal grants. Other financing sources increased for financing of leased buses.
- Budgeted expenditures increased by approximately \$450,000 in anticipation of increased costs associated with retirement benefits.
- The variance between the budgeted and actual revenue was unfavorable by approximately \$310,000. State revenue was unfavorable by \$271,000 mainly due to state categorical use and a decrease in Foundation allowance due to an error in reporting of tax revenue to the State by the County. The favorable variance in expenditures of approximately \$204,000 is mainly attributed to decreased fuel and utility cost in both transportation and operations.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the School District had \$69.8 million invested in a broad range of net capital assets, including land, buildings, vehicles, furniture, and equipment.

	2016	2015
Land	\$ 5,676,624	\$ 5,676,624
Land improvements	1,126,174	1,113,364
Buildings and building improvements	76,362,025	82,222,931
Buses and other vehicles	1,135,211	1,132,568
Furniture and equipment	4,065,147	3,581,139
Total capital assets	88,365,181	93,726,626
Less accumulated depreciation	18,564,958	18,772,751
Net capital assets	<u>\$ 69,800,223</u>	<u>\$ 74,953,875</u>

New Haven Community Schools

Management's Discussion and Analysis (Continued)

This year's reduction of net capital assets of approximately \$5.2 million includes a net impairment loss of \$3.8 million, and depreciation of approximately \$2.1 million. New purchases for land improvements, furniture and equipment, technology, and building renovations as well as capital bus leases comprise the balance of approximately \$.7 million. Existing debt originally issued in 2006 funded all additions with the exception of the buses that are funded from the General Fund.

Several major capital projects are planned for the 2016-2017 fiscal year. We anticipate capital additions will be equal to the amount spent in the 2015-2016 fiscal year. We present more detailed information about our capital assets in Note 6 to the financial statements.

Debt

At the end of this year, the School District had approximately \$72.1 million in bonds outstanding versus \$58.9 million in the previous year - an increase of 22.43 percent. The bonds consisted of the following:

	<u>2016</u>	<u>2015</u>
General obligation bonds	<u>\$ 72,100,000</u>	<u>\$ 58,890,000</u>

The School District's general obligation bond rating from Moody's is Aa1. 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 School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. All of the School District's bonded indebtedness is qualified, not subject to the statutorily imposed bonded debt limit of \$80.0 million.

Other obligations include School Loan Revolving Fund obligations, accrued vacation and sick leave pay, and bond premiums and discounts, totaling \$6.5 million. We present more detailed information about our long-term liabilities in Note 8 to the financial statements.

New Haven Community Schools

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2016-2017 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2016-2017 fiscal year is anticipated to be 10 percent and 90 percent of the February 2016 and October 2016 student counts, respectively. Any change in the blended student count calculation could result in revenue loss for the School District. The 2016-2017 budget was adopted in June 2016, based on an estimate of students that will be enrolled in October 2016. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. The State finalized a school aid bill with a foundation allowance increase from the previous year per pupil of \$120 to \$7,511 for New Haven Community Schools. The budget will be adjusted accordingly in the fall based on the October 2016 audited pupil count.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts.

The School District currently has one union as part of its workforce. The teachers' contract, MEA Local I, was extended through August 2017.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, parents, and investors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office at the Harry L. Wheeler Community Center, 24076 F.V. Pankow Boulevard, Clinton Township, Michigan 48036-1304.

New Haven Community Schools

Statement of Net Position June 30, 2016

	Primary Government <u>Governmental Activities</u>
Assets	
Cash and investments (Note 3)	\$ 1,222,607
Receivables (Note 5)	1,939,045
Inventories	5,150
Prepaid costs and other assets	21,290
Restricted assets (Note 4)	2,495,650
Capital assets (Note 6):	
Assets not subject to depreciation	5,676,624
Assets subject to depreciation - Net	<u>64,123,599</u>
Total assets	75,483,965
Deferred Outflows of Resources	
Deferred charges on bond refunding	1,213,111
Deferred outflows related to pensions (Note 11)	<u>1,842,990</u>
Total deferred outflows of resources	<u>3,056,101</u>
Total assets and deferred outflows of resources	78,540,066
Liabilities	
Accounts payable	359,941
Accrued payroll-related liabilities	1,161,868
State aid anticipation note (Note 9)	1,700,000
Other accrued liabilities	497,757
Unearned revenue (Note 5)	16,665
Noncurrent liabilities (Note 8):	
Due within one year	4,625,291
Due in more than one year	73,967,342
Net pension liability (Note 11)	<u>17,093,694</u>
Total liabilities	99,422,558
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to measurement date	465,435
Deferred inflows related to pensions (Notes 1 and 11)	<u>143,189</u>
Total deferred inflows of resources	<u>608,624</u>
Total total liabilities and deferred inflows of resources	<u>100,031,182</u>
Net Position	
Net investment in capital assets	(5,906,147)
Restricted:	
Debt service	85,801
Capital projects	568,879
Unrestricted	<u>(16,239,649)</u>
Total net position	<u><u>\$ (21,491,116)</u></u>

The Notes to Financial Statements are an
Integral Part of this Statement.

New Haven Community Schools

Statement of Activities Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction	\$ 6,613,562	\$ -	\$ 1,232,363	\$ (5,381,199)
Support services	4,493,988	-	993,973	(3,500,015)
Athletics	154,652	24,937	-	(129,715)
Food services	482,106	119,134	177,828	(185,144)
Community services	200,051	194,693	-	(5,358)
Payments to other public schools	291,932	-	-	(291,932)
Interest on long-term debt	2,030,916	-	-	(2,030,916)
Other debt service expense	543,709	-	-	(543,709)
Depreciation expense (unallocated)	2,067,153	-	-	(2,067,153)
Total primary government	\$ 16,878,069	\$ 338,764	\$ 2,404,164	(14,135,141)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				2,504,915
Property taxes, levied for debt service				5,008,169
State aid not restricted to specific purposes				6,542,135
Interest and investment earnings				11,086
Gain on the sale of capital assets				155,587
Other				256,726
Total general revenue				14,478,618
Impairment Loss				(3,781,853)
Change in Net Position				(3,438,376)
Net Position - Beginning of year				(18,052,740)
Net Position - End of year				\$ (21,491,116)

New Haven Community Schools

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Debt Service Funds	2006 Building and Site	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 1,039,025	\$ -	\$ -	\$ 183,582	\$ 1,222,607
Receivables (Note 5)	1,882,383	-	-	56,662	1,939,045
Due from other funds (Note 7)	112,749	71,979	-	-	184,728
Inventories	-	-	-	5,150	5,150
Prepaid costs	21,290	-	-	-	21,290
Restricted assets (Note 4)	-	491,801	1,996,564	7,285	2,495,650
Total assets	\$ 3,055,447	\$ 563,780	\$ 1,996,564	\$ 252,679	\$ 5,868,470
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 150,257	\$ -	\$ 168,800	\$ 8,264	\$ 327,321
Accrued payroll-related liabilities:					
Salaries payable	609,082	-	-	-	609,082
Payroll-related liabilities	552,786	-	-	-	552,786
State aid anticipation notes (Note 9)	1,700,000	-	-	-	1,700,000
Other accrued liabilities	19,778	-	-	-	19,778
Due to other funds (Note 7)	71,979	-	207	99,250	171,436
Unearned revenue (Note 5)	16,665	-	-	-	16,665
Total liabilities	3,120,547	-	169,007	107,514	3,397,068
Fund Balances					
Nonspendable:					
Inventories	-	-	-	5,150	5,150
Prepaid costs	21,290	-	-	-	21,290
Restricted:					
Capital projects	-	-	1,827,557	7,285	1,834,842
Debt service	-	563,780	-	-	563,780
Food service	-	-	-	132,730	132,730
Unassigned (deficit) (Note 2)	(86,390)	-	-	-	(86,390)
Total fund balances	(65,100)	563,780	1,827,557	145,165	2,471,402
Total liabilities and fund balances	\$ 3,055,447	\$ 563,780	\$ 1,996,564	\$ 252,679	\$ 5,868,470

New Haven Community Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position Year Ended June 30, 2016

Fund Balance Reported in Governmental Funds \$ 2,471,402

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Cost of capital assets	\$ 88,365,181	
Accumulated depreciation	<u>(18,564,958)</u>	69,800,223

Deferred outflows related to pension payments made subsequent to the measurement date 1,332,443

Deferred outflows related to pension investment returns and changes in assumptions are not reported in the governmental funds 510,547

Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:

Bonds payable	(72,103,237)	
Compensated absences	(407,189)	
Discounts and premiums on bonds	(5,416,301)	
Capital lease payable	(665,906)	
Prior year tax overpayment payable	(45,912)	
Deferred interest from refunding bonds	<u>1,213,111</u>	(77,425,434)

Accrued interest payable is not included as a liability in governmental funds (477,979)

Deferred inflows related to revenue in support of pension contributions made subsequent to measurement date are not reported in the governmental funds (465,435)

Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities (17,093,694)

Deferred inflows related to pension investment returns and changes in assumptions are not reported in the governmental funds (143,189)

Net Position of Governmental Activities **\$ (21,491,116)**

New Haven Community Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	General Fund	Debt Service Funds	2006 Building and Site	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 2,719,757	\$ 5,012,567	\$ 73,498	\$ 313,838	\$ 8,119,660
State sources	8,225,771	-	-	18,754	8,244,525
Federal sources	992,328	-	-	374,293	1,366,621
Interdistrict sources	35,367	-	-	-	35,367
Total revenue	11,973,223	5,012,567	73,498	706,885	17,766,173
Expenditures					
Current:					
Instruction	6,793,973	-	-	57	6,794,030
Support services	4,505,205	-	4,120	644	4,509,969
Athletics	172,596	-	-	-	172,596
Food services	-	-	-	486,850	486,850
Community services	9,921	-	-	195,800	205,721
Debt service:					
Principal	102,380	3,245,000	-	-	3,347,380
Interest	22,801	1,722,118	-	-	1,744,919
Other	-	543,709	-	-	543,709
Capital outlay	376,663	-	623,583	6,529	1,006,775
Payments to other public schools (ISDs, LEAs)	291,932	-	-	-	291,932
Total expenditures	12,275,471	5,510,827	627,703	689,880	19,103,881
Excess of Revenue (Under) Over Expenditures	(302,248)	(498,260)	(554,205)	17,005	(1,337,708)
Other Financing Sources (Uses)					
Proceeds from sale of capital asset	146,063	-	-	-	146,063
Payment to escrow agent	-	(68,885,940)	-	-	(68,885,940)
Transfers in	25,500	-	-	1,797	27,297
Transfers out	(1,797)	-	-	(25,500)	(27,297)
Face value of debt issued	363,628	63,800,000	-	-	64,163,628
Premium on debt issued	-	5,626,804	-	-	5,626,804
Total other financing sources (uses)	533,394	540,864	-	(23,703)	1,050,555
Net Change in Fund Balances	231,146	42,604	(554,205)	(6,698)	(287,153)
Fund Balances - Beginning of year	(296,246)	521,176	2,381,762	151,863	2,758,555
Fund Balances - End of year	\$ (65,100)	\$ 563,780	\$ 1,827,557	\$ 145,165	\$ 2,471,402

The Notes to Financial Statements are an Integral Part of this Statement.

New Haven Community Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	(287,153)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense	\$ (2,067,153)	
Capitalized capital outlay	966,093	(1,101,060)
Governmental funds report proceeds from sale of assets as revenue; in the statement of activities, these are recorded net of carrying value of the disposed assets		
		9,524
Revenue is reported in the statement of activities when earned: it is not reported in the funds until collected or collectible within 60 days of year end		
		(188,867)
Long-term borrowings and capital leases provide financial resources to governmental funds, but issuing debt and entering into new capital leases increases long-term liabilities in the statement of activities		
		(64,163,628)
Underwriter's discount/premium and the deferred charge on bond refundings are reported as expenditures/revenue in the funds and amortized in the statement of activities		
		(5,626,804)
Repayment of bond principal, capital leases, and installment note and payments to escrow agents are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		
		72,233,320
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		
		(285,997)
Impairment loss is recorded in the statement of activities when incurred; it is not reported in governmental funds		
		(3,781,853)
Expense related to long-term liability for prior year tax overpayments is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		
		(45,912)
Revenue in support of pension contributions made subsequent to measurement date		
		(465,435)
Change in pension expense related to deferred items		
		269,139
Compensated absences are recorded when earned in the statement of activities. In the current year, more was earned than paid out		
		(3,650)
Change in Net Position of Governmental Activities	\$	(3,438,376)

New Haven Community Schools

Fiduciary Funds Statement of Fiduciary Assets and Liabilities June 30, 2016

	<u>Agency Fund</u>
Assets	
Cash and investments (Note 3)	\$ 213,418
Due from other funds (Note 7)	<u>2,764</u>
Total assets	<u>\$ 216,182</u>
Liabilities	
Due to student activities	\$ 200,126
Due to other funds (Note 7)	<u>16,056</u>
Total liabilities	<u>\$ 216,182</u>

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of New Haven Community Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note I - Nature of Business and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: restricted, committed, assigned, and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note I - Nature of Business and Significant Accounting Policies (Continued)

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

The School District reports the following major governmental funds:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

Debt Service Funds - The Debt Service Funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the various outstanding bond issues.

2006 Building and Site Fund - The 2006 Building and Site Fund is used to account for and report the restricted bond proceeds from the 2006 bond issue and other financial resources that are restricted to expenditures in connection with purchasing/constructing new school buildings, equipment, remodeling, and repairs.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's special revenue funds include the Food Service and Latchkey/Paid Preschool Funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

Capital Projects Funds - Capital projects funds are used to account for all financial resources that are restricted, committed, or assigned for the purchase or the renovation of the School District's buildings or other capital projects. The School District has three Capital Projects Funds, which are the 1997 Building and Site, the 2002 Building and Site, and the 2006 Building and Site Fund as reported above.

Fiduciary Fund - The fiduciary fund is used to account for assets held by the School District in a trustee capacity or as an agent on behalf of others. The School District has one fiduciary fund, the Agency Fund. The Agency Fund is used to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Assets, Liabilities, and Net Position or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for certain investment pools which are stated at amortized cost.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds.” Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” All outstanding balances are expected to be paid within one year.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are due on September 14 or February 14, respectively, with the final collection date of February 28, after which the delinquent real property taxes are added to the county rolls.

Prepaid Costs - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include land, buildings, equipment, furniture, vehicles, and construction in progress, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

Land improvements	20 years
Buildings and improvements	25 to 50 years
Buses and other vehicles	8 years
Furniture and equipment	10 to 20 years

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note I - Nature of Business and Significant Accounting Policies (Continued)

Compensated Absences - The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two types of items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference 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. The second is the deferred outflow related to the pension plan.

In addition to liabilities, the statement of financial position 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 that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows at June 30, 2016 include amounts for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date of \$465,435 and amounts related to the pension plan of \$143,189 (Note 11).

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note I - Nature of Business and Significant Accounting Policies (Continued)

Fund Balance - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education or superintendent, who is authorized the Board of Education to make assignments
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the general fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When different classifications of fund balance are present, it is the School District's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

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

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Pensions - 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Adoption of New Standard - As of June 30, 2016, the School District adopted Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, and No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 79 provides guidance for determining whether certain investment pools can continue to be accounted for using amortized cost. The adoption did not have a significant impact on amounts reported in the financial statements.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except (1) debt service payments for the School District's capital lease bus payments are budgeted for as pupil transportation services and (2) payments to other public schools are budgeted for based on the respective function code that the payment related to. All annual appropriations lapse at fiscal year end.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The budget document presents information by fund, function, and object. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the object level for the General Fund and the function level for special revenue funds. The statement of revenue, expenditures, and changes in fund balances presents capital outlay separately, as required by generally accepted accounting principles. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year. The presentation of capital outlay expenditures differs between the budgetary comparison schedule and the statement of revenue, expenditures, and changes in fund balances as the School District budgets capital outlay expenditures by function.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the School District incurred expenditures in the General Fund which were in excess of the amounts budgeted. The significant variances are as follows:

	Budget	Actual
Basic program	\$ 5,197,091	\$ 5,313,548
Support services - Pupil	916,294	934,254
Support services - School administration	719,500	777,174
Support services - Business services	278,401	345,320
Athletics	155,769	185,631

Fund Deficits - The School District has an accumulated fund balance deficit in the General Fund. The School District will file a revised deficit elimination plan with the State.

Capital Projects Fund Compliance - The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code, with the exception of certain costs determined to be unallowable, which has been addressed in the federal awards report and is disclosed in that report as item 2016-002.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The following is a summary of the revenue and expenditures in these capital projects funds from the inception of the funds through the current fiscal year:

	Capital Projects Funds		
	Building and Site 2006	Building and Site 2002	Building and Site 1997
Revenue and other sources	\$ 51,985,880	\$ 24,859,809	\$ 7,850,030
Expenditures and other uses	(50,140,924)	(24,854,799)	(7,847,755)

Note 3 - Deposits and Investments

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

The School District has designated five banks for the deposit of its funds.

The investment policy adopted by the board has authorized investments as listed in the state statutory authority as listed above.

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

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$2,377,756 had \$2,127,756 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial credit risk.

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

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan Liquid Asset Fund	\$ 231,936	N/A	AAAm	Standard & Poor's
Money market funds	<u>1,430,776</u>	N/A	Aa3	Moody's
Total investments	<u>\$ 1,662,712</u>			

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are in money market funds; these investments are 86.05 percent of the School District's total investments. Michigan Liquid Asset Funds also are more than 5 percent of the School District's investments and account for 13.95 percent of the School District's total investments.

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

Note 4 - Restricted Assets

Restricted assets represent unspent bond proceeds in the bonded capital projects funds and the debt service funds which are required, by law, to be used for specific purposes.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 5 - Receivables and Unavailable/Unearned Revenue

Receivables as of year end for the School District's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Receivables:				
Accounts receivable	\$ 144,665	\$ -	\$ 52,896	\$ 197,561
Due from other governmental units	<u>1,737,718</u>	<u>-</u>	<u>3,766</u>	<u>1,741,484</u>
Total receivables	<u>\$ 1,882,383</u>	<u>\$ -</u>	<u>\$ 56,662</u>	<u>\$ 1,939,045</u>

The majority of the intergovernmental receivable is from the State of Michigan for the July and August state aid payments and from the federal government for grants.

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the School District had unearned revenue of \$16,665 for categorical state aid payments received prior to meeting all eligibility requirements.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 6 - Capital Assets

Capital asset activity of the School District was as follows:

Governmental Activities	<u>Balance July 1, 2015</u>	<u>Additions/ Transfers</u>	<u>Disposals/ Transfers</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated -				
Land	\$ 5,676,624	\$ -	\$ -	\$ 5,676,624
Capital assets being depreciated:				
Land improvements	1,113,364	12,810	-	1,126,174
Buildings and improvements	82,222,931	105,647	5,966,553	76,362,025
Furniture and equipment	3,581,139	484,008	-	4,065,147
Buses and other vehicles	1,132,568	363,628	360,985	1,135,211
Subtotal	88,050,002	966,093	6,327,538	82,688,557
Accumulated depreciation:				
Land improvements	490,501	55,988	-	546,489
Buildings and improvements	16,347,447	1,629,402	2,184,700	15,792,149
Furniture and equipment	1,520,383	279,044	-	1,799,427
Buses and other vehicles	414,420	102,719	90,246	426,893
Subtotal	18,772,751	2,067,153	2,274,946	18,564,958
Net capital assets being depreciated	69,277,251	(1,101,060)	4,052,592	64,123,599
Net capital assets	<u>\$ 74,953,875</u>	<u>\$ (1,101,060)</u>	<u>\$ 4,052,592</u>	<u>\$ 69,800,223</u>

Depreciation expense was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical. Disposals relate to normal disposal of assets which are no longer held by the School District.

Construction Commitments - The School District does not have active construction commitments at year end.

Asset Impairment - Disposals above include an impairment loss of \$3,781,853, on a net basis. After the loss, capital assets reported in the governmental activities as of June 30, 2016 include idle and impaired assets of \$2,755,000. The idle and impaired assets relate to an elementary school no longer used by the School District.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Building and Site	Nonmajor Funds	Fiduciary Fund	
General Fund	\$ -	\$ 207	\$ 96,486	\$ 16,056	\$ 112,749
Fiduciary Fund	-	-	2,764	-	2,764
Debt Service Funds	71,979	-	-	-	71,979
Total	<u>\$ 71,979</u>	<u>\$ 207</u>	<u>\$ 99,250</u>	<u>\$ 16,056</u>	<u>\$ 187,492</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Amounts due between the General Fund and debt service funds relate to the deposit of debt service fund taxes into the General Fund that were transferred back to the debt service funds subsequent to June 30, 2016.

The Food Service Fund transferred funds totaling \$25,500 to the General Fund for current year indirect costs. The General Fund transferred \$1,797 to the School Service Fund for support.

Note 8 - Long-term Debt

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

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 8 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds	\$ 58,890,000	\$ 63,800,000	\$ 50,590,000	\$ 72,100,000	\$ 4,125,000
Trade Academy installment purchase	2,585	-	2,585	-	-
Discount on debt issued	(84,644)	-	(6,536)	(78,108)	(6,536)
Premium on debt issued	525,396	5,626,804	657,791	5,494,409	397,186
School Loan Revolving Fund	17,688,561	-	17,685,378	3,183	-
School Loan Revolving Fund - Accrued interest	2,462,947	340,823	2,803,716	54	-
Employee compensated absences	403,539	3,650	-	407,189	-
Capital lease	684,921	363,628	382,643	665,906	109,641
Total governmental activities	<u>\$ 80,573,305</u>	<u>\$ 70,134,905</u>	<u>\$ 72,115,577</u>	<u>\$ 78,592,633</u>	<u>\$ 4,625,291</u>

Annual debt service requirements to maturity for the above bonds are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 4,125,000	\$ 3,286,406	\$ 7,411,406
2018	7,380,000	2,771,193	10,151,193
2019	7,800,000	2,532,130	10,332,130
2020	8,010,000	2,259,693	10,269,693
2021	8,185,000	1,968,838	10,153,838
2022-2026	21,755,000	6,389,515	28,144,515
2027-2030	14,845,000	1,681,594	16,526,594
Total	<u>\$ 72,100,000</u>	<u>\$ 20,889,369</u>	<u>\$ 92,989,369</u>

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 8 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following:

\$8,300,000 serial bonds due in annual installments of \$50,000 to \$1,425,000 starting May 1, 2020 through May 1, 2028; interest at 4.0 percent to 4.125 percent	\$ 8,300,000
\$20,675,000 serial bonds due in annual installments of \$4,125,000 to \$4,150,000 starting May 1, 2017 through May 1, 2021; interest at 1.38 percent to 2.65 percent	20,675,000
\$43,125,000 serial bonds due in annual installments of \$2,885,000 to \$4,150,000 starting May 1, 2018 through May 1, 2030; interest at 4.0 percent to 5.0 percent	<u>43,125,000</u>
Total bonded debt	<u>\$ 72,100,000</u>

Capital Leases - The School District entered into a lease agreement as lessee for financing the purchase of busses with Tax-Exempt Leasing Corporation in the current year. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates. The School District turned in busses previously acquired as capital leases in connection with the current year lease agreement. The future minimum lease obligations and the net present value are as follows:

Years Ending June 30	Amount
2017	\$ 129,711
2018	339,492
2019	<u>228,903</u>
Total	698,106
Less amount representing interest	<u>32,200</u>
Present value of net minimum lease payments	<u>\$ 665,906</u>

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 8 - Long-term Debt (Continued)

School Loan Revolving Fund - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005, as amended. Interest was charged at a rate of 3.34 - 3.44 percent during the year ended June 30, 2016. Repayment is required when the revenue from the computed millage rate exceeds the amount sufficient to pay debt service on qualified bonds. The School District is required to levy at least 7.0 mills and repay to the State any excess of the amount levied over the bonded debt service requirements. Due to recent legislated changes to the School Loan Revolving Fund program, participating districts are now required to adjust their annual millage rate to amounts between 7.0 and 13.0 mills, depending on a specified formula. Additionally, the School District has been provided a mandatory repayment date of May 1, 2036, although there are no required principal and interest payments each year. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule. As a result of the issuance of the 2015 Refunding bonds, the School District repaid \$20,490,000 towards the outstanding School Loan Revolving Fund balance. The balance at June 30, 2016 is \$3,237.

Advance and Current Refundings - During the current year, the School District issued \$43,125,000 in general obligation bonds with an average effective interest rate of 2.92 percent. The proceeds of these bonds were used to refund \$535,000 of outstanding 2002 Issue Bonds with an average interest rate of 5.23 percent and \$46,810,000 of outstanding 2006 Issue and Refunding Bonds with an average interest rate of 4.75 percent. The net proceeds of \$48,395,940 (after payment of \$355,864 in underwriting fees and insurance) were deposited in an irrevocable trust with an escrow agent and subsequently used to redeem in full the aforementioned bonds. All of the aforementioned refunded bonds were fully redeemed by June 30, 2016. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the School District's long-term obligations. The refunding reduced total debt service payments by \$4,431,449, which represents an economic gain of \$4,289,096.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 8 - Long-term Debt (Continued)

During the current year, the School District defeased \$20,490,000 of Michigan School Loan Revolving Fund debt through the issuance of 2015 Refunding bonds. This defeasance was completed pursuant to terms as outlined by the State of Michigan and resulted in the reduction of debt service of approximately \$1,002,695. In addition, the State of Michigan provided for a General Fund incentive payment to districts that opted to advance refund their School Loan Revolving Fund debt. The economic gain resulting from this transaction approximated \$471,808, which included the School District's General Fund incentive payment. All issuance costs related to the defeasance of this debt were paid by the State of Michigan and the portion of Michigan School Loan Revolving Fund debt defeased has been removed from long-term debt.

Note 9 - State Aid Anticipation Notes

On August 22, 2015, the School District issued state aid anticipation notes in the amounts of \$728,334 and \$971,666. The notes bore interest at 1.08 percent and 1.4625 percent, respectively, and were repaid on August 22, 2016. At June 30, 2016, the School District has recorded accrued interest of \$19,778 related to these notes.

Note 10 - Risk Management

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

The School District participates in the SET-SEG risk pool (the "pool") for property loss, general liability, fleet coverage, and errors and omissions. The pool, organized under Public Act 138, is composed of school districts throughout the State of Michigan who pay annual premiums based on the level of coverage, experience, deductible levels, etc. The pool retains the first \$500,000 coverage for each individual claim with reinsurance for amounts in excess of that amount. In years when premiums exceed the claims and other costs, refunds are given based on a number of criteria, including those mentioned above. Should the pool need additional funding, the pool could also assess the members' additional charges.

The School District also participates in the SET-SEG Self-Insured Workers' Compensation Fund for claims relating to workers' compensation. This fund operates as a common risk sharing management program for school districts in Michigan. Members' premiums are used to purchase commercial excess insurance and to pay member claims in excess of deductible amounts.

The School District contracts with a commercial insurance carrier to provide medical benefits.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 11 - Michigan Public School Employees Retirement System

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

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

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

School District's contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS.

The range of rates are as follows:

School District

October 1, 2014 - September 30, 2015	18.76% - 23.07%
October 1, 2015 - June 30, 2016	14.56% - 18.95%

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School District's required and actual contributions to the plan for the year ended June 30, 2016 were \$1,615,426. The School District required and actual contributions include an allocation of \$465,435 of revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2016.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

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

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

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

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

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

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2016, the School District reported a liability of \$17,093,694 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2015. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2015, the School District's proportion was 0.069984 percent.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

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

For the year ended June 30, 2016, the School District recognized pension expense of \$1,422,258, exclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 56,619
Changes of assumptions	420,883	-
Net difference between projected and actual earnings on pension plan assets	87,250	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	2,414	86,570
The School District's contributions subsequent to the measurement date	<u>1,332,443</u>	<u>-</u>
Total	<u>\$ 1,842,990</u>	<u>\$ 143,189</u>

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

Years Ending June 30	Amount
2017	\$ 25,441
2018	25,441
2019	2,540
2020	313,936
2021	-
Thereafter	<u>-</u>
Total	<u>\$ 367,358</u>

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

New Haven Community Schools

Notes to Financial Statements June 30, 2016

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

Actuarial Assumptions - The total pension liability as of September 30, 2015 is based on the results of an actuarial valuation date of September 30, 2014 and rolled forward:

Actuarial cost method	Entry age normal cost actuarial cost method
Investment rate of return	7.00 to 8.00 percent, net of investment expenses based on the groups
Salary increases	3.50 - 12.3 percent, including wage inflation of 3.5 percent
Mortality basis	RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3 percent annual noncompounded for MIP members

The actuarial assumptions used for the September 30, 2014 valuation were based on the results of an actuarial experience study for the period from October 1, 2007 to September 30, 2012. As a result of this study, the actuarial assumptions were adjusted to more closely reflect actual experience.

Discount Rate - The discount rate used to measure the total pension liability was 7.00-8.00 percent depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

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

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.0 %	5.9 %
Private equity pools	18.0	9.2
International equity pools	16.0	7.2
Fixed-income pools	10.5	0.9
Real estate and infrastructure pools	10.0	4.3
Real return, opportunistic, and absolute pool	15.5	6.0
Short-term investment pools	2.0	-
Total	100.0 %	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the School District calculated using the discount rate of 7.00-8.00 percent, depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.0-7.0 percent) or 1.00 percentage point higher (8.0-9.0 percent) than the current rate:

1.00 Percent Decrease (6.0-7.0 Percent)	Current Discount Rate (7.0-8.0 Percent)	1.00 Percent Increase (8.0-9.0 Percent)
\$ 22,038,153	\$ 17,093,694	\$ 12,925,312

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan - At June 30, 2016, the School District reported a payable of \$293,562 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

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

Postemployment Benefits Other Than Pensions (OPEB) - 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 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 2.2 percent to 2.71 percent of covered payroll for the period from July 1, 2015 to September 30, 2015 and from 6.4 percent to 6.83 percent of covered payroll for the period from October 1, 2015 through June 30, 2016 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403(b) account.

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2016, 2015, and 2014 were approximately \$343,000, \$213,000, and \$389,000, respectively. In addition, a portion ranging from 35-100 percent of the the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

Note 12 - Subsequent Event

On August 22, 2016, the School District issued a state aid anticipation note through the Michigan Municipal Bond Authority in the amount of \$1,500,000 with interest at 1.20 percent, payable August 21, 2017. The note proceeds provided the School District with working capital and are collateralized with future State Aid payments.

New Haven Community Schools

Notes to Financial Statements June 30, 2016

Note 13 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2018.

Required Supplemental Information

New Haven Community Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Under) Over Final Budget</u>
Revenue				
Local sources	\$ 2,900,000	\$ 2,914,283	\$ 2,719,757	\$ (194,526)
State sources	8,112,500	8,496,833	8,225,771	(271,062)
Federal sources	1,098,000	937,914	992,328	54,414
Interdistrict sources	116,000	110,450	35,367	(75,083)
Other financing sources	-	363,628	535,191	171,563
Total revenue	<u>12,226,500</u>	<u>12,823,108</u>	<u>12,508,414</u>	<u>(314,694)</u>
Expenditures				
Current:				
Instruction:				
Basic program	5,216,000	5,197,091	5,313,548	116,457
Added needs	1,765,000	1,762,650	1,563,777	(198,873)
Total instruction	<u>6,981,000</u>	<u>6,959,741</u>	<u>6,877,325</u>	<u>(82,416)</u>
Support services:				
Pupil	859,134	916,294	934,254	17,960
Instructional staff	247,300	251,242	225,234	(26,008)
General administration	460,000	482,410	438,295	(44,115)
School administration	690,000	719,500	777,174	57,674
Business services	235,000	278,401	345,320	66,919
Operations and maintenance	1,393,000	1,369,708	1,239,693	(130,015)
Pupil transportation services	943,000	1,124,829	1,058,311	(66,518)
Central administration	71,011	70,941	59,132	(11,809)
Athletics	150,000	155,769	185,631	29,862
Total support services	<u>5,048,445</u>	<u>5,369,094</u>	<u>5,263,044</u>	<u>(106,050)</u>
Community services	8,755	5,702	9,921	4,219
Outgoing transfers	-	-	1,797	1,797
Debt service	-	146,671	125,181	(21,490)
Total expenditures	<u>12,038,200</u>	<u>12,481,208</u>	<u>12,277,268</u>	<u>(203,940)</u>
Excess of Revenue Over (Under)				
Expenditures	<u>188,300</u>	<u>341,900</u>	<u>231,146</u>	<u>(110,754)</u>
Net Change in Fund Balance	188,300	341,900	231,146	(110,754)
Fund Balance - Beginning of year	<u>(296,246)</u>	<u>(296,246)</u>	<u>(296,246)</u>	<u>-</u>
Fund Balance - End of year	<u>\$ (107,946)</u>	<u>\$ 45,654</u>	<u>\$ (65,100)</u>	<u>\$ (110,754)</u>

New Haven Community Schools

Required Supplemental Information Schedule of New Haven Community Schools' Proportionate Share of the Net Pension Liability Michigan Public School Employees Retirement System Determined as of the Plan Year Ended September 30

	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.06998 %	0.07045 %
School District's proportionate share of the net pension liability	\$ 17,093,694	\$ 15,517,434
School District's covered employee payroll	\$ 5,825,924	\$ 5,836,149
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	293.41 %	266.00 %
Plan fiduciary net position as a percentage of the total pension liability	62.92 %	66.20 %

New Haven Community Schools

Required Supplemental Information Schedule of New Haven Community Schools' Contributions Michigan Public School Employees Retirement System Determined as of the Year Ended June 30

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 1,585,992	\$ 1,259,169
Contributions in relation to the statutorily required contribution	1,585,992	1,259,169
Contribution deficiency (excess)	-	-
School District's covered employee payroll	5,743,807	5,752,258
Contributions as a percentage of covered employee payroll	27.61 %	21.89 %

New Haven Community Schools

Note to Pension Required Supplemental Information Schedules Year Ended June 30, 2016

Benefit Changes - There were no changes of benefit terms for the plan year ended September 30, 2015.

Changes in Assumptions - There were no changes of benefit assumptions for the plan year ended September 30, 2015.

Other Supplemental Information

New Haven Community Schools

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
	Food Service	School Service/ LK&PP	2002 Building and Site	1997 Building and Site	
Assets					
Cash and investments	\$ 148,386	\$ 35,196	\$ -	\$ -	\$ 183,582
Receivables	56,662	-	-	-	56,662
Inventories	5,150	-	-	-	5,150
Restricted assets	-	-	5,010	2,275	7,285
Total assets	<u>\$ 210,198</u>	<u>\$ 35,196</u>	<u>\$ 5,010</u>	<u>\$ 2,275</u>	<u>\$ 252,679</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 8,264	\$ -	\$ -	\$ -	\$ 8,264
Due to other funds	64,054	35,196	-	-	99,250
Total liabilities	72,318	35,196	-	-	107,514
Fund Balances					
Nonspendable - Inventories	5,150	-	-	-	5,150
Restricted:					
Capital projects	-	-	5,010	2,275	7,285
Food service	132,730	-	-	-	132,730
Total fund balances	137,880	-	5,010	2,275	145,165
Total liabilities and fund balances	<u>\$ 210,198</u>	<u>\$ 35,196</u>	<u>\$ 5,010</u>	<u>\$ 2,275</u>	<u>\$ 252,679</u>

New Haven Community Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

	Special Revenue Funds		Capital Projects Fund			Total Nonmajor Governmental Funds
	Food Service	School Service/ LK&PP	1997 Building and Site	2002 Building and Site	Total	
Revenue						
Local sources	\$ 119,134	\$ 194,704	\$ -	\$ -	\$ -	\$ 313,838
State sources	18,754	-	-	-	-	18,754
Federal sources	374,293	-	-	-	-	374,293
Total revenue	512,181	194,704	-	-	-	706,885
Expenditures						
Current:						
Instruction	-	57	-	-	-	57
Support services	-	644	-	-	-	644
Food services	486,850	-	-	-	-	486,850
Community services	-	195,800	-	-	-	195,800
Capital outlay	6,529	-	-	-	-	6,529
Total expenditures	493,379	196,501	-	-	-	689,880
Excess of Revenue Over (Under) Expenditures	18,802	(1,797)	-	-	-	17,005
Other Financing Sources (Uses)						
Transfers in	-	1,797	-	-	-	1,797
Transfers out	(25,500)	-	-	-	-	(25,500)
Total other financing (uses) sources	(25,500)	1,797	-	-	-	(23,703)
Net Change in Fund Balances	(6,698)	-	-	-	-	(6,698)
Fund Balances - Beginning of year	144,578	-	2,275	5,010	7,285	151,863
Fund Balances - End of year	\$ 137,880	\$ -	\$ 2,275	\$ 5,010	\$ 7,285	\$ 145,165

New Haven Community Schools

Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2016

Years Ending June 30	2016 Refunding Principal	2015 Refunding Principal	2007 Refunding Principal	Total
2017	\$ -	\$ 4,125,000	\$ -	\$ 4,125,000
2018	3,255,000	4,125,000	-	7,380,000
2019	3,675,000	4,125,000	-	7,800,000
2020	3,810,000	4,150,000	50,000	8,010,000
2021	3,960,000	4,150,000	75,000	8,185,000
2022	4,150,000	-	75,000	4,225,000
2023	3,525,000	-	900,000	4,425,000
2024	2,950,000	-	1,450,000	4,400,000
2025	2,920,000	-	1,450,000	4,370,000
2026	2,885,000	-	1,450,000	4,335,000
2027	2,960,000	-	1,425,000	4,385,000
2028	2,990,000	-	1,425,000	4,415,000
2029	3,015,000	-	-	3,015,000
2030	3,030,000	-	-	3,030,000
Total principal	\$ 43,125,000	\$ 20,675,000	\$ 8,300,000	\$ 72,100,000
Principal payments due	May 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	4 - 5%	1.38 - 2.65%	4 - 4.125%	
Original issue	\$ 43,125,000	\$ 20,675,000	\$ 8,300,000	\$ 72,100,000