Reeths-Puffer Schools
Muskegon, Michigan

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

www.reeths-puffer.org

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Muskegon, Michigan

Comprehensive
Annual Financial Report
For the year ended
June 30, 2016

Prepared By

Reeths-Puffer Schools
Business Office

Jason Helsen
Director of Finance

Reeths-Puffer Schools

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REETHS-PUFFER SCHOOLS

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October 21, 2016

Dear Board Members and Citizens of Reeths-Puffer Schools:

The Comprehensive Annual Financial Report (CAFR) of Reeths-Puffer Schools (School District) for the fiscal year ended June 30, 2016 is presented for your review. Guided by the Board of Education's commitment to public accountability, detailed financial information relating to the fiscal operation of the School District is presented in this report prepared by the School District's Finance Department. The CAFR is prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Responsibility for the completeness, accuracy and fairness of the information presented rests with the administration and management of Reeths-Puffer Schools.

The report has been prepared following generally accepted accounting principles. We believe the data presented is accurate in all material respects and clearly reflects the financial position and the results of operations of Reeths-Puffer Schools. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

Report Organization

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers. The report is divided into the following major sections:

Introductory Section—The reader is introduced to Reeths-Puffer Schools. Included are facts about the School District, a brief highlight of our curriculum offerings, points of pride, major initiatives undertaken and other information. The introductory section includes this transmittal letter, the School District's organizational chart, a list of School District officials and administrative staff.

Financial Section—The Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements and Notes to Basic Financial Statements are included. These provide an overview for readers who require less detailed information than is contained in the balance of this report. In addition to the basic financial statements, this section includes combining and individual fund supplemental statements and schedules.

Statistical Section—The reader is provided with a 10-year history of financial and demographic data intended to reflect economic conditions, financial trends and the fiscal capabilities of our School District.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The School District's MD&A can be found immediately following the report of the independent auditors.

We, the administration, would like to stress to you, the reader, that we are responsible for both the financial information and representations contained in the financial statements and other sections of this annual report. In preparing the financial statements, it is necessary to make informed estimates and judgments based on currently available information.

Reporting Entity

Reeths-Puffer Schools is a suburban school district, located in northern Muskegon County, covering five townships, plus a portion of the City of Muskegon, in an area affectionately known as "Rocket City". The School District covers approximately 77 square miles and includes the entirety of Laketon Township plus portions of Fruitland, Dalton, Muskegon, and Cedar Creek Townships. The current population is approximately 21,000.

The School District was formed in 1946 by the consolidation of the Reeths School District and Puffer School District. Reeths-Puffer High School graduated its first class in 1959. The School District reached its present boundaries in 1981 after a process of several consolidations and annexations. The roots of the School District extend back to the late 1800s. Reeths-Puffer Schools is a fiscally independent school district governed by a seven-member elected Board of Education.

The School District operated six traditional and three non-traditional instructional facilities in the 2015-16 school year. Pennsylvania Elementary and McMillan Early Childhood Center serve early childhood education needs. Three elementary schools serve grades K through 4: Central Elementary, Twin Lake Elementary, and Reeths-Puffer Elementary. Reeths-Puffer Intermediate School serves grades 5-6, Reeths-Puffer Middle School serves grades 7-8, and Reeths-Puffer High School serves grades 9 through 12. The School District has several support facilities, and also participates in a five-district consortium that runs Duck Creek alternative high school. The student enrollment for 2015-16 was 3,790 students. Student enrollment is projected to drop by 50 students in 2016-17 to 3,740.

School Programs and Major Initiatives

Reeths-Puffer Schools strives to be a leader in instructional excellence and continues to attract new families to the "Rocket City" community. The R-PS curriculum and student programs are guided by the ambitious student achievement goals of the R-P Strategic Plan:

- "No Boundaries, No Limits - Anytime, Anyplace, Any Level Learning"
- "100% Plugged In – Every Child Connected to an 'Out of School', Coordinated, Value-Added Activity"
- "100% of Rocket Graduates are 'College and Career' Aware and Ready"

These standards set high expectations and are based upon the belief that all students can and will succeed. This is punctuated by the bold "23" initiative, which aims to bring the average ACT score of Reeths-Puffer High School graduates up to 23 in order to increase access to higher education opportunities for Rocket alumni.

In response to these goals, opportunities for students have grown, with new clubs, groups, and teams accessible to students of all ages. The School District provides a world language program spanning grades K through 12. Pennsylvania Elementary operates as a public/private partnership that provides innovative early childhood and Kindergarten instruction. McMillan Elementary has become McMillan Early Childhood Center to provide even greater opportunities for more preschool programming for young Rockets. Advanced Placement and dual enrollment opportunities are available to students at the high school looking for challenges. A college readiness program has started at the elementary level, which will feed into students in the secondary grades having a greater awareness of what it takes to be college-and career-ready. The decorated high school band continues to win awards and racked up another state championship in 2015-16.

Accounting Systems and Budgetary Controls

The School District adheres to budgetary policies established by the Board of Education. The Superintendent submits a proposed operating budget to the Board of Education prior to July 1 each year. The operating budget includes proposed expenditures, along with the means of financing them. The level of control is at the functional level. The budget process includes public hearings to obtain taxpayer comments, and a legally adopted Board of Education resolution prior to July 1. The Superintendent and Director of Finance are authorized to transfer budgeted amounts within expenditure functions. Any transfer or revisions that require increases in total expenditures or change the total for any fund must be approved by the Board of Education. The budget is amended throughout the year as needed, with the final amendment always approved prior to June 30.

The budget process is designed to effectively allocate resources to maximize student benefit. One of the key values identified in the School District strategic plan is the open sharing of School District financial information, and as such, transparency is highly valued in the budget communication process.

The School District integrates the budget the accounting system and internal controls. Internal controls are in place to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use, and for maintaining accountability of the assets. Such controls also provide assurance for the reliability of the financial records necessary for producing accurate financial statements. Our budgetary and internal controls adequately safeguard School District assets and provide reasonable assurance that errors or fraud are prevented or can be detected within a timely period.

Independent Audit

The School District’s financial statements were audited by Brickley DeLong, as of June 30, 2016. Their audit was made 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. The financial statements present fairly the financial position of Reeths-Puffer Schools at June 30, 2016.

The independent audit of the financial statements of the District was part of a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

Financial and Capital Planning

The passage of Proposal A in 1994 has resulted in the School District being dependent upon the State of Michigan for the majority of its funding. The School District has ongoing financial planning for operational needs as well as capital asset needs. Major assumptions involved with financial forecasting include student enrollment, state funding, employee wage and benefit costs, and equipment and facility life cycles. Considerable time and energy is spent tracking and forecasting student enrollment, as the vast majority of funding is generated on a per-pupil basis.

Many of the School District's instructional facilities were built between 1948 and 1962. Reeths-Puffer High School was constructed in 1994. Each of the facilities has benefited from significant improvements over the years, which was highlighted most recently by the complete renovation of Reeths-Puffer Middle School using the 2010 Bond. Facility upgrades have been funded through bond capital projects as well as building and site improvement funds set aside on an annual basis.

Economic Environment

Michigan voters approved the state constitutional amendment known as Proposal A in 1994. Funding of school operations shifted dramatically at that time from local property tax revenue to State Aid funding as a result. The School District has seen both increases and decreases in state funding during the time since this change, and it has always dealt with budget challenges responsibly in a manner that puts students at the forefront of the process.

The regional economy in West Michigan has made a slow recovery since the downturn in 2008-2009. The unemployment rate in Muskegon County has tracked the State of Michigan trend. It has declined significantly over the past several years, but it has remained above the level of ten years ago. Property values have followed a similar trend line. Taxable values have declined due to a general decline in property values since the high point of 2007 through 2009, compounded by a significant loss from settlements in favor of the School District's biggest taxpayer, Consumers Energy. Overall, values appear to be stabilizing and slowly increasing after five consecutive years of losses.

School District voters have consistently supported bond issues for capital improvements, most recently in 2009. Muskegon County voters approved a 1 mill technology and security enhancement millage in 2014, which will benefit the School District for years to come.

Certificate of Excellence

The School District first prepared a CAFR at the conclusion of the 2013-14 fiscal year. The School District was successful in earning the Association of School Business Officials (ASBO) Certificate of Excellence for the Comprehensive Annual Financial Report for the year ended June 30, 2015, the second straight year of this achievement. This achievement is a source of pride for both the School Administration and the Board of Education. The vision and leadership of the Board is a necessity for maintaining such high standards for financial reporting. The Administration will again submit this year's report in the hopes of continuing this achievement.

Acknowledgments

The preparation of this report could have not been accomplished without the dedication and effort of the entire Business Services department staff. We would like to express our gratitude and appreciation to all School District employees who assisted in the timely and accurate closing of the School District's financial records and the preparation of this report.

Respectfully submitted,

Steven Edwards Superintendent	Jason Helsen Director of Finance

Reeths-Puffer Schools

Elected Officials and Administrative Staff

2015-16 Board of Education

Kim Kelly, President

Mike Weessies, Vice President

Mary Schaab, Treasurer

Robert DeMuro, Secretary

Doug Brown, Trustee

Kathy Zahl, Trustee

Susan Blackburn, Trustee

2015-16 Administrative Staff

Steve Edwards, Superintendent

Rob Renes, Assistant Superintendent

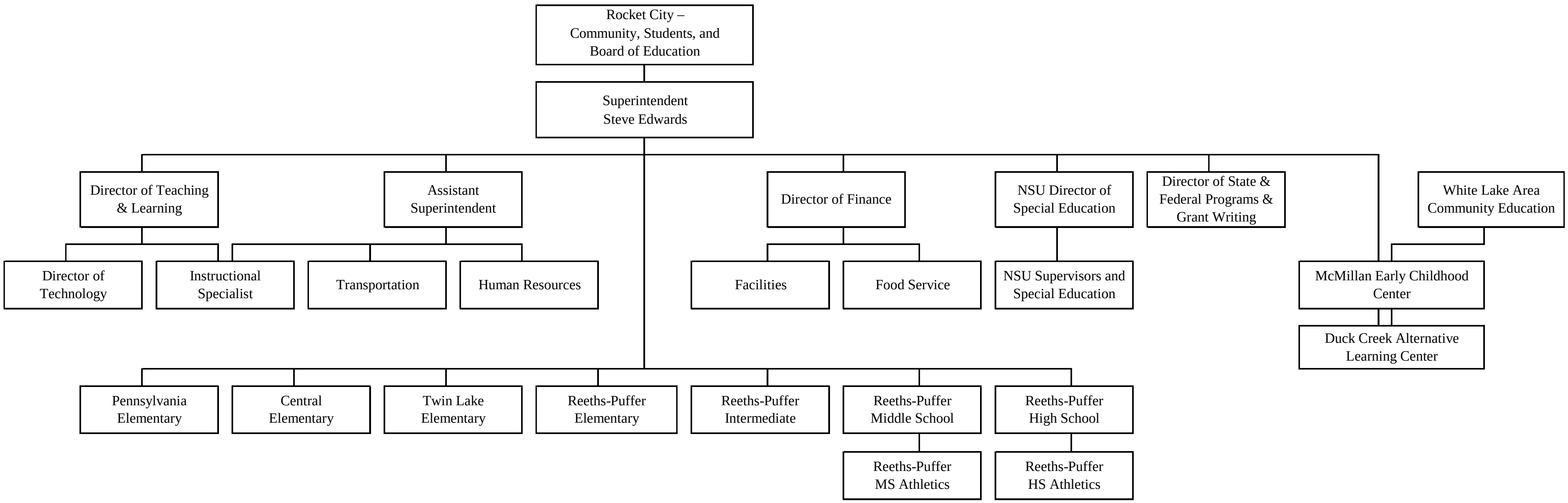
Scott Green, Director of Special Education

Jason Helsen, Director of Finance

Terri Portice, Director of Teaching and Learning

Reeths-Puffer Schools

ORGANIZATIONAL STRUCTURE



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

Reeths-Puffer Schools

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso, CAE, RSBA
Executive Director

INDEPENDENT AUDITOR'S REPORT

October 21, 2016

Board of Education
Reeths-Puffer Schools
Muskegon, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reeths-Puffer 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 the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 Reeths-Puffer Schools as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 12 through 33 and 64 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Reeths-Puffer Schools' basic financial statements. The introductory section, budgetary comparison schedules, combining nonmajor fund financial statements, debt service funds financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section, budgetary comparison schedules, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016, on our consideration of Reeths-Puffer 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 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 Reeths-Puffer Schools' internal control over financial reporting and compliance.

Brickley DeLong, P.C.

Muskegon, Michigan

The management discussion and analysis report for Reeths-Puffer Schools (School District) is intended to assist the reader in focusing on significant financial issues, provide an overview of the School District's financial activity and identify changes in its financial position. This section of the financial statements also identifies all material deviations from the financial plan (initial budgets) and discloses individual fund issues and concerns that exist at the close of the fiscal year.

This information is required by GASB 34 (Governmental Accounting Standards Board's Statement No. 34). GASB 34 requires the presentation of two basic types of financial statements; namely, Government-Wide Financial Statements and Fund Financial Statements.

Overview of the Financial Statements

This annual report consists of seven parts: (1) the introductory section, (2) the independent auditor's report, (3) management's discussion and analysis (this section), (4) the basic financial statements, (5) required supplementary information, (6) other supplemental information, and (7) the statistical section. The financial statements include notes that explain some of the information in the statements by providing detailed data. These statements are followed by a section of required supplementary information that further explains and supports the financial statements, utilizing a comparison to the School District's budget for the year. Additionally, the basic financial statements also include two kinds of statements that present different views of the School District.

Government-Wide Financial Statements

The government-wide statements provide a financial perspective of the School District as a whole. These statements use the "full accrual" basis of accounting. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term expendable resources) with capital assets and long-term obligations, whether they are currently available or not.

The Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid (full accrual accounting). The intent of this statement is to summarize and simplify the information relative to funding received and expenditures made for various district services.

Fund Financial Statements

Fund statements are reported under the "modified accrual" method of accounting. Under this basis of accounting, revenues are recorded when received, except where they are measurable and available within sixty (60) days of the close of the fiscal year. Expenditures are accounted for in the period that goods and services are used in school programs; therefore, major payments during the summer for payrolls and benefits belonging to the year's instructional program are expensed on June 30th. In addition, capital asset purchases are expensed when placed in service and are not shown as assets in these statements. Debt payments made in the fiscal year are shown as expenditures in the current year and future debt obligations are not recorded here.

Fund types include the General Fund, special revenue funds, debt retirement funds, capital projects funds and the agency funds. The General Fund is used to show the operational financial activities of the School District for the fiscal year. The primary funding sources for the General Fund are from local property taxes, state foundation grant per student, state categorical funding for specific programs, federal grants and inter-governmental transfers. Transactions dealing with the school food service program are recorded in the school service fund accounts. The debt service funds are used to record debt payments of principal and interest amounts. Local property tax funds are used to pay the majority of debt, with any unmet needs being covered by the Michigan School Bond Loan Program and Michigan School Loan Revolving Fund. The capital projects funds are used to record the costs associated with the acquisition of land, and construction or improvement of school facilities. The agency funds, known as internal activity funds, are held in a trustee capacity for various student or school related groups' financial transactions. Monies in these funds are not available for general school use.

A new special revenue fund was added in the 2014-15 fiscal year. The Technology and Security fund was added as a non-major fund, effective July 1, 2014. The voters of Muskegon Area ISD approved a 10-year, 1 mill levy to local districts in February 2014 to fund technology and security enhancements. The levy is received countywide and distributed to the eleven districts on a per-pupil basis. Reeths-Puffer began receiving property tax receipts through Muskegon Area ISD starting in July 2014.

The School District's annual allocation is approximately $630,000. As the School District enters the third year of the ten-year millage, we are proud of the accomplishments of this program. The School District has improved school security at all sites, installed a secure entrance at the High School, implemented a new police liaison program, strengthened the technology infrastructure and backbone, and provided for numerous student and staff technology devices. The School District has continued with a successful program that allows teachers and staff to submit requests for technology purchases to support their curriculum and instruction. Future plans include further investments in the School District security systems as well as in instructional classroom technology.

New to the report this year are budgetary comparison schedules covering the special revenue funds of the School District – Food Service Fund and Technology and Security Fund. These comparisons are presented as Other Supplemental Information and are not subject to audit. However, the Board of Education is required by law to adopt a budget for appropriations for those funds. These schedules show the initial budget adopted in June 2015, the final amended budget as of June 30, 2016, and how actual results compared.

Government-Wide Financial Results – Statement of Activities and Changes in Net Position

The net position deficiency shown below is the direct result of the School District using capital appreciation bonds and loans from the Michigan School Bond Loan and School Loan Revolving Funds to finance major facility construction projects over the past several years. Under Michigan School Bond Loan funding programs, the payments against principal and interest costs are delayed to some point in the future; therefore, interest costs compound due to their delayed payment.

The negative impact of funding school projects by utilizing these particular funding methods is further increased by the fact that the facility values associated with the borrowed funds are decreasing each year due to depreciation. These particular funding programs have been available for use by public schools where the community's tax base is insufficient to support the immediate costs of debt associated with meeting current facility needs. The particular capital appreciation bonds the School District has are currently not callable for refinancing at a lower rate.

Furthermore, the net deficiency position of the School District has been exacerbated by the adoption of GASB Statement Number 68, which has greatly increased the long-term liabilities recognized by the School District. The School District's share of the unfunded liability for the MPSERS pension plan as of June 30, 2016, is approximately $54.3 million. The adoption of GASB 68 and the impact of the new statement are explored in more depth in Footnotes I and J.

Statement of Net Postion

	For the Year Ended June 30,	
	2016	**2015**
Assets		
Current assets	$ 14,091,908	$ 12,881,521
Capital assets (net of depreciation)	51,841,095	53,668,495
Total assets	65,933,003	66,550,016
Deferred outflows of resources	7,823,888	6,048,935
Total assets and deferred outflows of resources	73,756,891	72,598,951
Liabilities		
Current liabilities	21,456,125	14,431,912
Long-term liabilities	128,392,084	130,030,618
Total liabilities	149,848,209	144,462,530
Deferred inflows of resources	1,659,531	5,270,910
Total liabilities and deferred inflows of resources	151,507,740	149,733,440
Net Position		
Net investment in capital assets	(2,772,535)	(5,142,029)
Restricted funds	108,879	-
Unrestricted funds	(75,087,193)	(71,992,460)
Net position	$ (77,750,849)	$ (77,134,489)

- Current assets – increased from June 30, 2015 levels. Cash and investments balances are higher at June 30, 2016, with lower Due from Other Governmental Unit receivable balances than a year ago. Timing of receipts from grant draws contributed to this situation.
- Capital assets – net capital assets were reduced by annual depreciation, and capitalized additions were relatively low once again. This resulted in a net decrease.
- Current liabilities – increased significantly from June 30, 2015 levels. The biggest factor in this change was the refinancing of existing debt, resulting in a much larger current portion of long-term debt due within one year, thus moving an amount from long-term liabilities to current liabilities. These three bond refunding issues, while increasing the total principal outstanding temporarily, will save the School District a significant amount in interest expense over the longer term. Besides accrued payroll costs and current portion of long-term debt due within one year, major liabilities in this area include the State Aid loan.
- Long-term liabilities – decreased due to the bond principal payments made in 2015-16. A significant portion of the amount of long-term liabilities recognized on the Statement of Net Position is the main result of the implementation of GASB Statement Number 68. The School District recognized approximately $48 million in long-term pension liability as of June 30, 2015, and over $53 million for the same purpose as of June 30, 2016. This is discussed in greater detail in Footnotes I and J.
- The deficiency in the School District's net position is similar to a year ago, but has grown significantly from several years prior, directly as a result of the adoption of GASB Statement Number 68 and the recognition of the long-term pension liability.

Statement of Activities

	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015
District Wide Revenues		
Program Revenues		
Charges for services	$ 574,338	$ 633,734
Operating grants	9,401,533	10,379,218
General Revenues		
Property taxes	9,233,408	8,246,936
Unrestricted grants	24,199,630	24,187,326
Other revenues	152,150	114,454
Total revenues	43,561,059	43,561,668
District Wide Expenses		
Instruction	24,847,153	24,119,501
Support services	13,688,040	13,085,912
Community services	39,190	35,886
Food services	1,330,804	1,344,246
Athletics	870,495	828,341
Interest on long-term debt	3,360,850	3,777,208
Unallocated depreciation	40,887	40,887
Total expenses	44,177,419	43,231,981
Change in net position	(616,360)	329,687
Net position at beginning of year	(77,134,489)	(77,464,176)
Net position at end of year	$ (77,750,849)	$ (77,134,489)

The change reflected above is a decrease in net position of approximately $950,000, or approximately 1.3% of total assets. Overall, total revenue in 2015-16 was nearly identical compared to 2014-15. One significant area to note is Section 147C funding through the State of Michigan. This subsidy for the MPSERS pension program increased by approximately $528,000 from 2014-15 to 2015-16. This amount is paid back to the State pension system by the School District and does not impact our bottom line. In total, there was an increase in operating grants of approximately $502,000, which clearly shows the impact of 147C. Property tax revenue for debt service increased by nearly $1 million in 2015-16, as the State of Michigan required the School District to increase its levy significantly, from 9.37 mills to 10.82 mills, as a result of the requirements of Public Act 437 of 2012. Restricted grants declined due to deferred inflows required by GASB Statement Number 68, which totaled nearly $1,500,000.

Overall, expenses increased by over $1 million in 2015-16, compared to 2014-15. Instructional spending increased by about $700,000. This is mostly due to the insurance plan year change implemented in 2014-15, and moving back to a full-year baseline cost in 2015-16. Support services spending increased due to several factors. The technology and security fund was implemented in 2014-15, but the School District did not spend its full allocation in the first year. Spending increased in 2015-16 with a focus on classroom technology. In addition, operational spending increased due to investments made in School District grounds and systems, and transportation expenditures increased according to projections, largely as a result of bringing on a significant number of new buses into the School District fleet. Interest costs on long-term debt decreased significantly compared to 2014-15 levels, as a result of bond refinancing. The issues of state funding for public education and student enrollment remain points of concern as they are the two factors responsible for the great majority of the School District's revenue. The School District has made significant operating budget cuts annually to remain fiscally responsible. Future cuts will continue to impact the classroom instructional programs.

Capital Assets

	July 1, 2015	Additions	Deductions	Change in Accumulated Depreciation	June 30, 2016
Land	$ 474,150	$ -	$ -	$ -	$ 474,150
Land Improvements	500,017	-	-	3,007	497,010
Construction in progress	-	222,613	-	-	222,613
Vehicles	502,220	24,335	343,335	(225,595)	408,815
Buildings & improvements	50,604,104	49,860	-	1,810,934	48,843,030
Furniture & equipment	1,588,004	67,335	18,399	241,463	1,395,477
Total	$53,668,495	$ 364,143	$ 361,734	$ 1,829,809	$ 51,841,095

As shown above, capital assets, net of depreciation, decreased in value from July 1, 2015 to June 30, 2016. During 2015-16, the School District again had a low amount of equipment purchases and projects that were capitalized. As 2010 Capital Projects funds depleted several years ago, the School District has found itself with limited resources for capital improvements. Considering annual depreciation, this resulted in a net decrease. For more information on capital assets, please see Note E in the notes to the financial statements.

Debt Obligations

July 1, 2015	Additions	Deductions	June 30, 2016	Current
$87,725,431	$41,760,643	$44,544,971	$ 84,941,103	$10,893,560

The ending balance of debt obligations as of June 30, 2016 is lower than the beginning balance by approximately $2,800,000. Additions shown above represent borrowing from the State of Michigan School Loan Revolving Fund and accreted interest on capital appreciation bonds, as well as Refunding Bonds issued during 2015-16. Reductions in outstanding debt include principal and interest payments made according to bonded debt schedules and bonds refinanced during 2015-16. For more information on debt, please see Note H in the notes to the financial statements.

During the 2015-2016 fiscal year, the School District issued three refunding bonds to refinance outstanding debt at lower interest rates in order to lower costs and pass significant savings along to its taxpayers. The School District issued $5,445,000 in 2015 Refunding Series A tax-exempt bonds in November 2015 in order to refund outstanding 2005 Refunding Bonds and 2010 Build America Bonds. This issue achieved interest savings of over $512,000. The School District issued $27,930,000 in 2015 Refunding Series B taxable bonds to refinance its outstanding School Bond Loan Fund balance at lower interest rates. This issue achieved interest savings of over $2,719,000. In March 2016, the School District issued $5,135,000 in 2016 Refunding Bonds in order to refund the remaining outstanding 2006 Refunding Bonds. This issue achieved interest savings of over $728,000.

General Fund Budgetary Highlights

The State of Michigan's Uniform Budget Act requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. When the budget is prepared each year, several unknown factors exist. Estimates are used for such major items as student count, employee contracts, state aid, staffing, and tax appeals. As a matter of practice and in accordance with Board policy and state law, the School District amends its budget periodically during the fiscal year. These revisions are made in order to deal with changes in revenues and expenditures that become known during the year. During the 2015-16 year, the budget was amended in December 2015 and June 2016.

One of the main assumptions impacting the School District's budget is the revenue received from State of Michigan through the per-pupil foundation allowance. The foundation grant for the 2015-16 year was $7,391. This represented the 2014-15 equity payment of $125 being rolled into the foundation, along with an increase of $140 over the 2014-15 level, distributed on the 2x formula. This represented the first time that state aid had exceeded the 2008-09 level of $7,316 per student. The State of Michigan provided approximately $70 per pupil in available supplemental funds through MPSERS pension offset grant. Student performance funding, best practices grants, and equity payments were available in previous years, but not offered by the State of Michigan in 2015-16. The net increase factoring in all per-pupil sources was about $142 per student above 2014-15 levels.

Revenue adjustments made during the 2015-16 budget process included:

- Pupil count *(December 2015, from Budget Amendment #1, June 2016, from Budget Amendment #2)* – Our 2015-16 K-12 pupil count was approximately 3,756 FTE, or a decrease of about 65 students. This was a negative impact of approximately $488,000 in reduced state funding, compared to our initial 2015-16 budget estimates.
- Increased grant revenue in our Title 1-A and Title 2-A federal grants *(December 2015, from Budget Amendment #1)* – These increases were due to a number of factors, including carryover funds from the 2014-15 grant cycle that were not spent in the prior year. In particular, the Title 1-A carryover amount was larger than past years. Corresponding adjustments were made in our expenditure budgets to account for the additional resources, and no impact on the budgeted bottom line was expected. Federal grants for Title programs represented approximately $950,000 in total, and IDEA federal grants totaled over $1.4 million in the 2015-16 budget.

- Revenue allocations among the Local, Inter-district, and State Sources headings changed slightly *(December 2015, from Budget Amendment #1)* - Property tax revenue was updated based upon the most recent taxable values, and increased revenue from the 18-mill levy meant that a smaller portion of the state aid formula was fulfilled by the State of Michigan. Inter-district revenue decreased to account for the disbanding of the MAISD special education transportation consortium. The District now receives transportation funding directly from the State of Michigan, and this revenue was added to State Sources. The consortium traditionally generated excess revenue, but with increasing special education costs and lower taxable values across the county, there was no longer a surplus being generated, and the decision was made to disband for 2015-16.
- From the Initial Budget in June 2015 to Budget Amendment #2 in June 2016, total revenue decreased by approximately $510,000. The majority of this change was due to the decline in enrollment and corresponding state aid decrease.

The initial expenditure assumptions included a MPSERS base pension rate of 25.78% of payroll, a subsidized MPSERS rate of 10.53% of payroll, an increase in health insurance caps of 2.3% according to PA 152 limits, no wage increases for employees except as already settled according to contracts, and budget reductions of approximately $575,000.

Expenditure adjustments made during the 2015-16 budget process included:

- Increased grant expenditures *(December 2015, from Budget Amendment #1)* – to correspond with increases in Title I-A, Title II-A, and IDEA special education grants listed above. Corresponding adjustments were made in our expenditure budgets to account for the additional resources, and no impact on the budgeted bottom line occurred as a result. The additional resources funded student intervention positions and additional professional development opportunities for staff.
- From the Initial Budget in June 2015 to Budget Amendment #2 in June 2016, total expenditures decreased by approximately $70,000.

The initial budget called for an operating deficit of approximately $182,000, while the final amended budget called for a deficit of approximately $620,000, a change of approximately $438,000, or about 1.2% of annual expenditures. The actual results reflect a deficit of approximately $133,000; a positive swing of approximately $487,000 compared to the final budget amendment, or about 1.3% of the total budget.

2015-16 General Fund

	Initial Budget	Final Budget	Actual
Revenues			
Local revenue			
Local sources	$ 2,986,100	$ 3,055,600	$ 3,037,072
Received from other districts	1,953,000	1,663,000	1,814,924
State revenue	29,554,000	29,179,750	29,312,663
Federal revenue	2,361,866	2,446,982	2,310,714
Transfers and other	106,000	106,000	104,264
Total revenues	$ 36,960,966	$ 36,451,332	$ 36,579,637
Variance of actual from budget	$ (381,329)	$ 128,305	
	-1.0%	0.4%	

2015-16 General Fund

	Initial Budget	Final Budget	Actual
Expenditures			
Instruction	$ 23,590,834	$ 23,404,663	$ 23,147,711
Instructional support	4,423,461	4,640,402	4,548,812
Business and Administration	4,147,380	3,979,716	3,888,679
Maintenance and Operations	2,555,823	2,605,479	2,665,527
Transportation	1,528,837	1,545,437	1,557,082
Athletics	766,007	766,007	791,817
Community, Transfers, and Other	130,719	129,231	112,532
Total expenditures	$ 37,143,061	$ 37,070,935	$ 36,712,160
Variance of actual from budget	$ (430,901)	$ (358,775)	
	-1.2%	-1.0%	
Change in Fund Balance	$ (182,095)	$ (619,603)	$ (132,523)
Variance of actual from budget	$ 49,572	$ 487,080	
Percentage of budgeted expenditures	0.1%	1.3%	

Budget to actual analysis follows:

Revenue

- Local revenues lower than estimated: ($17,000) – Property taxes came in slightly lower than final budgeted estimates, and miscellaneous revenue generated was higher than expected due to irregular items that won't necessarily recur in future years. State revenues higher than estimated: $133,000 – The variance represents less than 0.5% of this category. Several positive state aid adjustments, along with final figures for several grants coming in higher than estimated, led to this positive swing.
- Local revenue sources received from other districts including Act 18 distribution higher than estimated: $152,000 – A large portion of the amounts received in this category are not known until mid-August per the terms of the MAISD Act 18 distribution and special education 'bill-back' procedures. Actual revenue figures, received on August 16, 2016, exceeded year-end expectations by approximately $145,000.
- Federal revenues lower than estimated: ($136,000) – Title I-A, Title II-A, and Title III budgets combined came in approximately $129,000 under approved award amounts. IDEA budgets came in approximately $4,000 under approved award amounts. These grants are reimbursement-based, meaning this variance has no impact on the School District's bottom line. These amounts will be carried over into the 2016-17 year.
- Incoming Transfers and Other Sources lower than estimated: ($3,000) – This category represents indirect cost recovery from the food service fund, as well as irregular or non-recurring items like sale of fixed assets, insurance claim reimbursements, and prior period adjustments. The allowable food service indirect amount was about $8,500 higher than budgeted and is governed by Michigan Department of Education guidelines. Other items came in approximately $12,000 less than estimates, which were based upon historical amounts.
- Revenue higher than budgeted: approximately $128,000 or 0.4% of the $36.5 million budget.

Expenditures

Budget variances in expenditures by functional category are highlighted below.

- Instruction - approximately $257,000 under budget or approximately 1.1% of this category. In 2015-16, the School District used more temporary and substitute staffing relative to years past as a result of high staff turnover after initial staffing was set for the school year. Instructional salaries and benefits were under budget, and contracted services were over budget, due to temporary and substitute teaching staff falling under a third-party contract with Muskegon Area Intermediate School District (MAISD). Combined basic instruction salaries, benefits, and contracted services, representing the total cost of instructional staff including teachers, came in $165,000 under budget, or about 0.92%, on the $17.88 million total. Basic instruction supplies, capital outlay, and miscellaneous combined came in $63,000 under budget, a significant contribution to the overall savings in this area. Inter-district costs in the area of special education came in $58,000 less than the $480,000 estimate. The majority of these costs cover tuition for special education students in regional and center-based programs, and final figures are not received from MAISD until mid-August.
- Pupil and Instructional staff support – approximately $92,000 under budget or 2% of this category. Total pupil support expenditures were within $900, or 0.03%, of the $3.2 million total. The majority of budget savings – almost $88,000 – occurred in purchased services. Approximately $75,000 grant-funded, approximately $65,000 in Title II-A planned carryover. The majority of this savings came in the area of purchased services. About $75,000 of this amount is unspent grant funds that will go into 2016-17 carryover.

- Business and Administration – approximately $91,000 under budget or 2.3% of this category. Salaries and benefits were approximately $14,000 under the $3.2 million budgeted amount, or less than 0.5%. Contracted services savings were approximately $25,000 of over $550,000 budgeted. Approximately $10,000 in office and department supply allocations went unspent. The fees and miscellaneous category comprised the largest savings, as costs came in under budget or were covered through other means, including grants and technology and security fund.
- Operations and Maintenance - approximately $60,000 over budget or 2.3% of this category. Salaries and benefits were approximately $7,000 under budget or about 1.2% of the approximately $611,000 budgeted. Purchased services ran over budget, as the School District made investments in the grounds and physical plant. Supplies and utilities once again came in under budget, as the School District energy efficiency plans continue to pay dividends.
- Transportation - approximately $12,000 over budget or 0.8% of this category. The biggest factors causing this slight overage were the cost of repair parts for the older portion of the School District fleet, and the cost of special education transportation runs. The School District added runs and resources in this area during the school year to address student needs.
- Athletics - approximately $26,000 over budget or 3.3% of this category. Nearly all of the variance was a result of team dues and fees costs greatly exceeded budgeted estimates. Salaries and benefits came in about $8,600 under budget of approximately $600,000, or about 1.4%. Contracted services ran over budget by about $7,900, due to costs of officials.
- Other costs, including community services, interfund transfers, and School District capital outlay – approximately $17,000 under budget or 12.9% of this category. Timing of expenditures within community services local grant funds contributed to this figure. Unspent funds are expected to be spent within 2016-17.

Budget variances in expenditures by object category are highlighted below:

General Fund Expenditures by Object	2015-16 Budget	Percent of total	2015-16 Actual	Percent of total	Variance	Percent of object
Salaries and Wages	$18,209,914	49.1%	$18,108,718	49.3%	$ 101,196	0.6%
Benefits	12,503,100	33.7%	12,318,553	33.6%	184,548	1.5%
Purchased services	3,870,465	10.4%	4,031,117	11.0%	(160,652)	-4.2%
Supplies	1,347,800	3.6%	1,204,149	3.3%	143,651	10.7%
Capital Outlay	67,216	0.2%	53,227	0.1%	13,989	20.8%
Other	1,072,440	2.9%	996,395	2.7%	76,045	7.1%
Total	$37,070,935	100.0%	$36,712,160	100.0%	$ 358,775	1.0%

- Amounts spent on salaries and wages were lower than budgeted, while amounts spent on purchased services were higher than budgeted. This is due to temporary and substitute staffing, which were very high in 2015-16 relative to recent years.

- Amounts spent on employee benefits were under budget by approximately $185,000 for several reasons. FICA taxes and pension costs, comprising over $7,850,000 in employee benefits costs, were within 0.1% of budgeted estimates. Insurance benefit costs were about $144,000 lower than budgeted estimates of approximately $4,100,000. A significant portion of this savings – about $36,000 – came in retiree benefit costs. Medical insurance for active employees came in approximately $94,000 under budget, or about 2.5% of the total. The School District was conservative in the area of benefits estimates, and savings helped cover cost overages in other areas as a result.
- Purchased services costs came in over budget by approximately $161,000. Over half of this variance comes in higher than expected contracted substitute and temporary staffing costs. Much of the remainder is attributable to maintenance and operations costs, addressed in more detail above.
- Supply costs came in approximately $144,000 under budget. Nearly all of this savings comes in non-grant-funded areas of the budget. About $35,000 comes in the area of operations utilities and supplies spending, while much of the remainder comes from instruction and instructional support line items. While the exact reasons for these savings are varied across the School District, this figure supports the idea that district initiatives such as building and classroom fundraising, relationship development with area businesses, and an increased reliance on technology and other non-consumable in the classroom are resulting in cost savings for the School District budget.
- Capital outlay spending has decreased in the General Fund budget over the past several years as the 2010 Bond funds depleted. Spending came in about $14,000 under budget. This is due to several small variances across the School District and aided by the resources that the Technology and Security Fund have provided.
- The other category includes costs such as dues and fees, borrowing and interest costs, special education tuition billings, and software licenses, and it was about $76,000 under budget. The biggest factor was special education tuition billings coming in lower than estimates by $58,000, the majority of which is not known until after June 30 when MAISD 'bill-back' figures are determined.
- Total expenditure savings: $359,000 or 1.0% of the total $37.1 million budget.

General Fund Year-to-Year Comparison of Actual Results

	2016	2015	Difference
Revenues			
Local revenue			
Local sources	$ 3,037,072	$ 3,030,128	$ 6,944
Received from other districts	1,814,924	2,019,160	(204,236)
State revenue	29,312,663	28,532,406	780,257
Federal revenue	2,310,714	2,342,633	(31,919)
Transfers and other Sources	104,264	84,706	19,559
Totals revenues	$36,579,637	$36,009,033	$ 570,604
Expenditures			
Instruction	$23,147,711	$22,748,414	$ 399,297
Instructional support	4,548,812	4,101,865	446,947
Administration	3,888,679	4,091,359	(202,680)
Maintenance	2,665,527	2,626,944	38,583
Transportation	1,557,082	1,400,916	156,166
Athletics	791,817	771,793	20,024
Other costs	112,532	140,854	(28,322)
Total expenditures	$36,712,160	$35,882,145	$ 830,015

In comparing 2015-16 results to 2014-15 results, several things become evident. Total revenues increased by approximately $570,000 or 1.6% from the 2014-15 total. Looking a little closer, we can identify several important factors by category.

- Local revenues showed a very slight increase, a change from recent years as local revenue has consistently declined over several years. The School District is seeing slight increases in property values and corresponding tax revenue.
- Local revenues received from the ISD and other districts decreased by about $204,000 from 2014-15. While MAISD Act 18 distributions exceeded expected levels, the School District did not participate in the MAISD special education transportation consortium, shifting a significant source of revenue from inter-district to state sources.
- State revenues increased due to an increase in the foundation allowance and increased allocation for Section 147C MPSERS Rate Stabilization funding. This program brought in over $2,100,000 for R-PS in 2015-16, but it was paid directly out to the State retirement system, so it did not impact the School District's bottom line.
- Federal revenue decreased by about $32,000, a change of about 1.4%. The School District received similar allocations in Title grants and IDEA special education grants compared to 2014-15.
- Interfund transfers and other sources increased slightly, by about $20,000. Several items in this category are irregular and unpredictable.

Total expenditures increased by approximately $830,000 in 2015-16, or 2.3% higher than 2014-15 levels. As detailed below, about $530,000 of 2015-16 expenditures were due to increased Section 147C MPSERS stabilization costs paid to the state. Without this large amount, 2015-16 is very comparable in total to 2014-15. In terms of a functional breakdown, there are several important factors that we can identify when comparing fiscal years:

- Instructional spending increased by approximately $400,000 from 2014-15 to 2015-16. Two big changes largely contributed to this difference. First, pension costs increased by approximately $308,000 due to the change in rates and increased stabilization costs. Secondly, employee insurance costs increased compared to 2014-15. Since 2015-16 was the year following the insurance plan year change, the School District recognized only 10 months of insurance costs in the previous year, and 2015-16 costs looked higher as a result. These cost increases offset other reductions made.
- Instructional Support costs increased by approximately $447,000. Salaries and wages increased approximately $171,000 in this area, or about 6.9%. One addition in this area was the creation of a Student Services Support Specialist position at Reeths-Puffer Elementary. Other increases were the result of funding the Reeths-Puffer High School attendance officer position through general fund using State of Michigan grant funds, and utilizing the School District's state and federal programs specialist to write grant proposals to support important student and staff initiatives. Benefit costs increased significantly in these areas, as well. Approximately $140,000 of this increase came in the area of pension costs due to the change in rates and increased stabilization costs, an increase of nearly 17%. Nearly $100,000 of this increase occurred in insurance benefit costs, largely due to the impact of the insurance plan year change that occurred in 2014-15. Grant funding greatly impacts spending in this area, and the School District will carry over significant amounts to 2016-17 in several categories.
- Administrative costs decreased by approximately $203,000. One of the big changes in this area for 2015-16 was the conversion from McMillan Elementary to McMillan Early Childhood Center. The School District saved significant money in administrative and operational costs as a result of this move, especially in the areas of salaries, benefits, and purchased services.
- Maintenance costs increased by approximately $39,000. The District made a concerted effort to improve the condition of the grounds of the School District, resulting in larger costs for fertilizer and grounds keeping and higher water bills. In addition, salaries and benefits increased compared to 2014-15. This is combination of pension and insurance rates, along with the fact that the 2014-15 saw several staff off on leave.
- Transportation costs increased by approximately $156,000. This cost increase was anticipated due to the aging bus fleet and need to deal with the high turnover of driving staff. The School District contracted with Dean Transportation to run the School District operations. Final costs were slightly higher than initial estimates, and largely surrounded larger than expected repair costs for the older portion of the bus fleet.
- Athletics spending increased by $20,000. Benefits costs increased by over $15,000, mainly due to pension rates and insurance costs. Lower purchased services costs were offset by increases in supplies and team fee expenditures.
- Other costs decreased by $28,000. This was largely due to lower capital spending for facilities improvements in 2015-16 compared to 2014-15.

General Fund Revenue and Other Financing Sources

Revenues	2015-16	Percent	2014-15	Percent
State revenue	$ 29,312,663	80.1%	$ 28,532,406	79.2%
Federal revenue	2,310,714	6.3%	2,342,633	6.5%
Local sources	3,037,072	8.3%	3,030,128	8.4%
Local from other districts	1,814,924	5.0%	2,019,160	5.6%
Other sources	104,264	0.3%	84,706	0.2%
Total revenues	$ 36,579,637	100.0%	$ 36,009,033	100.0%

As indicated above, funding from the State of Michigan is the School District's largest source of revenue, which accounts for nearly eighty percent of the total budget. Thus, the financial stability of the School District rests primarily with the economic health of the State of Michigan. Local sources increased slightly for the first time in several years. The past several years have shown a decline as property tax revenue fell with the Consumers Energy appeal and subsequent adjustment. Local sources received from other districts decreased significantly due to the discontinuation of the MAISD special education transportation consortium. Other sources increased slightly and often represent special or non-recurring items which can be unpredictable from year-to-year.

General Fund Expenditures by Function

Expenditures	2015-16	Percent	2014-15	Percent
Instruction and Instructional Support	$ 27,696,523	75.4%	$ 26,850,279	74.8%
Business and Administration	3,888,679	10.6%	4,091,359	11.4%
Maintenance and Operations	2,665,527	7.3%	2,626,944	7.3%
Transportation	1,557,082	4.2%	1,400,916	3.9%
Athletics	791,817	2.2%	771,793	2.2%
Community, Transfers, and Other	112,532	0.3%	140,854	0.4%
Total expenditures	$ 36,712,160	100.0%	$ 35,882,145	100.0%

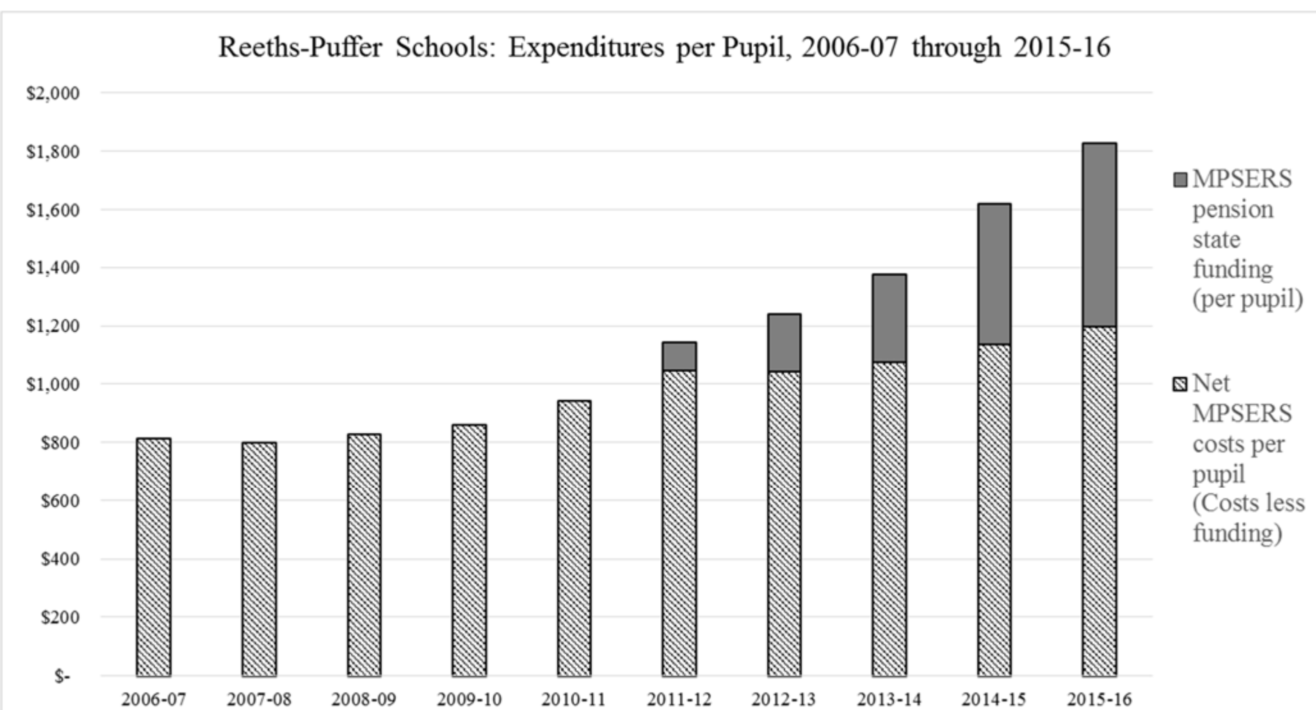
As indicated above, the School District spends over 75% of its budget on direct classroom instruction and instructional support services. It should also be noted that the School District spends 7.3% of its budget or approximately $703 per pupil on maintenance and operation costs and 4.2% or approximately $410 per pupil on transportation of its students.

The Effect of MPSERS Pension Changes

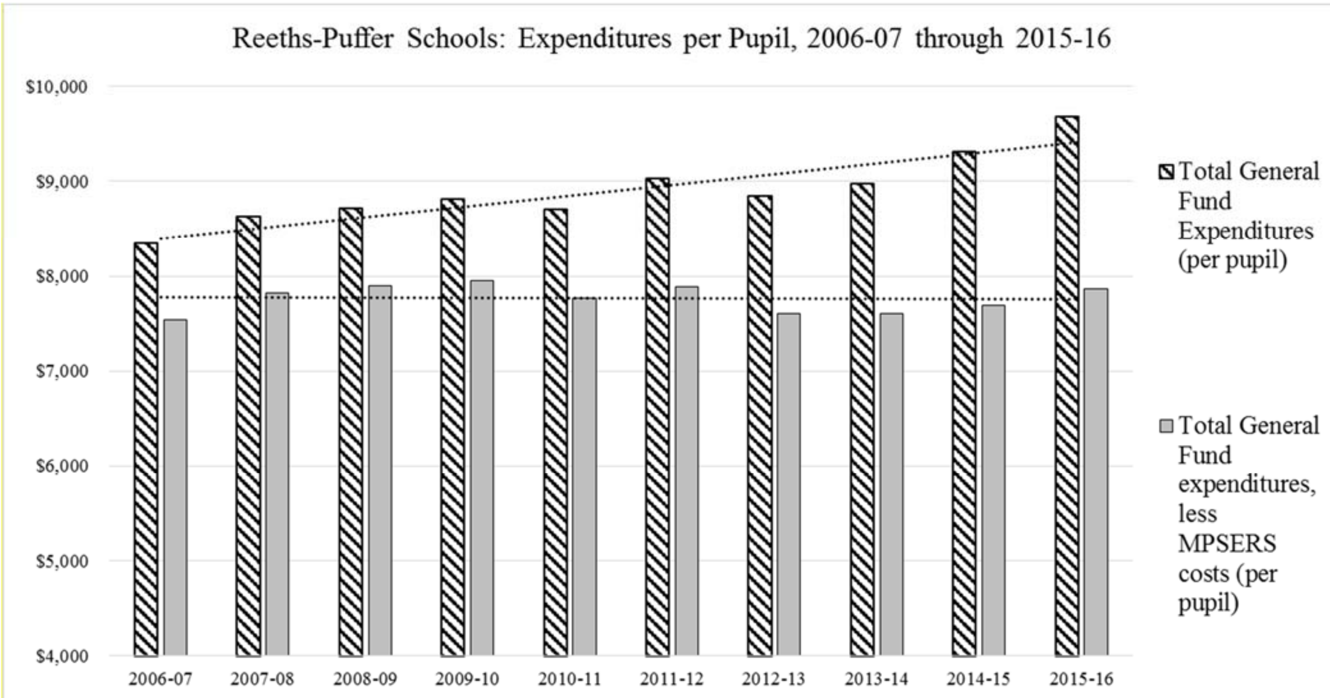
In the 2011-12 fiscal year, the State of Michigan implemented Section 147A MPSERS Offset funding, which provides additional revenue to offset increasing pension costs, without added costs to the School District bottom line. In June 2013, the State announced Section 147C MPSERS Pension Stabilization funding, which provides additional revenue but also increased pension expenditures, leaving no impact on the bottom line. This program increased total revenue and total expenditures substantially. For a short period of time in 2014-15, the State also distributed pension stabilization funds through Section 147D MPSERS One-Time Liability funding. The general fund budget has increased substantially over the last four years as a result of these programs, as shown in the table below:

Fiscal Year:	2011-12		2012-13		2013-14		2014-15		2015-16	
State Aid Section & Description	Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll
147A - "MPSERS Offset"	$ 364,749	2.0%	$ 388,080	2.2%	$ 247,745	1.4%	$ 254,922	1.4%	$ 263,761	1.4%
147C - "MPSERS Stabilization"	-	0.0%	367,581	2.1%	916,655	5.1%	1,565,454	8.6%	2,130,329	11.5%
147D - "MPSERS One-time Liability"	-	0.0%	-	0.0%	-	0.0%	45,505	0.2%	-	0.0%
Total	$ 364,749	2.0%	$ 755,661	4.2%	$ 1,164,401	6.4%	$ 1,865,882	10.2%	$ 2,394,090	12.9%

These amounts, while helping the School District deal with skyrocketing pension costs and rates that have more than doubled in recent years, have inflated School District costs as well. The total per-pupil pension obligation of the School District has more than doubled over the past ten years, and the net cost for 2015-16 was $1,195 per pupil. In 2014-15, this figure was $1,137, and five years ago, it was $942 per pupil. This trend over the last ten years is illustrated on a per-pupil basis in the graph below.



Without the additional funding and extra expenditures, the School District's total General Fund budget would be closer to $35 million in 2015-16 instead of approximately $37 million. The impact, shown in the graph below, is that while the School District is spending more per-pupil in total, there is larger portion is going back into the State of Michigan MPSERS pension system. This means there is a flat or declining amount of resources that can be devoted to employee salaries, insurance benefits, supplies, and purchased services.



Other Governmental Funds - June 30, 2016

	Technology and Security	Food Service	Debt Service	Building and Site
Beginning Balance	$ 129,798	$ 289,194	$ 280,845	$ 508,741
Revenues	632,282	1,376,113	18,400,291	82,074
Expenditures	674,015	1,419,219	18,252,551	272,473
Ending Balance	$ 88,065	$ 246,088	$ 428,585	$ 318,342

As shown above, the School District accounts for portions of its operations in separate funds from the General Fund. Generally, the classifications shown above are required by law. Each area shown above retains a healthy, appropriate amount of fund balance at June 30, 2016. More detail on each fund or fund type shown above is available in the other supplemental information section of the CAFR.

Currently known facts, decisions, and conditions affecting the 2016-17 School Year

2016-17 Initial General Fund Budget (June 2016 Budget Hearing)

The adopted budget for the 2016-17 fiscal year projects a deficit of $48,000. This budget will be amended to reflect updated factors such as foundation grant information, actual student counts, and final staffing levels. This budget is based upon certain assumptions as well as a net of $900,000 in estimated reductions. The main assumptions for the 2016-17 budget are:

- State Aid Revenue – funding is based upon the conference committee report, which at the time of printing has been approved by both House and Senate, and is expected to be signed into law by the Governor. This is how this year's budget will affect our District:
  - Foundation Allowance – a 2x formula increase is expected to yield the District an increase of $120 per pupil, making the projected 2015-16 foundation allowance $7,511 per pupil. While this is the highest that the foundation allowance has ever been in nominal dollars, it's still below the level of the year 2000 when adjusted for inflation. This will result in an increase of approximately $450,000 in state aid for the 2016-17 year.
  - At-Risk Section 31A – the 2015-16 state budget brought a significant increase in At-Risk funding. The District expects to receive a similar allocation in 2016-17, or approximately $1 million. Existing supplemental instructional and student service positions, as well as early elementary literacy initiatives, are the main objectives in this grant.
  - Technology Readiness Infrastructure Grant (TRIG) – has been discontinued in the 2016-17 grant. This is a loss of approximately $30,000. The District has received this grant for the last two years, and it has assisted with online testing readiness, purchase of technology devices, and helped pay for network services.
- Pupil Count – a loss of 50 students is projected for 2016-17. Resources used in developing this projection include outside enrollment projections, historical enrollment counts, local birth rates, and current enrollment trends. The projected K-12 pupil count for 2016-17 is 3,706. This decrease represents a loss of approximately $375,000 in state aid.
  - In addition to our traditional K-12 count, Reeths-Puffer will continue to keep our students in the Duck Creek alternative ed program on our rolls (currently about 34 student fte). In doing so, we retain state aid count for these students, and we will pay WLACE for program costs. The result is a projected total student count of approximately 3,756 students.
- MPSERS Pension Revenue and Expenditures:
  - Pension rates are projected to decrease for 2016-17. The base pension rate will go from 25.78% to 24.94%. This change results in approximately $130,000 in reduced expenditures district-wide. Despite this decrease, total pension expenditures are projected to be nearly $6.6 million in the 2016-17 budget. This represents nearly 18% of our total general fund expenditures.

    - Section 147C Stabilization – this is the state-funded "in & out" portion of the MPSERS pension program. Initial rates suggest a small increase, but the final allocation will not be known until November 2016. We have included 147C revenue and expenditures at the same level as 2015-16, or approximately $2,130,000. Since final figures depend on payroll amounts reported statewide, this amount could increase or decrease slightly. This amount equates to $562 per pupil that is received from the State of Michigan and passed right back to the pension program. Without it, our pension rate could easily exceed 36% of payroll. This amount represents about 5.8% of our total general fund budget. This expenditure category alone is expected to account for almost $200,000 of grant-funded expenditures. While the benefit of the state offset is undeniable, this makes grant budgeting more challenging.
    - MPSERS offset section 147A – this is expected to remain at the same level in the 2015-16 budget, helping to offset total pension costs. The District receives approximately $260,000 per year, which equates to about $69 per pupil.
- Grant Revenue Assumptions:
    - Title I-A – Our initial allocation is down from 2015-16, and projected carryover available is much less than a year ago as well. The total projected decrease is approximately $150,000. Projected staffing levels remain very similar. We are able to use federal Title II-A funds and State of Michigan 35e Early Literacy Grant to fund a portion of our reading and math specialists.
    - Title II-A – Our initial allocation is very similar to 2015-16, and available carryover is significant due to unspent contracted services and professional development. The projected total available is very similar to 2015-16. Projected contracted services and professional development costs have been reduced, and the District will use this to fund some of the staffing costs that have traditionally been covered by Title I-A.
    - Title III – This was a new grant source for 2015-16, with approximately $11,000 available. Final amount available for 2016-17 is not yet known, so a continuation budget is included in this recommendation. Any adjustments needed in 2016-17 will be made in the future and will likely be minimal.
    - IDEA – Per-student allocations passed through MAISD have been reduced slightly, partially due to great HI and VI student needs across the county. In addition, our year two carryover allocation is lower in 2016-17 than in 2015-16. Expected revenue has been adjusted, and staffing and other cost adjustments have been made in the 2016-17 budget.
    - State of Michigan Section 35e Early Literacy – this was a new grant source for 2015-16, bringing in approximately $45,000. The District has deferred this revenue to the 2016-17 budget, to help pay for a reading specialist position. Availability of this grant for 2016-17 is not known at this time.
- Staffing – this budget projects a reduction of approximately 5 teaching positions, with reductions mostly made through attrition. In addition, there are a significant number of retirements that are projected to result in 2016-17 cost savings. This budget is based all known placements as of June 10, 2016. Administration has made a concerted effort to identify and communicate placements before the close of the 2015-16 school year.

- Compensation – salaries and wages are included at projected amounts. If there is not a change identified through settled contracts, then amounts included in this budget are flat compared to 2015-16 amounts. Contracts with R-P OPPA and R-P MTFS are in place for the 2016-17 year, and call for small increases in wages. The R-PEA contract will expire in summer 2016, and the impact of the mid-year step granted in March 2016 as part of the 2014-2016 master agreement is recognized at a cost increase of approximately $150,000. Total salaries and wages for the District are budgeted at nearly $18 million, or slightly less than 50% of our total general fund expenditures.
- Insurance benefits – insurance costs have been increased by 2.5%, or the allowable percentage increase under PA 152. For R-P OPPA and R-P MTFS plans, contracts are in place that dictate the caps to be used for 2016-17. For R-PEA, the contract is up for negotiations. Total insurance benefits are projected at approximately $4.2 million, or over 11% of general fund expenditures.
- Transportation – the District is entering the second year of a transportation contract to Dean Transportation. Program costs for 2016-17 will increase slightly over 2015-16 levels. Projected costs are based upon the contract amounts agreed upon in June 2015, and a small increase is expected for an increased number of school days in 2016-17.
- Review of all other known factors, including staffing assignments and major contracts, have resulted in slight changes in other areas of the budget compared to the 2015-16 baseline. Reductions of one-time costs have been made in several areas to save approximately $40,000.

Factoring in all the above assumptions leaves us with approximately $36.32 million in revenue and $36.37 million in expenditures for a projected spending deficit of $48,000. Our projected beginning fund balance for 2015-16 is approximately $2.28 million, or 6.2% of annual expenditures, and this initial budget will take us to approximately $2.23 million, or 6.1% of annual expenditures, at the conclusion of the 2016-17 year.

Consumers Energy Property Tax Appeal and Effects of Public Act 437 of 2012

In October 2011, the School District became aware of significant property tax appeals entered into by Consumers Energy, the largest taxpayer in the School District. On June 26, 2012, the City of Muskegon and Consumers Energy entered into a stipulation agreement that resulted in paybacks of over $4.5 million in property tax refunds to Consumers. Of this total, nearly $2 million was the responsibility of Reeths-Puffer Schools. Payments were made during 2012-13 to clear the School District of liabilities that were previously accrued. Over $1.36 million in operating tax refunds was paid in August 2012, with the remainder of approximately $635,000 paid in January 2013.

Current and future taxable values have been negotiated between the City of Muskegon and Consumers Energy, with the total Consumers value in the Reeths-Puffer School District declining from over $77 million in 2012, to approximately $25.8 million as of June 30, 2016. The impact of these declines, along with the implementation of Public Act 437 of 2012, have forced the School District to increase tax rates.

Public Act 437 of 2012 requires a recalculation of the School District's millage rate since the School District participates in the School Bond Loan Fund. This recalculation is used to gauge compliance with the mandatory loan repayment date (MLRD), which occurs in the year 2033. A significant taxable value loss such as this puts the School District in MLRD non-compliance and requires a millage increase.

The millage rate for 2014-15 was increased by 1.0 mills to 9.37 mills, or an 11.49% increase, equal to the loss in taxable values experienced over the past five years. For 2015-16, a slight taxable value increase was experienced by the School District. This increase forced the School District to gain compliance with the MLRD, meaning an even bigger increase to 10.82 mills. For 2016-17, the School District is fortunate to be able to reduce the millage rate to 10.39 mills. Obviously, this is still a much higher rate than the historical levy.

As of June 30, 2016, the School District has refinanced three of four possible bond issues, and is pursuing refinancing opportunities on the fourth in 2016-17 to try to reduce interest costs on long-term debt. Administration is hopeful that taking advantage of these refinancing opportunities will help mitigate any potential future millage increases and will help the School District reduce the millage rate in the longer term.

Post-Retirement Benefits

The School District has a post-retirement benefit plan, created as a result of clauses in the collective bargaining agreement with the R-PEA, which guarantees certain insurance payments for up to ten years after retirement from the School District. In 2015-16, the School District utilized a pay-as-you-go method and recognized approximately $152,000 in costs. Per the actuary analysis, the School District should have contributed approximately $235,000 as the required annual contribution, to offset increasing costs and keep the liability from increasing. The total estimated current liability in present value dollars is $1,156,047. This means if the program were discontinued today and no new members joined, this would be the cost for the School District to pay its current members. Per GASB regulations, the School District is not required to recognize this liability or the required annual contribution in the General Fund financial statements. This liability is recognized in the government-wide Statement of Net Position. The costs of this plan and the unfunded liability are projected to continue to increase in 2016-17 and beyond. The School District will have to make a decision on how to fund this liability and deal with these costs. While changes have been made to the program to reduce future costs of the program, discontinuing this program may prove difficult, as the majority of its entrants and the related costs come from a negotiated union contract. Another option may involve creating an internal service fund and setting funds aside on an annual basis to fund the increase in the liability. This would require appropriation of additional General Fund money not currently in the budget and would likely result in decreasing the General Fund balance until contributions catch up with the retiree insurance liability. For more information, see Note J in the footnotes to these financial statements.

Employee Contracts (MEA affiliates)

As of the report date, all organized labor groups are under contract for the 2016-17 year with settled contracts. The certified staff contract (teachers and professional instructional support) was ratified in September 2016, and expires August 15, 2018. The contract with the maintenance/food service/transportation group expires June 30, 2018. The contract with the secretarial/para-professional group expires June 30, 2018.

Requests for Information

This financial report is designed to provide the School District's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show how the School District accounts for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jason Helsen, Director of Finance, Reeths-Puffer Schools, 991 W. Giles Road, Muskegon, Michigan 49445, telephone number (231) 719-3110.

Reeths-Puffer Schools
STATEMENT OF NET POSITION
June 30, 2016

	Governmental activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 6,927,990
Receivables	96,794
Due from other governmental units	7,018,431
Inventories	11,711
Prepaid items	36,982
Total current assets	14,091,908
Noncurrent assets	
Capital assets, net	
Nondepreciable	1,156,783
Depreciable	50,684,312
Total noncurrent assets	51,841,095
Total assets	65,933,003
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	471,700
Related to pensions	7,352,188
Total deferred outflows of resources	7,823,888
Total assets and deferred outflows of resources	73,756,891
LIABILITIES	
Current liabilities	
State aid loans	6,000,000
Accounts payable and accrued liabilities	3,771,519
Due to other governmental units	726,815
Unearned revenue	64,231
Bonds and other obligations, due within one year	10,893,560
Total current liabilities	21,456,125
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	74,047,543
Net pension liability	54,344,541
Total noncurrent liabilities	128,392,084
Total liabilities	149,848,209
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,659,531
Total liabilities and deferred inflows of resources	151,507,740
NET POSITION	
Net investment in capital assets	(2,772,535)
Restricted for debt service	108,879
Unrestricted	(75,087,193)
Total net position	**$ (77,750,849)**

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	**Expenses**	**Program Revenue** — **Charges for services**	**Program Revenue** — **Operating grants and contributions**	**Net (Expense) Revenue and Changes in Net Position** — **Governmental activities**
Governmental activities				
Instruction	$ 24,847,153	$ -	$ 5,240,889	$ (19,606,264)
Support services	13,688,040	35,021	3,125,214	(10,527,805)
Community services	39,190	-	26,910	(12,280)
Food services	1,330,804	401,362	968,407	38,965
Athletics	870,495	137,955	-	(732,540)
Interest on long-term debt	3,360,850	-	40,113	(3,320,737)
Unallocated depreciation	40,887	-	-	(40,887)
Total governmental activities	**$ 44,177,419**	**$ 574,338**	**$ 9,401,533**	(34,201,548)
General revenues				
Property taxes				9,233,408
Grants and contributions not restricted to specific programs				24,199,630
Investment earnings				19,703
Miscellaneous				120,237
Gain on sale of capital assets				12,210
Total general revenues				33,585,188
Change in net position				(616,360)
Net position at beginning of year				(77,134,489)
Net position at end of year				**$ (77,750,849)**

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools
BALANCE SHEET
Governmental Funds
June 30, 2016

	General Fund	2015 Refunding Bonds Series B	Other governmental funds	Total governmental funds
ASSETS				
Cash and cash equivalents	$ 5,382,023	$ 11,426	$ 1,534,541	$ 6,927,990
Receivables	89,794	-	7,000	96,794
Due from other governmental units	7,015,355	-	3,076	7,018,431
Due from other funds	236,752	868	130,296	367,916
Inventories	-	-	11,711	11,711
Prepaid items	36,982	-	-	36,982
Total assets	**$ 12,760,906**	**$ 12,294**	**$ 1,686,624**	**$ 14,459,824**
LIABILITIES				
State aid loans	$ 6,000,000	$ -	$ -	$ 6,000,000
Accounts payable	216,785	-	228,958	445,743
Accrued liabilities	2,993,776	-	-	2,993,776
Due to other governmental units	726,815	-	-	726,815
Due to other funds	11,011	-	356,905	367,916
Unearned revenue	44,550	-	19,681	64,231
Total liabilities	9,992,937	-	605,544	10,598,481
FUND BALANCES				
Nonspendable				
Inventories	-	-	11,711	11,711
Prepaid items	36,982	-	-	36,982
Restricted				
Debt service	-	12,294	428,585	440,879
Food services	-	-	234,377	234,377
Technology	-	-	88,065	88,065
Committed for capital projects	-	-	318,342	318,342
Assigned to subsequent year's budget appropriations	48,333	-	-	48,333
Unassigned	2,682,654	-	-	2,682,654
Total fund balances	2,767,969	12,294	1,081,080	3,861,343
Total liabilities and fund balances	**$ 12,760,906**	**$ 12,294**	**$ 1,686,624**	**$ 14,459,824**

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools

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

June 30, 2016

Total fund balances—governmental funds		$ 3,861,343
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and are not reported in the governmental funds.		
Cost of capital assets	$ 79,750,083	
Accumulated depreciation	(27,908,988)	51,841,095
Deferred charges on refunding are not capitalized and amortized in the governmental funds.		
Deferred charges on refunding	761,815	
Accumulated amortization	(290,115)	471,700
Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds.		
Deferred outflows of resources - related to pensions	7,352,188	
Deferred inflows of resources - related to pensions	(1,659,531)	5,692,657
Accrued interest in governmental activities is not reported in the governmental funds.		(332,000)
Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.		(139,285,644)
Net position of governmental activities		**$ (77,750,849)**

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Governmental Funds

For the year ended June 30, 2016

	General Fund	2015 Refunding Bonds Series B	Other governmental funds	Total governmental funds
REVENUES				
Local sources				
Property taxes	$ 2,745,642	$ 232,979	$ 6,230,701	$ 9,209,322
Received from other districts	1,814,924	-	632,282	2,447,206
Investment earnings	13,442	127	6,134	19,703
Fees and charges	172,976	-	401,362	574,338
Other	106,586	-	13,305	119,891
Total local sources	4,853,570	233,106	7,283,784	12,370,460
State sources	29,312,663	868	89,889	29,403,420
Federal sources	2,310,714	-	941,849	3,252,563
Total revenues	36,476,947	233,974	8,315,522	45,026,443
EXPENDITURES				
Current				
Instruction	23,147,711	-	-	23,147,711
Support services	13,451,917	-	674,015	14,125,932
Community services	39,346	-	-	39,346
Food services	-	-	1,330,659	1,330,659
Debt service				
Principal	-	27,675,000	3,379,381	31,054,381
Interest and other charges	-	263,387	3,486,182	3,749,569
Bond issuance costs	-	129,315	100,190	229,505
Capital projects	-	-	272,473	272,473
Total expenditures	36,638,974	28,067,702	9,242,900	73,949,576
Excess (deficiency) of revenues under expenditures	(162,027)	(27,833,728)	(927,378)	(28,923,133)
OTHER FINANCING SOURCES (USES)				
Other transactions	1,920	-	-	1,920
Transfers in	88,560	-	74,966	163,526
Transfers out	(73,186)	-	(90,340)	(163,526)
Loan proceeds	-	41,707	715,067	756,774
Proceeds of refunding bonds	-	27,930,000	11,385,205	39,315,205
Discount on refunding bonds	-	(125,685)	(56,597)	(182,282)
Payment to refunded bond escrow agent	-	-	(11,228,421)	(11,228,421)
Proceeds from sale of capital assets	12,210	-	-	12,210
Total other financing sources	29,504	27,846,022	799,880	28,675,406
Net change in fund balances	(132,523)	12,294	(127,498)	(247,727)
Fund balances at beginning of year	2,900,492	-	1,208,578	4,109,070
Fund balances at end of year	**$ 2,767,969**	**$ 12,294**	**$ 1,081,080**	**$ 3,861,343**

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools

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

For the year ended June 30, 2016

Net change in fund balances—total governmental funds		$ (247,727)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.		
Depreciation expense	$ (2,191,543)	
Capital outlay	364,143	(1,827,400)
Governmental funds report outflows for deferred charges on refunding as expenditures; in the Statement of Activities these costs are amortized over the bond period.		28,307
Debt proceeds are other financing sources in the governmental funds, but debt proceeds and accrued interest added to principal increase long-term debt in the Statement of Net Position.		(41,200,452)
Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		44,229,474
Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid.		(46,000)
Compensated absences, post-employment benefits and early retirement obligations reported in the Statement of Activities do not require the use of current financial resources. They are reported as expenditures when financial resources are used in the governmental funds.		(244,694)
Some pension related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(1,307,868)
Change in net position of governmental activities		**$ (616,360)**

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

Fiduciary Funds

June 30, 2016

	Agency funds
ASSETS	
Cash and cash equivalents	**$ 469,439**
LIABILITIES	
Accounts payable	$ 90,460
Deposits held for others	378,979
	$ 469,439

The accompanying notes are an integral part of this statement.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education (Board), which has responsibility and control over all activities related to public school education within the School District. The School District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School District is considered to be financially accountable for other organizations, those organizations should be included as component units in the School District’s financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—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 School District. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

The fund financial statements provide information about the School District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental funds:

> The General Fund is the government's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.
>
> The 2015 Refunding Bonds Series B Fund accounts for the resources accumulated and payments made for principal and interest on the long-term obligation of the refunded bonds.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements—Continued

Additionally, the School District reports the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The School District accounts for its food service activities and technology millage activities in the special revenue funds.

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital projects funds account for the financial resources to be used for the acquisition of fixed assets or construction of major capital projects.

The agency fund is custodial in nature and used to account for assets held by the School District as an agent for another organization or individual.

During the course of operations the School District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement obligations and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the school districts. For the current fiscal year, the foundation allowance was based on pupil membership counts taken in October and February.

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

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

All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the School District are reported at fair value (generally based on quoted market prices). Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the School District intends to hold the investment until maturity.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Cash and Investments—Continued
State statutes authorize the School District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The School District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The School District's deposits and investments are in accordance with statutory authority.

Inventories and Prepaid Items
All inventories are valued at cost using the first-in/first-out method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets
Capital assets, which include property, plant, and equipment, are reported 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.

As the School District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment, of the School District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Land improvements	20
Buildings and improvements	10-50
Furniture and equipment	10-20
Vehicles	10

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

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 straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year in which they are incurred.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Deferred Outflows/Inflows of Resources
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until that time.

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

Net Position Flow Assumption
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School District’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the computation of net investment in capital assets, School Bond Loan Fund and School Loan Revolving Fund debt is not considered to be capital related debt.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

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

Fund Balance Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Revenues and Expenditures/Expenses

Program Revenues
Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes
Property taxes levied by the School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Compensated Absences
The liability for compensated absences reported in the government-wide statement consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

For fund financial statements, no compensated absence liability is reported for current employees, and a compensated absence liability is reported for terminated employees only when the termination date is on or before year end.

Early Retirement Obligations
For government-wide financial statements, the liability for early retirement obligations is reported when legally enforceable. For fund financial statements, the liability for early retirement obligations is reported either 1) on the due date when there is a specified due date or 2) on the retirement date if it is before year end, when there is not a specified legally enforceable due date.

NOTE B—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting
Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and special revenue funds. All annual appropriations lapse at year end.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the General Fund are noted in the required supplementary information section.
4. The Director of Finance is authorized to transfer budgeted amounts within major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2016.

NOTE C—DEPOSITS AND INVESTMENTS

As of June 30, 2016, the School District had no investments.

Interest rate risk
In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk
State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

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

Custodial credit risk - deposits
In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2016, $7,245,343 of the School District's bank balance of $7,900,346 was exposed to custodial credit risk because it was uninsured; however, the School District had collateralized securities held by the pledging financial institution's trust department or agent in the School District's name with a market value of $3,980,344 as of June 30, 2016.

Custodial credit risk - investments
The School District does not have a custodial credit risk policy for investments. This 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.

Foreign currency risk
The School District is not authorized to invest in investments which have this type of risk.

NOTE D—DUE FROM OTHER GOVERNMENTAL UNITS

The composition of the due from other governmental units balance at June 30, 2016, is as follows:

Receivable from	General Fund	Other Governmental Funds
Other Local School Districts	$ 205,471	$ -
Intermediate School District	1,245,054	2,113
Townships	2,034	-
State of Michigan	5,560,195	963
Federal Government	2,601	-
	$ 7,015,355	**$ 3,076**

NOTE E—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	$ 474,150	$ -	$ -	$ 474,150
Land improvements	460,020	-	-	460,020
Construction in progress	-	222,613	-	222,613
Total capital assets, not being depreciated	934,170	222,613	-	1,156,783
Capital assets, being depreciated:				
Land improvements	60,148	-	-	60,148
Buildings and improvements	73,291,845	49,860	-	73,341,705
Furniture and equipment	2,901,995	67,335	18,399	2,950,931
Vehicles	2,559,516	24,335	343,335	2,240,516
Total capital assets, being depreciated	78,813,504	141,530	361,734	78,593,300
Less accumulated depreciation:				
Land improvements	20,151	3,007	-	23,158
Buildings and improvements	22,687,741	1,810,934	-	24,498,675
Furniture and equipment	1,313,991	259,862	18,399	1,555,454
Vehicles	2,057,296	117,740	343,335	1,831,701
Total accumulated depreciation	26,079,179	2,191,543	361,734	27,908,988
Total capital assets, being depreciated, net	52,734,325	(2,050,013)	-	50,684,312
Capital assets, net	**$ 53,668,495**	**$ (1,827,400)**	**$ -**	**$ 51,841,095**

Depreciation

Depreciation expense has been charged to functions as follows:

Instruction	$ 1,631,417
Support services	433,592
Food services	3,444
Athletics	82,203
Unallocated	40,887
	$ 2,191,543

NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Other governmental funds	$ 236,752
2015 Refunding Bonds Series B	Other governmental funds	868
Other governmental funds	General Fund	11,011
Other governmental funds	Other governmental funds	119,285
		$ 367,916

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

The General Fund transferred $73,186 to the Building and Site Fund to help fund future improvements. The Food Service Fund transferred $88,560 to the General Fund to cover allowable indirect costs. The debt service funds transferred $1,780 between funds to cover expenditures.

NOTE G—SHORT-TERM DEBT

The School District issues State of Michigan school aid anticipation notes to provide short-term operating funds. The notes are obligations of the General Fund, which received the note proceeds, and are backed by the full faith, credit and resources of the School District. The short-term debt activity for the year ended June 30, 2016 follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
State aid anticipation note				
2014/2015 .7% due August 2015	$ 4,800,000	$ -	$ 4,800,000	$ -
2015/2016 1.06% due August 2016	-	6,000,000	-	6,000,000
	$ 4,800,000	**$ 6,000,000**	**$ 4,800,000**	**$ 6,000,000**

NOTE H—LONG-TERM OBLIGATIONS

The School District issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include the School Bond Loan Fund and School Loan Revolving Fund. The School District's debt retirement funds are used as the primary resource to liquidate long-term liabilities. In the event that such resources proved insufficient, the School District's General Fund would be used to pay such obligations.

NOTE H—LONG-TERM OBLIGATIONS—Continued

On November 3, 2015, the School District issued $5,445,000 of 2015 Refunding Bonds - Series A to advance refund a portion of the 2005 Refunding Bonds as well as a portion of the 2010-B Build America Bonds. The proceeds from the refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for principal redemption and interest on those bonds through May 2029. As a result, $1,800,000 of the 2005 Refunding Bonds and $4,000,000 of the 2010-B Build America Bonds are considered to be defeased and the liability for those bonds has been removed from long-term obligations.

The School District advance refunded a portion of the 2005 Refunding Bonds and 2010-B Build America Bonds to reduce its total debt service payment over the next 14 years by approximately $512,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $432,000.

On November 3, 2015, the School District also issued $27,930,000 of 2015 Refunding Bonds – Series B. The proceeds from this current refunding were used to pay down other obligations of the School District.

On March 22, 2016, the School District issued $5,135,000 of 2016 Refunding Bonds to advance refund a portion of the 2006 Refunding Bonds. The proceeds from the refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for principal redemption and interest on those bonds through May 2027. As a result, $5,170,000 of the 2006 Refunding Bonds are considered to be defeased and the liability for those bonds has been removed from long-term obligations.

The School District advance refunded a portion of the 2006 Refunding Bonds to reduce its total debt service payment over the next 11 years by approximately $728,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $654,000.

The following is a summary of long-term obligations activity for the School District for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
Governmental activities					
Bonds	$ 58,711,049	$ 39,510,680	$ 16,255,000	$ 81,966,729	$ 10,764,310
Premium	572,467	805,205	329,073	1,048,599	-
Discount	(29,600)	(182,282)	(29,600)	(182,282)	-
Other obligations	26,731,054	1,066,849	27,675,001	122,902	-
Compensated absences and post-employment benefits	1,201,961	385,191	207,497	1,379,655	-
Early retirement obligations	538,500	175,000	108,000	605,500	129,250
	$ 87,725,431	**$ 41,760,643**	**$ 44,544,971**	**$ 84,941,103**	**$ 10,893,560**

In the previous schedule, the additions for bonds includes $1,000,680 of accrued interest added to principal on capital appreciation bonds. The additions for other obligations represent new School Loan Revolving Fund proceeds of $759,213 as well as $176,634 of accrued interest added to principal on the School Bond Loan Fund and $131,002 of accrued interest added to principal on the School Loan Revolving Fund.

NOTE H—LONG-TERM OBLIGATIONS—Continued

General obligation bonds and other obligations consist of the following:

	Interest Rate	Date of Maturity	Balance
Governmental activities			
General obligation bonds			
1992 School Building and Site Capital Appreciation Bond	6.8-6.85%	May 2022	$ 12,389,407
1992 Refunding Capital Appreciation Bond	6.8%	May 2017	617,322
2007 Refunding General Obligation Bond	4-5%	May 2025	18,580,000
2010 School Building and Site Qualified School Construction	2.25%	May 2025	11,920,000
2015 Refunding Bonds Series A	4%	May 2029	5,395,000
2015 Refunding Bonds Series B	1.14-2.57%	May 2021	27,930,000
2016 Refunding Bonds	2-4%	May 2027	5,135,000
			$ 81,966,729
Other obligations			
School Bond Loan Fund	3.34%	May 2033	$ 9,563
School Loan Revolving Fund	3.34%	May 2033	113,339
			$ 122,902

The annual requirements of principal and interest to amortize the bonded debt and early retirement obligations outstanding as of June 30, 2016 follow:

Year ending June 30,	Principal	Interest	Total
2017	$ 10,893,560	$ 2,170,160	$ 13,063,720
2018	10,905,083	2,135,671	13,040,754
2019	10,925,065	2,108,148	13,033,213
2020	10,985,041	2,066,341	13,051,382
2021	11,031,176	1,998,588	13,029,764
2022-2026	22,712,304	4,097,034	26,809,338
2027-2029	5,120,000	318,600	5,438,600
	$ 82,572,229	**$ 14,894,542**	**$ 97,466,771**

NOTE I—EMPLOYEE BENEFITS

Employee Retirement System

Plan Description
The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html.

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

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

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

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

NOTE I—EMPLOYEE BENEFITS—Continued

Pension Reform 2012—Continued

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50% after two years of service, 75% after three years of service, and 100% after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.

Regular Retirement

The pension benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Post-Retirement Adjustments

A retiree who became a Member Investment Plan member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

NOTE I—EMPLOYEE BENEFITS—Continued

Contributions

The majority of the members currently participate on a contributory basis. School Districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The schedule below summarizes pension contribution rates in effect for the System's fiscal year ended September 30, 2015.

Pension Contribution Rates

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

The School District's pension contributions for the year ended June 30, 2016 were equal to the required contribution total. Pension contributions were approximately $5,500,000, including Section 147c contributions.

For the year ended June 30, 2016, the School District and employee defined contribution plan contributions were approximately $60,000 and $69,000, respectively.

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

At June 30, 2016, the School District reported a liability of $54,344,541 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 date of September 30, 2014, and rolled-forward using generally accepted actuarial procedures. The School District's proportionate share of the net pension liability was based on its statutorily required contributions in relation to all participating school districts' statutorily required contributions for the measurement period. At September 30, 2015, the School District's proportion was .22250 percent.

For the year ended June 30, 2016, the School District recognized pension expense of $4,895,975.

NOTE I—EMPLOYEE BENEFITS—Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—Continued

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
Differences between expected and actual experience	$ -	$ 180,005
Changes of assumptions	1,338,078	-
Net difference between projected and actual earnings on pension plan investments	277,385	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,124,771	12
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	1,479,514
School District contributions subsequent to the measurement date	4,611,954	-
Total	$ 7,352,188	$ 1,659,531

The School District contributions subsequent to the measurement date of $4,611,954 reported as deferred outflows of resources related to pensions above, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date of $1,479,514 reported as deferred inflows of resources related to pensions above, will be recognized as revenue in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2017	$ 455,193
2018	455,193
2019	382,640
2020	1,267,191

NOTE I—EMPLOYEE BENEFITS—Continued

Actuarial assumptions
Valuation Assumptions

Investment rate of return –	8% a year for the MIP and Basic plans and 7% a year for the Pension Plus plan, both rates are compounded annually net of investment and administrative expenses.
Salary increases –	3.5%
Inflation –	2.1%
Cost-of-living adjustments –	3% annual non-compounded for MIP members

Mortality Assumptions
The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Combined Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.

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

Long-Term Expected Rate of Return on Investments
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 %
Alternative Investment Pools	18.0	9.2
International Equity	16.0	7.2
Fixed Income Pools	10.5	0.9
Real Estate and Infrastructure Pools	10.0	4.3
Absolute Return Pools	15.5	6.0
Short Term Investment Pools	2.0	0.0
Total	**100.0** %	

*Long term rates of return are net of administrative expenses and 2.1% inflation.

NOTE I—EMPLOYEE BENEFITS—Continued

Discount rate

The discount rate used to measure the total pension liability was 8 percent (7 percent for the Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 8 percent (7 percent for Pension Plus Plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Lower (7%)	Discount Rate (8%)	1% Higher (9%)
School District's proportionate share of the net pension liability	$ 70,064,045	$ 54,344,541	$ 41,092,356

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2015 Comprehensive Annual Financial Report.

Other Post-employment Benefits

Benefit provisions of the post-employment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Post-employment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80 percent beginning January 1, 2013; 90 percent for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3 percent of their compensation to offset employer contributions for health care benefits of current retirees.

NOTE I—EMPLOYEE BENEFITS—Continued

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional service or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

Employer Contributions

The School District is required to contribute the full actuarial funding contribution amount to fund retiree health care benefits. The contribution requirements of the School District are established and may be amended by the MPSERS Board of Trustees. The employer contribution rate ranged from 5.52% - 6.45% of covered payroll for the period October 1, 2013 to March 9, 2015, 2.2% - 2.71% of covered payroll for the period March 10, 2015 to September 30, 2015, and from 6.4% - 6.83% of covered payroll for the period October 1, 2015 to June 30, 2016. The School District post-employment healthcare contributions to MPSERS for the years ended June 30, 2016, 2015 and 2014 were approximately $1,099,000, $422,000 and $1,101,000 respectively, and were equal to the required contribution for those years.

NOTE J—POST-EMPLOYMENT HEALTH CARE PLAN

Plan Description

Pursuant to employment contracts, certain employees electing early retirement are eligible to receive post-retirement health and life insurance benefits through the Reeths-Puffer Schools Post-Retirement Medical Plan (Plan). Benefits terminate the month the person attains eligibility for full social security benefits, or dies, whichever occurs first; however, no more than ten (10) years of payments will be made.

Funding Policy

Retirees are not required to contribute to the Plan. The School District funds the Plan on a pay-as-you-go basis. The annual cost of these benefits per retiree ranged from approximately $130 to $4,000, provided to approximately 80 participants.

NOTE J—POST-EMPLOYMENT HEALTH CARE PLAN—Continued

Annual OPEB Cost and Net OPEB Obligation

The School District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation to the Plan.

Annual required contribution	$ 252,968
Interest on net OPEB obligation	41,221
Adjustment to annual required contribution	(59,596)
Annual OPEB cost (expense)	234,593
Contributions made	109,081
Increase in net OPEB obligation	125,512
Net OPEB obligation - beginning of year	1,030,535
Net OPEB obligation - end of year	**$ 1,156,047**

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2016 is as follows:

Year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/14	$ 327,508	51.7	$ 902,685
06/30/15	235,245	45.7	1,030,535
06/30/16	234,593	46.5	1,156,047

The funded status of the Plan as of July 1, 2015, was as follows:

Market value of plan assets	$ -
Actuarial accrued liability (AAL)	2,468,151
Unfunded actuarial accrued liability	**$ 2,468,151**
Funded ratio (actuarial value of plan assets/AAL)	0 %

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

NOTE J—POST-EMPLOYMENT HEALTH CARE PLAN—Continued

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of Plan members not contributing to the Plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The required contribution was determined as part of the July 1, 2016 actuarial valuation using the Entry Age Normal (level percent) actuarial cost method. The actuarial assumptions included (a) 4 percent discount rate, (b) a 1 percent salary scale, (c) an annual healthcare trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. These rates assume include a 5 percent inflation assumption. The Plan’s unfunded actuarial accrued liability is being amortized as a level percent on an open basis. The remaining amortization period at June 30, 2016 is 10 years.

NOTE K—COMMITMENTS AND CONTINGENCIES

Operating Leases

The School District has lease agreements expiring at various dates through June 2018. Expense for the year ended June 30, 2016 was approximately $189,000. The following is a schedule of future minimum rental payments required under operating leases for School District office equipment.

Year ending June 30,	Amount
2017	$ 96,102
2018	2,794
	$ 98,896

Grant Programs

The School District participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Litigation

The School District is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of the School District’s legal counsel, the resolution of the matter will not have a material adverse effect on the financial condition of the School District.

Commitments

As of June 30, 2016, the School District had approved construction commitments of approximately $415,000.

Lease

In June 2016, the School District entered into a lease agreement to purchase office equipment in fiscal year 2017. The lease payments begin in July of 2017. The lease incudes monthly installments of approximately $8,800 with the final payment due June 2021. The School District has an option to purchase the equipment for $1 at the end of the lease.

NOTE L—OTHER INFORMATION

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The School District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The School District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2016 or any of the prior three years.

NOTE M—SUBSEQUENT EVENT

State Aid Anticipation Note
In August 2016, the School District received the proceeds of a $6,000,000 State of Michigan (State) school aid anticipation note payable. The note payable is not subject to redemption prior to its maturity in August 2017 and bears interest at the rate of 1.03 percent per annum. The School District pledged for payment of the note payable, the amount of State school aid to be received plus the full faith, credit, and resources of the School District.

Commitments
Subsequent to June 30, 2016, the School District approved technology commitments totaling approximately $191,000.

NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement 75—*Accounting and Financial Reporting for Postemployment Benefits other than Pensions* was issued by the GASB in June 2015 and will be effective for the School District's 2018 fiscal year. The statement requires governments that participate in postemployment benefits other than pensions (OPEB) to report in their Statement of Net Position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Cost-sharing employers will be required to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The net OPEB liability recorded in the Statement of Net Position on July 1, 2017 will be very significant.

GASB Statement 77—*Tax Abatement Disclosures* was issued by the GASB in August 2015 and will be effective for the School District's 2017 fiscal year. This Statement requires School Districts to disclose the following information about tax abatement agreements entered into by other governments that reduce the School District's tax revenues: the names of the governments that entered into the agreements, the specific taxes being abated, and the gross dollar amount of taxes abated during the period.

REQUIRED SUPPLEMENTARY INFORMATION

Reeths-Puffer Schools
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended June 30, 2016

	Budgeted amounts			Variance with final budget- positive
	Original	**Final**	**Actual**	**(negative)**
REVENUES				
Local revenue				
Local sources	$ 2,986,100	$ 3,055,600	$ 3,038,646	$ (16,954)
Received from other districts	1,953,000	1,663,000	1,814,924	151,924
State sources	29,554,000	29,179,750	29,312,663	132,913
Federal sources	2,361,866	2,446,982	2,310,714	(136,268)
Incoming transfers and other transactions	106,000	106,000	102,690	(3,310)
Total revenues	36,960,966	36,451,332	36,579,637	128,305
EXPENDITURES				
Instruction				
Basic programs	18,218,518	18,371,228	18,142,949	228,279
Added needs	5,050,316	5,033,435	5,004,762	28,673
Adult education	322,000	-	-	-
Support services				
Pupil	2,993,940	3,192,645	3,193,547	(902)
Instructional staff	1,429,521	1,447,757	1,355,265	92,492
General administration	720,752	714,346	654,263	60,083
School administration	2,343,992	2,257,267	2,273,019	(15,752)
Business	524,677	530,277	530,092	185
Operations and maintenance	2,555,823	2,605,479	2,665,527	(60,048)
Pupil transportation services	1,528,837	1,545,437	1,557,082	(11,645)
Central	557,959	477,826	431,305	46,521
Athletics	766,007	766,007	791,817	(25,810)
Community services	32,533	53,045	39,346	13,699
Outgoing transfers and other transactions	98,186	76,186	73,186	3,000
Total expenditures	37,143,061	37,070,935	36,712,160	358,775
Excess (deficiency) of revenues over (under) expenditures	**$ (182,095)**	**$ (619,603)**	(132,523)	**$ 487,080**
Fund balance at beginning of year			2,900,492	
Fund balance at end of year			**$ 2,767,969**	

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

Reeths-Puffer Schools

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the School District’s Proportionate Share of the Net Pension Liability

Michigan Public School Employees Retirement System

Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
School District's proportion of the net pension liability (%)	0.22250%	0.21646%	-	-	-	-	-	-	-	-
School District's proportionate share of the net pension liability	$ 54,344,541	$ 47,678,648	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered-employee payroll	$ 18,523,730	$ 18,395,418	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	293.38%	259.19%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	63.17%	66.20%	-	-	-	-	-	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Reeths-Puffer Schools
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the School District's Contributions
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contributions	$ 4,017,159	$ 3,361,758	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the statutorily required contributions	4,017,159	3,361,758	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's covered-employee payroll	$ 18,516,390	$ 18,535,877	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	21.70%	18.14%	-	-	-	-	-	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Changes of benefit terms: There were no changes of benefit terms in 2016.

Changes of assumptions: There were no changes of benefit assumptions in 2016.

OTHER SUPPLEMENTAL INFORMATION

Reeths-Puffer Schools
OTHER SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Food Service
For the year ended June 30, 2016

	Budgeted amounts			Variance with final budget- positive
	Original	**Final**	**Actual**	**(negative)**
REVENUES				
Local revenue	$ 442,000	$ 431,000	$ 407,706	$ (23,294)
State sources	56,000	61,000	66,671	5,671
Federal sources	900,000	910,000	901,736	(8,264)
Total revenues	1,398,000	1,402,000	1,376,113	(25,887)
EXPENDITURES				
Support services				
General administration	5,500	5,500	2,475	3,025
Operations	13,500	8,000	8,188	(188)
Transportation	7,000	5,500	3,116	2,384
Food service	1,442,562	1,413,062	1,316,880	96,182
Outgoing transfers and other transactions	80,000	80,000	88,560	(8,560)
Total expenditures	1,548,562	1,512,062	1,419,219	92,843
Excess (deficiency) of revenues over (under) expenditures	**$ (150,562)**	**$ (110,062)**	(43,106)	**$ 66,956**
Fund balance at beginning of year			289,194	
Fund balance at end of year			**$ 246,088**	

Reeths-Puffer Schools
OTHER SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
Technology
For the year ended June 30, 2016

	Budgeted amounts Original	Budgeted amounts Final	Actual	Variance with final budget-positive (negative)
REVENUES				
Local revenue - received from other districts	$ 639,000	$ 630,000	$ 632,282	$ 2,282
EXPENDITURES				
Support services				
Pupil	57,000	-	-	-
Instructional staff	355,500	475,155	447,671	27,484
Operations and security	103,000	72,300	67,536	4,764
Central	177,500	145,545	158,808	(13,263)
Total expenditures	693,000	693,000	674,015	18,985
Excess (deficiency) of revenues over (under) expenditures	**$ (54,000)**	**$ (63,000)**	(41,733)	**$ 21,267**
Fund balance at beginning of year			129,798	
Fund balance at end of year			**$ 88,065**	

Reeths-Puffer Schools

COMBINING BALANCE SHEET

Other Governmental Funds

June 30, 2016

	Total other governmental funds	Special Revenue: Food Service	Special Revenue: Technology	Debt Service	Building & Site
ASSETS					
Cash and cash equivalents	$ 1,534,541	$ 578,694	$ -	$ 421,892	$ 533,955
Receivables	7,000	-	-	-	7,000
Due from other governmental units	3,076	963	2,113	-	-
Due from other funds	130,296	-	99,521	30,775	-
Inventories	11,711	11,711	-	-	-
Total assets	**$ 1,686,624**	**$ 591,368**	**$ 101,634**	**$ 452,667**	**$ 540,955**
LIABILITIES					
Accounts payable	$ 228,958	$ 2,567	$ 6,391	$ -	$ 220,000
Due to other funds	356,905	323,032	7,178	24,082	2,613
Unearned revenue	19,681	19,681	-	-	-
Total liabilities	605,544	345,280	13,569	24,082	222,613
FUND BALANCES					
Nonspendable for inventories	11,711	11,711	-	-	-
Restricted					
Debt service	428,585	-	-	428,585	-
Food service	234,377	234,377	-	-	-
Technology	88,065	-	88,065	-	-
Committed for capital projects	318,342	-	-	-	318,342
Total fund balances	1,081,080	246,088	88,065	428,585	318,342
Total liabilities and fund balances	**$ 1,686,624**	**$ 591,368**	**$ 101,634**	**$ 452,667**	**$ 540,955**

Reeths-Puffer Schools
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Other Governmental Funds
For the year ended June 30, 2016

	Total other governmental funds	Special Revenue		Debt Service	Building & Site
		Food Service	Technology		
REVENUES					
Local sources					
Property taxes	$ 6,230,701	$ -	$ -	$ 6,230,701	$ -
Received from other districts	632,282	-	632,282	-	-
Investment earnings	6,134	888	-	4,207	1,039
Fees and charges	401,362	401,362	-	-	-
Other	13,305	5,456	-	-	7,849
Total local sources	7,283,784	407,706	632,282	6,234,908	8,888
State sources	89,889	66,671	-	23,218	-
Federal sources	941,849	901,736	-	40,113	-
Total revenues	8,315,522	1,376,113	632,282	6,298,239	8,888
EXPENDITURES					
Food service	1,330,659	1,330,659	-	-	-
Technology	674,015	-	674,015	-	-
Debt service					
Principal	3,379,381	-	-	3,379,381	-
Interest and other charges	3,486,182	-	-	3,486,182	-
Bond issuance costs	100,190	-	-	100,190	-
Capital projects	272,473	-	-	-	272,473
Total expenditures	9,242,900	1,330,659	674,015	6,965,753	272,473
Excess (deficiency) of revenues over (under) expenditures	(927,378)	45,454	(41,733)	(667,514)	(263,585)
OTHER FINANCING SOURCES (USES)					
Transfers in	74,966	-	-	1,780	73,186
Transfers out	(90,340)	(88,560)	-	(1,780)	-
Loan proceeds	715,067	-	-	715,067	-
Proceeds of refunding bonds	11,385,205	-	-	11,385,205	-
Discount on refunding bonds	(56,597)	-	-	(56,597)	-
Payment to refunded bond escrow agent	(11,228,421)	-	-	(11,228,421)	-
Total other financing sources (uses)	799,880	(88,560)	-	815,254	73,186
Net change in fund balances	(127,498)	(43,106)	(41,733)	147,740	(190,399)
Fund balances at beginning of year	1,208,578	289,194	129,798	280,845	508,741
Fund balances at end of year	**$ 1,081,080**	**$ 246,088**	**$ 88,065**	**$ 428,585**	**$ 318,342**

Reeths-Puffer Schools

COMBINING BALANCE SHEET

Debt Service Funds

June 30, 2016

	Total Debt Service Funds	1992 Refunding	1992 Debt	2005 Refunding	2006 Refunding	2010-A Qualified School Construction Bonds Debt	2010-B Build America Bonds Debt	2007 Refunding	2015-A Refunding	2015-B Refunding	2016 Refunding
ASSETS											
Cash and cash equivalents	$ 433,318	$ 87,936	$ 39,078	$ -	$ -	$ 61,403	$ -	$ 114,850	$ 12,599	$ 11,426	$ 106,026
Due from other funds	31,643	1,749	5,122	-	-	-	-	23,904	-	868	-
Total assets	**$ 464,961**	**$ 89,685**	**$ 44,200**	**$ -**	**$ -**	**$ 61,403**	**$ -**	**$ 138,754**	**$ 12,599**	**$ 12,294**	**$ 106,026**
LIABILITIES											
Due to other funds	$ 24,082	$ -	$ -	$ -	$ -	$ 3,697	$ -	$ -	$ 10,432	$ -	$ 9,953
FUND BALANCES	440,879	89,685	44,200	-	-	57,706	-	138,754	2,167	12,294	96,073
Total liabilities and fund balances	**$ 464,961**	**$ 89,685**	**$ 44,200**	**$ -**	**$ -**	**$ 61,403**	**$ -**	**$ 138,754**	**$ 12,599**	**$ 12,294**	**$ 106,026**

Reeths-Puffer Schools

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Debt Service Funds

For the year ended June 30, 2016

	Total Debt Service Funds	1992 Refunding	1992 Debt	2005 Refunding	2006 Refunding	2010-A Qualified School Construction Bonds Debt	2010-B Build America Bonds Debt	2007 Refunding	2015-A Refunding	2015-B Refunding	2016 Refunding
REVENUES											
Local sources											
Property taxes	$ 6,463,680	$ 756,908	$ 1,650,544	$ -	$ 10,074	$ 1,260,477	$ -	$ 2,370,374	$ 86,784	$ 232,979	$ 95,540
Investment earnings	4,334	451	1,039	17	-	1,169	3	1,366	50	127	112
Total local sources	6,468,014	757,359	1,651,583	17	10,074	1,261,646	3	2,371,740	86,834	233,106	95,652
State sources	24,086	2,649	6,322	-	-	-	-	13,490	334	868	423
Federal sources	40,113	-	-	-	-	-	40,113	-	-	-	-
Total revenues	6,532,213	760,008	1,657,905	17	10,074	1,261,646	40,116	2,385,230	87,168	233,974	96,075
EXPENDITURES											
Debt service											
Principal	31,054,381	142,882	341,499	-	-	1,055,000	-	1,790,000	50,000	27,675,000	-
Interest and other charges	3,749,569	562,418	1,343,901	37,655	107,667	292,688	121,000	913,163	107,690	263,387	-
Bond issuance costs	229,505	-	-	-	-	-	-	-	31,904	129,315	68,286
Total expenditures	35,033,455	705,300	1,685,400	37,655	107,667	1,347,688	121,000	2,703,163	189,594	28,067,702	68,286
Excess (deficiency) of revenues over (under) expenditures	(28,501,242)	54,708	(27,495)	(37,638)	(97,593)	(86,042)	(80,884)	(317,933)	(102,426)	(27,833,728)	27,789
OTHER FINANCING SOURCES (USES)											
Transfers in	1,780	-	-	-	-	-	-	-	1,780	-	-
Transfers out	(1,780)	-	-	(317)	-	-	(1,463)	-	-	-	-
Loan proceeds	756,774	-	-	27,447	102,496	89,060	80,365	344,789	70,910	41,707	-
Proceeds of refunding bonds	39,315,205	-	-	-	-	-	-	-	6,009,019	27,930,000	5,376,186
Discount on refunding bonds	(182,282)	-	-	-	-	-	-	-	(24,503)	(125,685)	(32,094)
Payment to refunded bond escrow agent	(11,228,421)	-	-	-	-	-	-	-	(5,952,613)	-	(5,275,808)
Total other financing sources (uses)	28,661,276	-	-	27,130	102,496	89,060	78,902	344,789	104,593	27,846,022	68,284
Net change in fund balances	160,034	54,708	(27,495)	(10,508)	4,903	3,018	(1,982)	26,856	2,167	12,294	96,073
Fund balances (deficits) at beginning of year	280,845	34,977	71,695	10,508	(4,903)	54,688	1,982	111,898	-	-	-
Fund balances at end of year	**$ 440,879**	**$ 89,685**	**$ 44,200**	**$ -**	**$ -**	**$ 57,706**	**$ -**	**$ 138,754**	**$ 2,167**	**$ 12,294**	**$ 96,073**

Reeths-Puffer Schools

CONTENTS OF THE STATISTICAL SECTION

This part of the Reeths-Puffer Schools' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

Contents **Pages**

Financial Trends 76 - 79

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity 80 - 83

These schedules contain information to help the reader assess locally levied taxes.

Debt Capacity 84 - 88

These schedules present information to help the reader assess the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information 89 - 90

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information 91 - 96

These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Reeths-Puffer Schools completed a Comprehensive Annual Financial Report (CAFR) for the first time following the fiscal year ended June 30, 2014. Certain information presented in these schedules is derived from previous CAFR's, previous years' audit reports, and the corresponding statistical sections. Sources of data pulled from local, state, and federal sources have been noted by schedule.

Reeths-Puffer Schools
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Position by Component										
Governmental Activities										
Net investment in capital assets	$ (2,772,535)	$ (5,142,029)	$ (7,334,766)	$ (9,052,648)	$ (9,899,733)	$ (10,812,829)	$ (12,017,682)	$ (12,754,706)	$ (13,722,689)	$ (14,527,582)
Restricted for:										
Food services	-	-	325,991	355,166	-	-	-	-	-	-
Debt services	108,879	-	-	-	-	-	894,191	1,056,524	958,541	752,739
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	(75,087,193)	(71,992,460)	(22,771,445)	(19,523,254)	(15,676,941)	(11,641,407)	(11,077,260)	(10,310,735)	(9,687,265)	(9,150,588)
Total Governmental Net Position	$ (77,750,849)	$ (77,134,489)	$ (29,780,220)	$ (28,220,736)	$ (25,576,674)	$ (22,454,236)	$ (22,200,751)	$ (22,008,917)	$ (22,451,413)	$ (22,925,431)

Source: District audited financial statements.

Reeths-Puffer Schools

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
Instruction	$ 24,847,153	$ 24,119,501	$ 24,181,513	$ 22,968,670	$ 23,032,735	$ 22,873,918	$ 23,291,126	$ 23,144,537	$ 22,605,530	$ 21,104,919
Support Services	13,688,040	13,085,912	12,320,667	12,150,567	13,517,984	13,206,390	12,789,934	12,780,190	13,027,303	12,817,105
Community Services	39,190	35,886	34,757	156,811	373,689	387,533	320,000	28,568	24,855	41,761
Food Services	1,330,804	1,344,246	1,341,406	1,357,069	1,335,695	1,242,266	1,305,144	1,256,482	1,260,488	1,125,776
Athletics	870,495	828,341	816,805	665,547	698,173	651,156	818,345	876,673	845,585	753,139
Interest on long-term debt	3,360,850	3,777,208	3,863,485	4,014,075	4,106,619	4,188,920	3,972,458	4,059,962	4,058,254	4,142,323
Unallocated depreciation and amortization	40,887	40,887	40,887	120,878	109,468	74,866	60,501	55,110	55,107	1,368,306
Total Expenses	44,177,419	43,231,981	42,599,520	41,433,617	43,174,363	42,625,049	42,557,508	42,201,522	41,877,122	41,353,329
Program Revenues										
Governmental Activities										
Charge for services:										
Instruction	-	-	-	-	-	-	-	-	1,385	2,500
Support services	35,021	67,851	73,878	76,986	71,153	62,121	73,320	106,221	105,825	106,961
Community services	-	-	-	133,617	150,531	162,341	98,466	-	-	15,000
Food services	401,362	418,619	384,717	383,486	411,163	457,911	558,342	555,255	555,131	595,589
Athletics	137,955	147,264	132,883	126,433	123,226	132,492	157,333	160,392	168,055	172,881
Operating grants and contributions	8,750,718	10,379,218	8,617,345	8,171,746	8,000,200	9,180,738	9,740,926	7,147,206	5,265,308	5,462,459
Total Program Revenues	9,325,056	11,012,952	9,208,823	8,892,268	8,756,273	9,995,603	10,628,387	7,969,074	6,095,704	6,355,390
Net Expenses	(34,852,363)	(32,219,029)	(33,390,697)	(32,541,349)	(34,418,090)	(32,629,446)	(31,929,121)	(34,232,448)	(35,781,418)	(34,997,939)
General Revenues										
Governmental Activities										
Property Taxes	9,233,408	8,246,936	7,940,154	8,093,732	8,364,053	9,280,309	9,473,774	9,096,143	9,067,139	8,340,700
Grants and contributions not restricted to specific programs	24,850,445	24,187,326	23,759,009	22,513,544	22,677,225	23,041,136	22,173,698	25,483,831	26,904,535	27,427,034
Unrestricted investment earnings	19,703	10,398	10,970	23,548	31,448	61,944	74,781	49,975	185,157	198,224
Gain on sale of assets	12,210	4,649	-	7,088	-	-	-	-	-	-
Special item - refund of prior year taxes	-	-	-	-	-	(125,273)	-	-	-	-
Miscellaneous	120,237	99,407	121,080	160,584	222,926	117,847	15,034	44,995	98,606	42,747
Total General Revenues	34,236,003	32,548,716	31,831,213	30,798,496	31,295,652	32,375,963	31,737,287	34,674,944	36,255,437	36,008,705
Change in Net Position	(616,360)	329,687	(1,559,484)	(1,742,853)	(3,122,438)	(253,485)	(191,834)	442,496	474,019	1,010,766
Net Position, Beginning	(77,134,489)	(77,464,176)	(28,220,736)	(26,477,883)	(22,454,235)	(22,200,750)	(22,008,916)	(22,451,412)	(22,925,431)	(23,936,197)
Net Position, Ending	$ (77,750,849)	$ (77,134,489)	$ (29,780,220)	$ (28,220,736)	$ (25,576,673)	$ (22,454,235)	$ (22,200,750)	$ (22,008,916)	$ (22,451,412)	$ (22,925,431)

Source: District audited financial statements.

Note:

Beginning net position for 2012-13 has been restated to reflect financial statement changes due to GASB statement 65.

Beginning net position for 2014-15 has been restated to reflect financial statement changes due to GASB statement 68.

Reeths-Puffer Schools
FUND BALANCES—GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable (Reserved)	$ 36,982	$ 40,060	$ 49,969	$ 64,468	$ 55,607	$ 297,783	$ 58,947	$ 60,605	$ 63,849	$ 98,206
Assigned (Designated)	48,333	182,095	-	422,303	1,073,706	1,843,000	-	-	-	-
Unassigned (Unreserved, Undesignated)	2,682,654	2,678,337	2,723,661	2,600,103	2,553,152	2,841,743	4,210,132	3,910,450	3,423,174	3,216,120
Total General Fund	2,767,969	2,900,492	2,773,630	3,086,874	3,682,465	4,982,526	4,269,079	3,971,055	3,487,023	3,314,326
All Other Governmental Funds										
Nonspendable (Reserved), Reported in Special Revenue Funds	11,711	10,102	11,021	10,098	13,900	21,664	27,658	40,335	40,227	36,995
Restricted (Reserved/Unreserved), Reported in:										
Capital Projects funds	318,342	508,741	470,341	627,678	1,092,112	6,739,084	19,685,068	287,055	408,577	6,411
Debt Service funds	477,255	285,748	260,775	151,703	-	211,090	1,417,191	1,311,024	1,388,542	1,667,244
Special Revenue funds	322,442	408,890	314,970	355,166	442,397	440,026	299,766	191,486	158,703	164,565
Unassigned (Unreserved, Undesignated)	(36,376)	(4,903)	(5,247)	-	(458,310)	-	-	-	-	-
Total All Other Governmental Funds	1,093,374	1,208,578	1,051,860	1,144,645	1,090,099	7,411,864	21,429,683	1,829,900	1,996,049	1,875,215
Total All Governmental Funds	$ 3,861,343	$ 4,109,070	$ 3,825,490	$ 4,231,519	$ 4,772,564	$ 12,394,390	$ 25,698,762	$ 5,800,955	$ 5,483,072	$ 5,189,541

Source: District audited financial statements.
Note: Fund balances prior to 2011-12 have been restated to comply with GASB Statement No. 54 for comparative purposes. Past labels used are listed in parentheses.

Reeths-Puffer Schools

CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Local Sources										
Property taxes	$ 9,233,408	$ 8,246,936	$ 7,940,154	$ 8,093,732	$ 8,485,214	$ 9,280,309	$ 9,473,774	$ 9,096,143	$ 9,067,139	$ 8,340,700
Investment Earnings	19,703	10,398	10,970	23,548	31,448	61,944	74,781	49,975	185,157	198,224
Food sales and athletic admissions	574,338	633,734	591,478	720,522	756,073	814,865	691,230	827,474	837,486	891,459
Transfers from Other Districts and Other	2,567,097	2,751,877	1,979,823	1,830,045	1,927,245	1,801,097	189,499	99,890	97,743	58,290
State Sources	29,379,334	28,584,872	27,388,560	26,038,672	25,371,217	25,805,249	24,724,099	25,798,112	27,205,867	27,726,542
Federal Sources	3,252,563	3,329,202	3,118,865	2,961,018	3,204,933	5,007,955	5,125,073	4,626,731	2,645,311	2,943,791
Total Revenues	45,026,443	43,557,019	41,029,850	39,667,537	39,776,130	42,771,419	40,278,456	40,498,325	40,038,703	40,159,006
Expenditures										
Instruction										
Basic Programs	18,142,949	17,677,180	17,250,630	17,011,007	17,365,931	17,415,743	17,264,948	17,409,250	17,305,341	16,813,904
Added Needs	5,004,762	4,753,357	4,853,886	4,414,630	4,621,279	4,591,662	4,739,008	4,593,208	4,339,088	4,416,213
Adult Education	-	324,177	316,947	-	-	-	-	-	-	-
Support Services										
Pupil Support	3,193,547	2,875,734	2,712,694	2,759,550	2,856,188	2,840,294	2,966,849	2,964,100	2,884,261	2,874,260
Instructional Support	1,355,265	1,718,443	1,154,768	1,212,234	1,260,846	1,223,635	1,224,380	1,216,897	1,228,123	1,371,203
General Administration	654,263	688,875	425,923	448,258	414,827	396,192	463,298	491,648	455,579	445,147
School Administration	2,273,019	2,371,590	2,271,646	2,293,638	2,099,857	1,969,945	1,984,949	2,042,318	2,035,452	1,978,288
Business Services	530,092	495,100	476,034	430,020	482,296	547,172	510,431	642,233	774,635	708,930
Operations and Maintenance	2,665,527	2,626,945	2,617,284	2,426,036	2,385,779	2,434,584	2,368,435	2,633,015	2,808,148	2,886,744
Pupil Transportation	1,557,082	1,400,916	1,394,042	1,315,586	1,193,361	1,320,416	1,333,268	1,579,592	1,620,304	1,632,238
Central	431,305	535,797	662,963	612,155	687,594	679,529	746,832	696,662	745,741	657,824
Other Support	-	-	-	-	-	-	-	1,251	355	14,647
Athletics	791,817	797,210	737,768	678,629	706,126	655,539	738,355	796,683	765,595	753,139
Community services	39,346	35,966	34,757	156,811	373,689	387,533	320,000	28,568	24,855	41,761
Food Services	1,330,659	1,349,006	1,338,035	1,352,790	1,330,507	1,237,771	1,252,726	1,254,064	1,263,849	1,180,709
Technology	674,015	-	-	-	-	-	-	-	-	-
Debt service										
Principal	31,054,381	3,502,304	3,491,991	3,562,030	5,003,593	5,005,395	3,654,721	3,062,609	2,709,082	2,731,867
Interest and Other Charges	3,749,569	3,660,106	3,657,177	3,663,965	2,244,653	2,628,547	1,980,959	2,593,311	2,638,768	2,445,261
Bond Issuance Costs	229,505	-	-	-	-	-	243,819	-	-	431,563
Capital Projects	272,473	40,412	233,905	565,351	5,817,776	13,193,919	2,453,702	192,093	395,627	168,843
Total Expenditures	73,949,576	44,853,118	43,630,450	42,902,690	48,844,302	56,527,876	44,246,680	42,197,502	41,994,803	41,552,541
Excess (Deficiency) of Revenues over (under) Expenditures	(28,923,133)	(1,296,099)	(2,600,600)	(3,235,153)	(9,068,172)	(13,756,457)	(3,968,224)	(1,699,177)	(1,956,100)	(1,393,535)
Other Financing Sources (Uses)										
Transfers from other governmental units and other transactions	14,130	-	10,186	83,080	440,548	31,541	2,006,393	2,183,612	2,311,304	2,247,703
Transfers to other governmental units	-	-	-	(20,376)	(283,028)	(183,619)	(120,362)	(166,551)	(178,059)	(260,041)
Loan Proceeds	756,774	1,579,679	2,184,385	2,631,404	1,288,826	604,165	-	-	116,386	617,664
Operating Transfers from other funds	163,578	146,720	200,834	241,717	164,807	238,716	786,866	675,000	925,000	795,000
Operating Transfers to other funds	(163,578)	(146,720)	(200,834)	(241,717)	(164,807)	(238,716)	(786,866)	(675,000)	(925,000)	(795,000)
Payments to refund bond escrow agent and discounts on debt issuance or refunding	(11,410,703)	-	-	-	-	-	-	-	-	(37,432,184)
Proceeds from issuance of bonds and refunding bonds, premium proceeds of refunding	39,315,205	-	-	-	-	-	21,980,000	-	-	37,863,747
Total Other Financing Sources (Uses)	28,675,406	1,579,679	2,194,571	2,694,108	1,446,346	452,087	23,866,031	2,017,061	2,249,631	3,036,889
Net Change in Fund Balance	$ (247,727)	$ 283,580	$ (406,029)	$ (541,045)	$ (7,621,826)	$ (13,304,370)	$ 19,897,807	$ 317,884	$ 293,531	$ 1,643,354
Debt Service as a Percentage of Non-capital Expenditures	47.5%	16.0%	16.5%	17.1%	16.8%	17.6%	14.1%	13.5%	12.9%	13.6%

Source: District audited financial statements.

Reeths-Puffer Schools

TAXABLE VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(rate per $1,000 of assessed value)

				Taxable Value					Direct Tax Rate		
Tax Year	**Fiscal Year**	**Estimated Market Value**	**State Equalized Value**	**Non-Homestead Property**	**Homestead Property**	**Commercial Personal Property**	**Industrial Personal Property**	**Total**	**Operating**	**Debt**	**Total**
2006	2006-2007	$ 1,465,357,000	$ 732,678,500	$ 183,504,591	$ 410,472,924	$ -	$ -	$ 593,977,515	18.00	8.37	26.37
2007	2007-2008	1,561,433,760	780,716,880	205,933,309	434,471,461	-	-	640,404,770	18.00	8.37	26.37
2008	2008-2009	1,559,975,000	779,987,500	191,493,807	442,237,592	15,707,400	7,037,400	656,476,199	18.00	8.37	26.37
2009	2009-2010	1,555,204,200	777,602,100	203,354,401	449,536,629	16,276,100	6,758,700	675,925,830	18.00	8.37	26.37
2010	2010-2011	1,529,909,200	764,954,600	204,096,132	437,057,746	15,991,700	15,358,500	672,504,078	18.00	8.37	26.37
2011	2011-2012	1,457,631,400	728,815,700	203,719,579	426,127,332	15,017,434	15,466,200	660,330,545	18.00	8.37	26.37
2012	2012-2013	1,379,976,800	689,988,400	162,361,562	410,029,355	16,014,400	16,390,800	604,796,117	18.00	8.37	26.37
2013	2013-2014	1,276,364,300	638,182,150	158,351,000	407,609,000	15,379,100	16,296,300	597,635,400	18.00	8.37	26.37
2014	2014-2015	1,293,545,160	646,772,580	145,202,288	413,022,058	13,599,300	15,746,900	587,570,546	18.00	9.37	27.37
2015	2015-2016	1,324,135,500	662,067,750	145,592,271	421,376,401	13,901,400	16,782,700	597,652,772	18.00	10.82	28.82

Source: Muskegon County Annual Equalization Report and Michigan Department of Education Taxable Value Management System. Values assessed as of June 30 of the corresponding fiscal year are presented as of the date retrieved from the website and may potentially be adjusted by the taxing authorities.

Reeths-Puffer Schools

PROPERTY TAX RATES—DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

(rate per $1,000 of assessed value)

		Direct Tax Rates			Overlapping Rates					
Tax Year	Fiscal Year	Operating	Debt	Total	Cedar Creek Township	Dalton Township	Fruitland Township	Laketon Township	Muskegon Township	City of Muskegon
2006	2006-2007	18.00	8.37	26.37	0.9319	2.2323	2.9801	2.8994	6.7889	11.0732
2007	2007-2008	18.00	8.37	26.37	0.9253	2.2284	2.9044	2.8976	6.7889	11.0685
2008	2008-2009	18.00	8.37	26.37	0.9253	2.2284	2.9044	2.8976	6.7889	11.0682
2009	2009-2010	18.00	8.37	26.37	0.9253	2.2284	2.9904	2.8976	6.7889	11.1680
2010	2010-2011	18.00	8.37	26.37	0.9253	2.2284	2.9904	2.8976	7.7624	12.0680
2011	2011-2012	18.00	8.37	26.37	2.4253	2.2284	2.9044	2.8976	7.7624	12.0749
2012	2012-2013	18.00	8.37	26.37	2.4253	2.2284	2.9044	2.8976	7.7624	12.0749
2013	2013-2014	18.00	8.37	26.37	2.4253	2.2284	2.9044	2.8976	7.7624	12.0865
2014	2014-2015	18.00	9.37	27.37	2.4220	2.2284	0.9095	2.8976	7.7624	13.0875
2015	2015-2016	18.00	10.82	28.82	2.4215	2.2284	0.9090	2.8976	7.6124	13.0869

Source: Muskegon County Equalization Department, Annual Certified Tax Rate Apportionment Report.

Reeths-Puffer Schools
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Year Ended June 30,		2016			2007		
Taxpayer	Product/service	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Consumers Energy	Utility	$ 25,764,291	1	4.31%	$ 73,483,277	1	12.37%
Cedar Fair	Amusement Park	9,496,607	2	1.59%	10,128,912	2	1.71%
Bayer Cropscience	Chemical Plant	6,976,674	3	1.17%	9,588,588	3	1.61%
DTE Energy Company	Utility	6,877,439	4	1.15%			
Meijer, Inc.	Retail	4,646,400	5	0.78%	5,593,279	5	0.94%
Michigan Electric Transmission Co.	Production	2,003,200	6	0.34%			
Eagle Alloy, Inc.	Machine shop	1,685,414	7	0.28%			
Comcast of Muskegon	Cable TV	1,671,900	8	0.28%	1,098,400	10	0.18%
Land Management LLC	Rental real estate	1,659,514	9	0.28%	1,911,496	7	0.32%
B Park Meadows LLC	Mobile home park	1,644,200	10	0.28%	1,709,079	8	0.29%
Nugent Sand Co. Inc.	Sand mining			0.00%	4,062,453	4	0.68%
Michigan Consolidated Gas Company	Utility			0.00%	3,666,101	6	0.62%
Bolema Lumber & Supply	Rental real estate			0.00%	1,412,851	9	0.24%
Total Principal taxpayers		62,425,639		10.45%	112,654,436		18.97%
Balance of valuations		535,227,133		89.55%	481,323,079		81.03%
Total Taxable Valuation		$ 597,652,772		100.00%	$ 593,977,515		100.00%

Source: Muskegon County Equalization Department.

Reeths-Puffer Schools

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

			Collected Within the Fiscal Year of the Levy			Total Collections to Date	
Tax Year	**Fiscal Year**	**Taxes Levied for the Fiscal Year**	**Amount**	**Percent of levy**	**Collections (Refunds) in Subsequent Years**	**Amount**	**Percent of levy**
2006	2006-2007	$ 8,274,674	$ 8,340,700	100.80%	$ (35,451)	$ 8,305,249	100.37%
2007	2007-2008	9,096,143	9,067,139	99.68%	(20,174)	9,046,965	99.46%
2008	2008-2009	9,035,839	9,068,653	100.36%	(30,975)	9,037,678	100.02%
2009	2009-2010	9,428,709	9,464,850	100.38%	(29,317)	9,435,533	100.07%
2010	2010-2011	9,273,273	9,263,318	99.89%	(71,665)	9,191,653	99.12%
2011	2011-2012	8,485,214	8,474,234	99.87%	(55,687)	8,418,548	99.21%
2012	2012-2013	8,080,744	8,083,830	100.04%	(36,941)	8,046,889	99.58%
2013	2013-2014	7,944,813	7,940,154	99.94%	(38,694)	7,901,460	99.45%
2014	2014-2015	8,200,773	8,209,931	100.11%	4,755	8,214,686	100.17%
2015	2015-2016	9,168,339	9,164,073	99.95%	-	9,164,073	99.95%

Source: Reeths-Puffer Schools District records.

Reeths-Puffer Schools

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Tax Year	Fiscal Year	General obligation bonds	School Loan Revenue Refunding Bonds	School Bond Loan Fund/School Loan Revolving Fund	Capital Lease Obligations	Total Outstanding Debt	Total Taxable Value	Outstanding Debt as a % of Taxable Value	Estimated Population (1)	Outstanding Debt Per Capita	Taxable Value Per Capita
2006	2006-2007	$ 63,130,996	$ 402,472	$ 12,543,054	$ 102,719	$ 76,179,241	$ 593,977,515	12.54%	20,953	$ 3,556	$ 28,348
2007	2007-2008	61,283,381	402,472	13,179,592	117,658	74,983,103	640,404,770	11.49%	20,854	3,529	30,709
2008	2008-2009	59,180,427	364,555	13,816,640	69,507	73,431,129	656,476,199	10.99%	20,849	3,459	31,487
2009	2009-2010	78,531,848	324,834	14,599,357	44,734	93,500,773	675,925,830	13.62%	20,852	4,416	32,415
2010	2010-2011	74,817,443	89,259	15,890,777	18,063	90,815,542	672,504,078	13.47%	21,490	4,216	31,294
2011	2011-2012	70,987,012	45,667	17,936,062	-	88,968,741	660,330,545	13.47%	21,373	4,163	30,896
2012	2012-2013	67,611,286	-	21,327,826	-	88,939,112	604,796,117	14.68%	21,234	4,181	28,482
2013	2013-2014	62,927,003	-	24,291,256	-	87,218,259	597,635,400	14.55%	21,337	4,075	28,009
2014	2014-2015	58,711,049	-	26,731,054	-	85,442,103	587,570,546	14.49%	21,503	3,960	27,325
2015	2015-2016	81,966,729	-	122,902	-	82,089,631	597,652,772	13.66%	21,503	3,795	27,794

Sources: Reeths-Puffer Schools financial records and audited financial statements.

(1) Census figure for 2015 not yet released. The 2014 population figure was used as estimate.

Reeths-Puffer Schools
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Tax Year	Fiscal Year	General Obligation Bonds (1)	Debt Service Funds Available	Net Debt Outstanding	Total Taxable Value	Outstanding Debt as a % of Taxable Value	Estimated Population (2)	Outstanding Debt Per Capita	Taxable Value Per Capita
2006	2006-2007	$ 63,130,996	$ 1,667,244	$ 61,463,752	$ 593,977,515	10.35%	20,953	$ 2,933	$ 28,348
2007	2007-2008	61,283,381	1,388,542	59,894,839	640,404,770	9.35%	20,854	2,872	30,709
2008	2008-2009	59,180,427	1,311,024	57,869,403	656,476,199	8.82%	20,849	2,776	31,487
2009	2009-2010	78,531,848	1,417,191	77,114,657	675,925,830	11.41%	20,852	3,698	32,415
2010	2010-2011	74,817,443	211,090	74,606,353	672,504,078	11.09%	21,490	3,472	31,294
2011	2011-2012	70,987,012	-	70,987,012	660,330,545	10.75%	21,373	3,321	30,896
2012	2012-2013	67,611,286	151,703	67,459,583	604,796,117	11.15%	21,234	3,177	28,482
2013	2013-2014	62,927,003	260,775	62,666,228	597,635,400	10.49%	21,337	2,937	28,009
2014	2014-2015	58,711,049	285,748	58,425,301	587,570,546	9.94%	21,503	2,717	27,325
2015	2015-2016	81,966,729	477,255	81,489,474	597,652,772	13.63%	21,503	3,790	27,794

Sources and notes:
(1) Presented net of discounts and premiums
(2) Census figure for 2015 not yet released. The 2014 population figure was used as estimate.

Reeths-Puffer Schools

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Dalton Township	$ 3,899,282	84.79%	$ 3,306,201
Fruitland Township	1,635,000	19.28%	315,228
Laketon Township	6,048,377	100.00%	6,048,377
Muskegon Township	15,165,053	34.80%	5,277,438
City of Muskegon	12,236,401	2.96%	362,197
Muskegon County	72,485,000	13.71%	9,937,694
Muskegon Community College	18,990,000	13.71%	2,603,529
Subtotal, overlapping debt			27,850,664
District Direct Debt			82,089,631
Total Direct and Overlapping Debt			$ 109,940,295

Source: Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account; however, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Reeths-Puffer Schools
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation For Fiscal Year 2015-2016:

State Equalized Valuation (SEV), July 1, 2015	$	662,067,750
Statutory Debt Limit (15% of SEV)		99,310,163
Debt applicable to Debt Limit		58,711,049
Legal Debt Margin	$	40,599,114

Tax Year	Fiscal Year	State Equalized Value (SEV)	Statutory Debt Limit (15% of SEV)	Debt Applicable to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
2006	2006-2007	$ 732,678,500	$ 109,901,775	$ 63,130,996	$ 46,770,779	57.44%
2007	2007-2008	780,716,880	117,107,532	61,283,381	55,824,151	52.33%
2008	2008-2009	779,987,500	116,998,125	59,180,427	57,817,698	50.58%
2009	2009-2010	777,602,100	116,640,315	78,531,848	38,108,467	67.33%
2010	2010-2011	764,954,600	114,743,190	74,817,443	39,925,747	65.20%
2011	2011-2012	728,815,700	109,322,355	70,987,012	38,335,343	64.93%
2012	2012-2013	689,988,400	103,498,260	67,611,286	35,886,974	65.33%
2013	2013-2014	638,182,150	95,727,323	62,927,003	32,800,320	65.74%
2014	2014-2015	646,772,580	97,015,887	58,711,049	38,304,838	60.52%
2015	2015-2016	662,067,750	99,310,163	81,966,729	17,343,434	82.54%

Source: Muskegon County, Annual Equalization report.

Reeths-Puffer Schools

SCHOOL BOND LOAN FUND AND SCHOOL LOAN REVOLVING FUND PROGRAMS

Year ended June 30, 2016

As of June 30, 2016, the School District has a School Bond Loan Fund balance of $9,563 and a School Loan Revolving Fund balance of $113,339, for a total balance of $122,902. During the 2015-16 fiscal year, the School District issued taxable bonds with par amount of $27,930,000 to refinance the existing School Bond Loan Fund and School Loan Revolving Fund balances.

The Bonds are fully qualified as of the date of delivery pursuant to Act 108 of the Public Acts of Michigan, 1961, as amended, enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason, the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow, and the State of Michigan (State) shall lend to it from the School Bond Loan Fund or School Loan Revolving Fund established by the State, an amount sufficient to enable the School District to make payment. Article IX, Section 16 of the Michigan Constitution, as implemented by Act 112 of the Public Acts of Michigan, 1961, as amended, authorizes the State, without approval of its electors, to borrow from time to time such amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefore, for the purpose of making loans to school districts as provided amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefore, for the purpose of making loans to school districts as provided under such section. Loans to school districts for such purposes are made from the proceeds of such State borrowing.

Complete financial statements of all of the State's funds as included in the State's Comprehensive Annual Financial Report (CAFR) prepared by the State's Department of Management and Budget are available upon request from the Department of Management and Budget, Office of Financial Management, P.O. Box 30026, Lansing, Michigan 48909, telephone (517) 373-1011. The State has agreed to file its CAFR with the Nationally Recognized Securities Information Repositories and the State Information Depository (as described in Rule 15c2-12(b)(5) of the Securities Exchange Commission) annually, so long as any bonds qualified for participation in the School Bond Loan Fund remain outstanding.

Reeths-Puffer Schools

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Estimated Population (1)	Unemployment Rate: Muskegon County (2)	Unemployment Rate: State of Michigan (3)	Inflation Rate (4)	Personal Income (5): Total	Personal Income (5): Per Capita
2006	20,953	6.8%	6.9%	2.5%	$ 4,627,783	$ 26,641
2007	20,854	7.1%	7.1%	4.1%	4,765,807	27,431
2008	20,849	8.5%	8.3%	0.1%	4,898,789	28,233
2009	20,852	14.5%	13.5%	2.7%	4,705,478	27,984
2010	21,490	13.5%	12.7%	1.5%	5,006,786	29,114
2011	21,373	10.2%	10.4%	3.0%	5,234,139	30,785
2012	21,234	8.8%	9.1%	1.7%	5,392,301	31,685
2013	21,337	8.1%	8.4%	1.5%	5,541,481	32,405
2014	21,503	7.4%	7.3%	0.8%	5,662,490	32,856
2015	21,503	5.6%	5.4%	0.7%	N/A	N/A

Sources and notes:

(1) U.S. Census Bureau School District estimates. 2015 information not yet available, 2014 used as estimate.

(2) State of Michigan Department of Technology, Management and Budget (DTMB). Annual County jobless rate, not seasonally-adjusted.

(3) State of Michigan DTMB. Annual State of MI jobless rate, not seasonally-adjusted.

(4) U.S. Department of Labor, Bureau of Labor Statistics (BLS). National CPI, December 2015, not seasonally-adjusted.

(5) State of Michigan DTMB. Annual Muskegon County income information from Bureau of Economic Analysis. Amounts shown in thousands of dollars. Information for 2015 not yet available.

Reeths-Puffer Schools
PRINCIPAL EMPLOYERS IN MUSKEGON COUNTY
Current Year and Nine Years Ago

Year Ended June 30,	2016 (1)			2007 (2)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Mercy Health Partners (3)	4,114	1	5.1%	3,676	2/3	4.2%
Alcoa Howmet	2,200	2	2.7%	2,427	1	2.8%
County of Muskegon	1,200	3	1.5%	1,150	5	1.3%
ADAC Automotive	970	4	1.2%	-		-
Meijer Inc.	900	5	1.1%	1,300	4	1.5%
Chassix (Diversified Machine)	701	6	0.9%	-		-
Hines Corporation Companies	690	7	0.9%	-		-
Port City Group	667	8	0.8%	-		-
G.E. Aviation	660	9	0.8%	-		-
Muskegon Public Schools	565	10	0.7%	1,110	6	1.3%
Hayes Lemmerz International	-		-	558	7	0.7%
L3 Communications	-		-	550	8	0.6%
ADAC Plastics	-		-	481	9	0.6%
Johnson Technology, Inc.	-		-	476	10	0.6%
Total Pricipal Employees	12,667		15.8%	11,728		13.6%
Total Employment Base (4)	80,151			84,057		

Sources and notes:
1) Muskegon Area First. 2016 largest employers report, retrieved August, 2016.
2) Muskegon County Comprehensive Annual Financial Report, for Fiscal Year Ended September 30, 2015.
3) In 2007, the second largest employer was Mercy General Health Partners with 2,108 employees and the third largest was Hackley Hospital with 1,568. These two organizations have since merged to become Mercy Health.
4) Total Muskegon County labor force as of June of the corresponding fiscal year presented. Source: Michigan DTMB.

Reeths-Puffer Schools
DISTRICT EMPLOYEES BY TYPE
Last Ten Fiscal Years

	Total Employees as of June 30,									
Employee Category	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Administrators	23	23	24	24	24	23	24	24	23	22
Admin. Office Personnel/Technology	6	6	6	6	6	7	7	8	9	10
Teachers	221	230	230	238	240	244	246	252	261	251
Secretarial/Clerical	25	25	26	26	25	24	26	31	28	27
Aides/Paraprofessionals	60	66	52	53	56	57	51	64	44	50
Maintenance/Custodial	7	6	6	6	6	6	6	6	7	7
Transportation	5	4	4	4	4	4	35	32	39	36
Food Service	31	29	29	28	28	30	30	31	30	29
Total	378	389	377	385	389	395	425	448	441	432

Source: District payroll records.

Reeths-Puffer Schools
SCHOOL ENROLLMENT
Last Ten Fiscal Years

Historical enrollment for the School District is as follows:

School year	Enrollment	School year	Enrollment
2015-2016	3,790	2010-2011	4,017
2014-2015	3,853	2009-2010	3,963
2013-2014	3,874	2008-2009	4,061
2012-2013	3,870	2007-2008	4,129
2011-2012	3,843	2006-2007	4,205

Enrollment by grades—2015-2016 is as follows:

Kindergarten	293	Seventh	296
First	248	Eighth	297
Second	280	Ninth	321
Third	282	Tenth	312
Fourth	264	Eleventh	302
Fifth	278	Twelfth	324
Sixth	267	Special Ed.	26
		TOTAL	**3,790**

Source: District fall student count records.

Reeths-Puffer Schools
OPERATING STATISTICS
Last Ten Fiscal Years

Fiscal Year	Enrollment	Percentage Change	Operating Expenditures	Percentage Change	Cost Per Pupil	Percentage Change	Percentage of Students Receiving Free or Reduced Price Meals
2006-2007	4,205	-0.80 %	$ 33,841,159	1.59 %	$ 8,048	2.41 %	34.70 %
2007-2008	4,129	-1.81	34,221,882	1.13	8,288	2.99	32.30
2008-2009	4,061	-1.65	34,298,742	0.22	8,446	1.90	35.73
2009-2010	3,963	-2.41	33,922,398	-1.10	8,560	1.35	46.15
2010-2011	4,017	1.36	34,469,732	1.61	8,581	0.25	45.90
2011-2012	3,843	-4.33	34,447,773	-0.06	8,964	4.46	49.43
2012-2013	3,870	0.70	33,758,554	-2.00	8,723	-2.68	44.34
2013-2014	3,874	0.10	34,909,342	3.41	9,011	3.30	46.19
2014-2015	3,853	-0.54	35,808,983	2.58	9,294	3.14	50.50
2015-2016	3,790	-1.64	36,638,974	2.32	9,667	4.02	49.55

Source: District enrollment and financial records. Free and reduced rates retrieved from MI School Data.
Link: (https://www.mischooldata.org/Other/DataFiles/StudentCounts/HistoricalFreeAndReducedLunchCounts.aspx)

Reeths-Puffer Schools

STATE AID SUMMARY—FUNDS FROM STATE SOURCES
(INCLUDING CATEGORICALS)

Last Ten Fiscal Years

Year ended June 30		**Amount**
2016	$	29,346,038
2015		28,543,207
2014		27,352,472
2013		25,983,244
2012		25,141,272
2011		25,746,844
2010		24,631,590
2009		25,739,541
2008		27,142,549
2007		27,130,423

Source: State of Michigan August State Aid Status Report

Reeths-Puffer Schools
PENSION FUND
Last Ten Fiscal Years

The School District will pay a base rate equal to a percent of its employees' wages to the Michigan Public School Employees Retirement System (MPSERS) which is administered by the State of Michigan. The following were the applicable contribution rates required by law for the periods:

October 1, 2015—September 30, 2016	31.49 - 36.31	%
October 1, 2014—September 30, 2015	28.59 - 33.41	
October 1, 2013—September 30, 2014	29.35 - 31.52	
February 1, 2013—September 30, 2013	25.92 - 28.56	
October 1, 2012—January 31, 2013	25.13 - 26.20	
October 1, 2011—September 30, 2012	24.46	
November 1, 2010—September 30, 2011	20.66	
October 1, 2010—October 31, 2010	19.41	
October 1, 2009—September 30, 2010	16.94	
October 1, 2008—September 30, 2009	16.54	
October 1, 2007—September 30, 2008	16.72	
October 1, 2006—September 30, 2007	17.74	
October 1, 2005—September 30, 2006	16.34	

These contributions are required by law. The School District's contributions for the past ten years are shown below. The School District does not have an unfunded accrued liability under MPSERS.

Year ending June 30	Paid to pension funds
2016	$ 6,922,535
2015	6,317,722
2014	5,433,868
2013	4,841,396
2012	4,527,762
2011	3,800,496
2010	3,396,422
2009	3,345,330
2008	3,280,456
2007	3,405,602

Effective January 1, 1987, members of MPSERS may irrevocably elect to contribute a percentage of their gross wages on a tax deferred basis to a member investment plan (MIP) which qualifies them for additional benefits. All employees hired after January 1, 1990 will contribute to the plan at a graduated rate of their gross wages. If a member leaves MPSERS service before a retirement benefit has vested, the member's accumulated contributions to MIP, plus interest, if any, are refundable.

Reeths-Puffer Schools

SCHOOL BUILDING INFORMATION

Site	Grade Configuration	Acreage	Date Originally Constructed	Additions and Renovations	Square feet
McMillan Early Childhood Center	Pre-K	10	1955	1969, 2004, 2005	43,000
Pennsylvania Elementary	Pre-K - K	5.8	1962	1996, 2004	10,602
Central Elementary	K-4	27	1951	1990, 2004, 2005, 2011	55,361
Reeths-Puffer Elementary	K-4	15	1948	1960, 1996, 2004, 2011	66,000
Twin Lake Elementary	K-4	12.6	1953	1972, 1991, 1996, 2004, 2005, 2011	39,691
Reeths-Puffer Intermediate School	5-6	21	1954	1957, 1996, 2004, 2005	95,000
Reeths-Puffer Middle School	7-8	52	1945	1971, 1998, 2004, 2005, 2010	131,000
Reeths-Puffer High School	9-12	61.5	1994	1998	288,000
Duck Creek Learning Center Alternative Ed	9-12	5	1956	1958, 1961, 2004	12,371
Educational Services Building	N/A	2	1962	1970, 1978, 2004	10,602
Transportation	N/A	5.2	2004		8,075
River Road Property 2475 S. River Rd., Muskegon Township	N/A	56			
Gun Club Property Duff Rd., Dalton Township	N/A	160			
Staple Road Property Staple Rd., Dalton Township	N/A	40			
Buel Playground Russell Rd., Muskegon Township	N/A	2			

Source: District records.