



Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2017

Waterford, Michigan



Comprehensive Annual Financial Report

Oakland Schools

**2111 Pontiac Lake Road
Waterford, MI 48328**

**For the Fiscal Year Ended
June 30, 2017**

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OAKLAND SCHOOLS
Table of Contents

Introductory Section

Letter of Transmittal	i-xiii
ASBO Certificate of Excellence in Financial Reporting	xiv
Organizational Chart	xv

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-17
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Governmental Fund Financial Statements:	
Balance Sheet	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Fund Financial Statements:	
Statement of Net Position	24
Statement of Revenue, Expenses, and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Funds - Statement of Fiduciary Assets and Liabilities	27
Notes to Basic Financial Statements	28-49
Required Supplementary Information	50
Budgetary Comparison Schedule - General Education Fund	51
Budgetary Comparison Schedule - Special Education Fund	52
Budgetary Comparison Schedule - Vocational Education Fund	53
Schedule of District's Proportionate Share of the Net Pension Liability of the Michigan Public School Employees' Retirement System	54

OAKLAND SCHOOLS
Table of Contents (Continued)

Financial Section (Continued)

Required Supplementary Information (Continued)

Schedule of District's Contributions to Pension Plan Michigan Public School Employees' Retirement System	55
---	----

Note to Pension Required Supplementary Information	56
--	----

Note to the Required Supplementary Information	57
--	----

Other Supplementary Information 58

Budgetary Comparison Schedule - Shared Services & Tuition Programs Cooperative Activities Fund	59
---	----

Budgetary Comparison Schedule - ONE Cooperative Activities Fund	60
---	----

Budgetary Comparison Schedule - Medicaid Cooperative Activities Fund	61
--	----

Budgetary Comparison Schedule - HR/Finance Consortium Cooperative Activities Fund	62
--	----

Nonmajor Governmental Funds:	
Combining Balance Sheet	63
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	64

Nonmajor Special Revenue Funds:	
Combining Balance Sheet	65
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	66

Schedule of Bonded Indebtedness	67
---------------------------------	----

OAKLAND SCHOOLS
Table of Contents (Continued)

Statistical Section - Unaudited

Note to the Statistical Section	68
Financial Trend Information	
Net Position by Component - Governmental Activities	69
Changes in Governmental Net Position	70-71
Fund Balances - Governmental Funds	72
Changes in Fund Balances - Governmental Funds	73
Revenue Capacity Information	
Taxable Value of Property	74
Direct and Overlapping Property Tax Rates	75
Principal Property Taxpayers	76
Property Tax Levies and Collections	77
Debt Capacity Information	
Ratios of Outstanding Debt	78
Direct and Overlapping Governmental Activities Debt	79
Legal Debt Margin	80
Demographic and Economic Information	
Demographic and Economic Statistics	81
Principal Employers	82
Operating Information	
Full-time Equivalent School District Employees	83
Operating Indicators	84
Facility Capital Asset Owned and Leased Information	85
Federal Awards Supplemental Information	Issued Under Separate Cover

October 17, 2017

To the Citizens of Oakland County
and the Board Members of Oakland Schools

The Comprehensive Annual Financial Report (CAFR) of Oakland Schools (an intermediate school district) for the fiscal year ended June 30, 2017 is hereby submitted. The Oakland Schools Department of Financial Services prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Oakland Schools (the “District”). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various District funds. All disclosures necessary to enable the reader to gain a thorough understanding of the District’s financial activities have been included.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a listing of the elected and top administrative officials of the District, the District’s ASBO Certificate of Excellence in Financial Reporting for the Fiscal Year Ended June 30, 2016 and the District’s administrative organizational chart. The financial section includes the independent auditor’s report, management’s discussion and analysis, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The basis for preparing the CAFR for the District was first to identify the financial reporting entity exclusive of any potential component units. Potential component units were evaluated to determine whether they should be reported in the District’s CAFR. A component unit is considered to be part of the District’s reporting entity if it meets the criteria as outlined by the Governmental Accounting Standards Board in Statement No. 14, *The Financial Reporting Entity*. The CAFR includes all District funds and account groups that are controlled or dependent upon the District’s Board of Education. There are no component units included in the District’s CAFR, and Oakland Schools is not included in any other governmental “reporting entity.”

The District

Oakland Schools is one of 56 intermediate school districts (ISDs) established in Michigan in 1962. ISDs are regional service agencies that offer support services to local school district personnel that are best delivered regionally, as measured by cost, size and quality advantages. Oakland Schools is an autonomous, tax-supported public school district governed by Michigan General School laws. The District serves 28 local school districts and 26 public school academies, with a countywide enrollment of approximately 188,950 students. Enrollment increased by .6% in 2016-17 for the first time in ten years. Countywide, student enrollment had been declining since 2007, primarily due to the economic environment in the state of Michigan causing families to move out of state. Enrollment does not impact the financial resources of Oakland Schools however, as our primary revenue source is property taxes, and the District does not receive a per pupil foundation allowance.

The District’s Board of Education members are elected by local school boards and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. The Board of Education is responsible for the selection and appointment of the superintendent, as well as setting policy, developing long-range educational goals, adopting and amending operating budgets, and evaluating school programs.

Oakland Schools operates and houses staff in nine locations, five of which are owned and four of which are leased. Our locations consist of the main Administration Building, Summit building (Production Print, Special Education), and White Oaks building (Medicaid, Special Programs) in Waterford, Michigan; the JobLink Service Center (a Michigan Works! center) in Pontiac, Michigan; the Visions facility (Special Education) in Farmington, Michigan; and four technical campuses in each of the quadrants of the county: Northwest Campus in Clarkston, Michigan, Southwest Campus in Wixom, Michigan, Northeast Campus in Pontiac, Michigan and Southeast Campus in Royal Oak, Michigan. The four technical campuses provide a countywide career focused education learning system to approximately 2,650 students from all 28 constituent districts. The condition of all Oakland Schools' facilities is excellent. Two of the five owned facilities are less than fourteen years old. One owned facility was built in 1990 but was completely renovated in 2011. The remaining two owned facilities were built in the 1970's but have undergone significant renovations in 2007 and 2010-11 to ensure they are structurally sound and are state of the art facilities. The District maintains a 5-year capital plan which is updated annually to prepare for necessary improvements and upgrades to facilities and equipment. The District pre-funds at least three years, and up to five years, of the capital plan requirements. This planning process ensures Oakland Schools maintains adequate funding and can meet our capital needs.

Economic Condition and Outlook

Oakland Schools and the school districts we support are primarily located in Oakland County, which covers approximately 910 square miles. Oakland County is now in its eighth year of economic recovery since the recession's low point in 2009. Despite recent years of economic turmoil that have plagued Southeast Michigan, along with the rest of the nation, Oakland County has remained one of the most prosperous counties in the country. More important, it has the necessary assets to remain a prosperous and welcoming county in the future. Oakland County remains one of the most prominent local economies in the nation, with some of the most promising longer-term prospects. The County's knowledge-based economic activity is among the most concentrated in the country and the percentage of the population holding an associate's degree or better well exceeds the national average, which are two good indicators of future economic prosperity.

The County is especially noteworthy for its share of residents employed in professional and managerial occupations, which bodes well for future growth opportunities in higher paid activities. Oakland County's assets provide opportunities to continue diversifying its economy into areas with longer-term growth potential. Oakland's traditionally strong sectors have included business services, information technology and health services, contributing to job growth in recent years. The years 2012 and 2013 showed the most significant job growth since the recession's low point in 2009. Job growth in 2014 and 2015 tapered off a bit averaging just fewer than 14,000 jobs, a more sustainable level of growth. Job growth accelerated to 16,500 jobs in 2016 and economists predict 2% growth for the next three years. The industries with the most significant job growth from 2010-2016 are professional and business services; trade, transportation, and utilities; manufacturing; and leisure and hospitality. This job growth was most prevalent in higher-wage industries. Although the economic recovery has been slow initially, we do see the county economy as being on an upward growth trajectory that will continue beyond 2016. Oakland County's affluent, well-educated community has been, and will continue to be, its own best resource for maintaining a thriving economy. For more information about Oakland County's economic engine, please visit either www.oakgov.com or www.automationalley.com.

School Finance

Oakland Schools is allocated one-fourth mill (0.25 mill) for general operating purposes from the millage allocation authorized in each Michigan county, in accordance with the State of Michigan constitution. Under the terms of the Tax Limitation Amendment of 1978, this millage has been "rolled back" to reflect growth of property valuation above the inflation rate. For the fiscal year ended June 30, 2017, the District's General Education Fund operating levy was .1985 mills. Due to another mileage rollback, the District will levy .1966 mills in fiscal year 2018.

The District is legally permitted to seek voter approval to fund special education and vocational education programs. The voters had authorized special education tax levies totaling one and three-fourths mills (1.75 mills) and a vocational education tax of one-half mill (0.50 mills), all of which have been “rolled back” under the terms of the Tax Limitation Amendment of 1978. On September 25, 2001, the voters authorized an additional tax levy for both special education (1.1704 mills) and vocational education (0.2279 mills). The District’s special education and vocational education total levies for the fiscal year ended June 30, 2017 were 2.5237 mills and .6176 mills, respectively, after application of millage roll-back rules. These millage rates will be reduced to 2.4996 and .6117, respectively, in fiscal year 2018 due to additional rollbacks.

The taxable valuations for Oakland County properties in the five years prior to fiscal year 2008-09 had increased by an average of 3% annually. For 2008-09 there was no growth in taxable values but rather a minor reduction (-.0075%) which was a precursor to a substantial declining 4-year trend:

2009-10	-3.8%
2010-11	-11.9%
2011-12	-7.7%
2012-13	-3.5%

These four consecutive years of declining property tax values have an impact lasting into fiscal year 2017 and beyond until the tax base has fully recovered, resulting in a cumulative erosion of District revenue of \$327.5 million through fiscal year 2017. Nearly 76% of this decline is Special Education property tax which flows through to school districts in Oakland County. The prior years’ decline in the District’s tax base is reflective of the state’s economic challenges and the nation’s ongoing commercial and residential real estate market retrenchment. Taxable values of Oakland County properties increased by 1.7% and 3.6% in 2016 and 2017, respectively and are expected to increase 5.0%, 5.0%, and 4.0% for 2018, 2019, and 2020, respectively. Due to Proposal A however, the District’s tax levy increase is limited to the rate of inflation and the full amount of taxable value increase is not expected to be realized.

Related to the decline in taxable values are ongoing Michigan Tax Tribunal (MTT) judgments. There was a significant backlog of cases that arose during the recession that the State has been processing over the last several years. Not all MTT judgments result in a reduction in taxable value for the plaintiff, although a good number of them do. These judgments often result in a refund of previously collected property taxes that the County must provide to the plaintiff(s), and the County passes these costs onto the respective municipalities and school districts, such as Oakland Schools. At the time of this publication, Oakland Schools is using the same information that Oakland County Government has developed for determining the liability exposure to MTT appeals. As a result, we have determined that a reserve of \$.5 million is appropriate to address successful property tax appeals through the school fiscal year ending June 30, 2018.

Major Initiatives

Mission

Our mission statement as of June 30, 2017 and as adopted by our Board of Education is:

“Oakland Schools: Learning today. Transforming tomorrow.”

Our beliefs, as of June 30, 2017, and as adopted by our Board of Education are:

- It’s about service.
- Students form the lens through which our best educational decisions are made.
- All students can and will learn.

- Collaboration builds understanding.
- Education is a shared responsibility.
- Our success depends upon our employees.
- Change is opportunity.
- Lifelong learning is a key to lifelong success.
- Effective relationships are powerful.
- Differences expand our thinking.
- Visionary leadership creates a dynamic environment.
- We must develop leaders for tomorrow.
- Ethical behavior is everyone's responsibility.

To support our mission and beliefs, the Board of Education has formally adopted and maintains a continuous improvement plan for Oakland Schools. As of June 30, 2017, the goals of the continuous improvement plan are:

1. Equity
2. Well-Being
3. Excellence
4. Operations

Oakland Schools strives to promote equity and excellence in education throughout the District. We do this through quality service and leadership. We explore, experiment, and model ideas to improve education and enhance teaching skills through discovery and practice. We understand that our role as an Intermediate School District is to support student achievement in our constituent districts. We meet this responsibility through our professional and curricular development programs, development and implementation of regional best practices and operating efficiencies, and our monitoring and compliance activities.

Examples of current programs, initiatives, and support systems that serve our constituent school districts follow:

Fullan Network

Oakland Schools, and most of our districts, have entered into the Fullan Deep Learning International Network. We are supporting districts in moving their teaching toward deep learning in the classroom as defined by the network. We are both a member of the Network at Oakland Schools and also contributing numerous staff members to work at the district level to support these efforts.

Illuminate

Oakland Schools is undergoing a major effort to implement the Illuminate Assessment system in all 28 of our districts. This system will allow districts to manage student assessment data at the district, school and classroom level. Oakland Schools is subsidizing approximately 50% of the cost of this new system but we are also committing a number of staff members to work in districts to support local staff in implementation. In 2017 our focus was to on-board all 28 districts to the Illuminate DnA system. In 2018 our work is focused on building the capacity of district level staff to full implementation of Illuminate DnA, as measured by an implementation rubric. We are also building capacity of classroom teachers through customized, in-district professional learning, as well as Oakland Schools developed online learning resources.

Oakland Opportunity Academy

Oakland Opportunity Academy (OOA) is an alternative high school located in Wixom and operated by Oakland Schools. The OOA is a consortium of six local districts including Clarenceville, Huron Valley, Farmington, Novi, West Bloomfield and Walled Lake. The program is a very unique integration of career and technical education with academics. It is now in its seventh year and provides education to approximately 190 students. The school has been successful at maintaining a high graduation rate.

School Improvement

Oakland Schools provides school improvement support through consultation and professional learning. This support comes in several forms. We provide technical support in the use of the Michigan Department of Education's school improvement framework and web-based tool for school improvement. Educators are also invited to participate in a number of professional learning experiences related to school improvement in the areas of data and data use, goal setting, action planning, monitoring implementation and documenting results. In addition, we provide support to Title I programming for districts.

Oakland County Wraparound

Oakland County Wraparound provides intensive service coordination to students with mental health needs so they are able to gain support to remain and succeed in school. Wraparound assures service coordination among the multiple agencies with which involved students have contact.

Oakland County Suicide Taskforce

At a leadership level, the Taskforce supports district and school protocol with regard to prevention, intervention and postvention suicide services. These include leadership the ASIST model, an international best practices model to train educators and community members in strong intervention skill development. Follow-up services after a suicide attempt or a completed suicide in a school district is also in place. This involves intensive community support and alignment to the district suicide response plans.

Oakland County ProjectAWARE

Oakland County is one of three counties selected to undertake a multiyear project to coordinate mental health services across community and school systems to improve access and care to all school age children in the county. This second tier initiative builds upon the first tier of mental health first aid training, which helps people not in the mental health field identify and connect those in need with help. The project also coordinates services with a mental health staff person from the Oakland County Community Mental Health Authority.

Oakland Schools Homeless Student Education Services

Our Homeless Student Education Services team identifies and serves homeless students across Oakland County to comply with the federal McKinney-Vento Law. This program assures that homeless students receive coordination to remove barriers to attend school despite being without permanent housing. OS services also include extensive professional development and dispute resolution to districts and coordination of new ESSA direction.

Oakland County Foster Care Student Services

Oakland Schools provides leadership to local districts and to the community with regard to the coordination of students who are involved in the foster care system. Changing ESSA guidelines make it necessary to ensure districts remain in compliance with expectations to assure that these high risk students are aligned to supports and services at the district, county, and state level. Quarterly foster care district liaison meetings ensure up to date information flows to the local districts.

Oakland Schools Refugee and Immigrant Student Services

Refugee and immigrant students face a wide range of unique needs such as mental health coordination and trauma referrals. Oakland Schools provides services including professional development on understanding trauma experienced by immigrant students, cultural sensitivity and best practice in working with students who are living with post-traumatic stress disorder. Oakland Schools also works to districts, consortium leadership, Title III - I coordination and community outreach. In addition, strong community connections are maintained with agencies providing front line care to immigrant students and their families.

Collaborative Program Development Initiative (CPDI)

The purpose of the CPDI project is to enhance the academic achievement of Oakland ISD students by supporting collaborative instructional programs that can potentially serve students in all Oakland ISD constituent school districts. This program also provides “seed funding” for new non-instructional collaborative programs to promote consolidation of services: Recent examples of the use of CPDI funding are:

- Alternative educational programs including start-up of virtual learning programs
- Technology and other collaborations for non-instructional services
- Partial subsidy of the HR/Finance Consortium which will help reduce costs to our partnering local school districts while moving toward a county-wide software system.

Shared Services

Oakland Schools works with several districts in Oakland County providing non-instructional services on a cost recovery basis. Collaborative efforts include the following:

- Effective November 2013, the District entered into an Alternate Service Provider Agreement with The School District of the City of Pontiac. Under this agreement, Oakland Schools is providing business office services and human resource services to assist Pontiac in addressing its financial emergency and successfully implement its Consent Agreement with the Michigan State Treasurer. This agreement is in effect for the duration of the Consent Agreement unless terminated by both parties in accordance with the agreement’s termination clause.
- Effective March 2015, the District entered into an agreement with Hazel Park Schools to provide business office services. The agreement has undergone modifications since that time, and under the agreement in effect for 2016-17, Oakland Schools provided full business office services.
- Oakland Schools provides various business office services (payroll, accounts payable, controller) for three additional districts through intergovernmental agreements through June 2018.
- Oakland Schools’ technology services department provides a full range of onsite and centrally managed technology services to ten districts in Oakland County.
- Oakland Schools provides additional cost recovery services to districts on an as-needed basis. During 2017, these services included interim assistant superintendent, business office, strategic planning and early childhood specialist services.

Early Childhood Programming

The Early Childhood Unit leads the development, support for and improvement of county-wide, cross sector collaborative systems that improve children's school readiness. Children who enter kindergarten with gaps in early language and literacy skills are particularly vulnerable to struggling as learners and readers. This prioritizes preventing and closing young children's opportunity and readiness gaps as early as possible before kindergarten, so that they will learn, achieve, and read proficiently by the end of the early childhood years in third grade. To this end, the Early Childhood Unit has adopted the following priorities.

- Oversee the high quality implementation and continuous improvement of state funded prekindergarten programs (GSRP) for over 3,090 children in 28 districts, 6 public school academies and 12 community agencies in Oakland County.
- Increase student achievement by improving the quality of classrooms serving children from birth to five years of age through professional development and consultation in the areas of standards, curriculum, assessment, and instruction. Also, improve the continuity and alignment of educative programs throughout the early childhood years in a systemic approach to prekindergarten through third grade education.
- Increase student achievement by promoting the social and emotional competence of young children. Provide support for children struggling with challenging behaviors through staff training, individualized consultation and parent support.
- Implement and continually improve coordination of Early On intervention services for children from birth to three with developmental delays and diagnosed conditions, including those receiving special education services and those with more moderate delays who are served through partnerships with county agencies and organizations.
- Continue to develop and improve a comprehensive integrated system of a wide variety of early childhood services including early education and care, physical and emotional health, and parent support and education that are available to all families throughout Oakland County.
- Provide a continuum of parent engagement and education opportunities for families of children birth to eight years of age, including those who need intensive services, through a family, school and community partnership.

Special Education Services

The Oakland Schools Department of Special Populations is dedicated to providing leadership, service and support that strengthen the capacity of schools, families and communities to support the success of students with Individualized Education Programs (IEPs).

Services include, but are not limited to:

- Central coordination of county-wide problem solving and placement of students with IEPs having complex needs
- Provision of assistive technology to county students with IEPs to assure access to instruction and materials
- Support of districts in skill development of staff providing instruction to students with IEPs
- Instructional and consultative services to district staff for students who are deaf/hard of hearing, visually impaired, physically impaired or have traumatic brain injury.

Career Focused Education/Student Services

The vision driving Oakland Schools' Career Focused Education (CFE) through our Student Services Department is Every Student Graduates, Progressing to Quality Post-Secondary Learning. Oakland Schools operates four AdvancED accredited technical campuses directly serving approximately 2,650 students throughout the County. Oakland Schools has built and continuously improves a district-wide learning system that guides students in:

- Making informed career readiness decisions
- Developing academic, technical, and workplace knowledge
- Skills building and preparation to compete effectively in the job market

Leaders from the community, business and industry, government, and education serve as key stakeholders in Student Services' efforts to develop and deploy career development programs that align with the region's workforce needs. During the school year, significant progress was made in advancing Student Services' mission, most notably through:

- Continuous improvement to the campus facilities and program offerings at all four Oakland Schools technical campuses
- Regional alignment of career readiness activities, training, and partnerships
- Student acceptance into apprenticeships, 2-year colleges, 4-year colleges and full-time employment.

Oakland Network for Education (ONE)

ONE is a district-wide 311-mile fiber-optic network that benefits all Oakland ISD students and educators through its economy of scale and services. It is a comprehensive network designed to bring significantly enhanced educational opportunities to the students of Oakland Schools' constituent districts.

ONE provides services through advanced voice, video, and data network infrastructure in order to build a stronger learning community within the Oakland Schools boundaries (i.e., lower-cost local, zone, and long-distance telephone access through collaborative bids; high-speed Internet access to meet the growing needs of Oakland ISD educators; and connectivity to the community through a Web presence). ONE provides the following benefits to students: opportunities for all students to access the technological and academic skills necessary for the 21st century; college courses for high school students at their local high school; field experts to work with students; virtual field trips to leading cultural institutions; and video on demand for instruction.

Capital Projects Fund - Construction and Renovation Projects

Oakland Schools maintains a 5-year capital plan which is updated annually, identifying both short-term and long-term construction and renovation projects and the funding source for those projects. Capital projects funds are maintained for the administration building, CFE campus renovations and the JobLink facility. Through careful planning and funding of these capital projects funds, the District can ensure updated, state-of-the-art facilities are maintained.

Risk Related Activity Fund

The Risk Related Activity Fund is categorized in governmental accounting as an Internal Service Fund and is authorized under Governmental Accounting Standards Board (GASB) Statements Number 10 and 30. An internal services fund is a proprietary fund. Proprietary funds are used to account for state or local government's activities that are similar to activities that may be performed by commercial enterprises. The goal of this fund is to provide administration with a risk management tool. The Risk Related Activity Fund includes accounting for the following District expenses:

- I. Employee Compensated Absences

II. Employment Benefits including:

- Health Insurance
- Dental Insurance
- Vision Insurance
- Life Insurance
- Short-term Disability Insurance
- Long-term Disability Insurance
- Workers' Compensation Insurance
- Unemployment

III. Other District Expenses/Programs including:

- Property & Casualty Insurance
- Fleet Insurance
- Errors & Omissions
- Professional Liability
- Safety (loss prevention)
- Employee Wellness

We believe the application and operation of this risk management tool is a significant benefit to our District.

Production Print Enterprise Fund

The Production Print Enterprise Fund is categorized in government accounting as an enterprise fund. An enterprise fund is a proprietary fund. Proprietary funds are used to account for state or local governments' activities that are similar to activities that may be performed by commercial enterprises. Enterprise funds are funds used by governmental units to account for services provided to the general public on a user charge basis. The primary operating goal for the Production Print Enterprise Fund is to operate on a break-even basis. Primary elements of the business operating plan for the fund is first to expand operating revenue such as those generated from expanding services to other districts and outside organizations and concurrently closely manage operating costs such as inventory and personnel.

Financial Information

Accounting Systems

The District's fund-level financial statements and government-wide financial statements for our governmental and Agency Fund types have been prepared in conformance with generally accepted accounting principles and are in compliance with Government Accounting Standards Board Statement No. 34. Governmental fund-level statements are prepared on the modified accrual basis of accounting. The revenue is recognized when measurable and available to finance current operations. Expenditures are recognized when the liability is incurred, generally when the goods or services are received, except for interest on long-term debt, which is recorded when paid. With respect to the government-wide financial statements, the full accrual accounting basis is applied as defined under GASB Statement No. 34.

In developing and evaluating the District's financial information system, consideration is given to the adequacy of the internal accounting and administrative control structure and the costs thereof. Accounting and administrative controls comprise the plan of organization, policies, procedures, and records necessary for the safeguarding of assets, the reliability of financial records, and compliance with grant requirements. The expressed purpose is to provide reasonable assurance that:

- Transactions are in accordance with management's and grantors' general or specific authorization

- Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and other criteria (such as finance-related legal and contractual compliance requirements) and to maintain accountability for assets
- Access to assets is permitted only in accordance with Board of Education appropriations, financial policies, and management’s authorization
- The recorded accountability for assets is compared with the existing assets at reasonable intervals, and appropriate action is taken with respect to any differences.

Accounting and administrative controls comprehend reasonable, but not absolute, assurance that the objectives expressed will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of an internal control structure should not exceed the benefits expected.

Budgetary Controls

The District maintains both accounting and budgetary controls. The objective of budgetary control is to ensure compliance with legal provisions as embodied in and adopted in the annual appropriation budget approved by the Board of Education. Governmental fund types are under formal budgetary control. Activities of the General and Special Revenue Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Project Funds.

The Board of Education established the legal level of control as presented in the fund financial statements. The Board of Education is authorized to make amendments to the budget as it deems necessary. The District also maintains an encumbrance accounting system as a method of budgetary control. Amounts encumbered at year end are re-appropriated as part of the following year’s budget. Detailed operating information on a per fund basis can be found in the management’s discussion and analysis section of the CAFR.

Fund Balance

The District is in compliance with the provisions of GASB 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. The District’s fund balance is categorized under these classifications based on the extent to which the District is bound to observe constraints imposed on the use of the resources in the governmental funds.

Cost Allocation Methodologies

During the normal course of conducting business, the District incurs costs that require a logical methodology to allocate between our three major operating funds: The General Education Fund (GEF), the Special Education Fund (SEF) and the Career Focused Education Fund (CFEF). The Michigan Department of Education’s (MDE) “Accounting and Fiscal Reporting Requirements for Intermediate School District Use of Special Education Funds” rules identify allocation-eligible “function-based” costs as defined by the MDE Bulletin 1022 Accounting Manual.

For the SEF, the primary controller parameter is a 25% maximum allocation cap on each eligible function-based cost pool. The CFEF has no such limiting set of rules to date, but costs in this fund are treated in the same manner as the SEF with respect to the application of our “general allocation methodology” process.

Oakland Schools uses two basic cost allocation methodologies:

- General allocation method - allocates all qualifying function-based gross budget cost pools not allocated using an activity based cost method in the following manner: 50% to the GEF, 25% to the SEF and 25% to the CFEF.
- Activity based cost (ABC) method

- ABC - FTE based - applied to the Financial Services, Human Resources, Office of Procurement & Contracting and the Enterprise Technical Services departments
- ABC – Space Usage based - predicated on square footage and is applied to capital, maintenance and operating costs associated with the District’s facilities
- ABC - Transportation - based on student miles transported for all constituent districts and is used for allocation of Pupil Transportation costs

Debt Administration

Long-term obligations outstanding for the District as of June 30, 2017 consisted of \$45,495,000 in bonded debt, \$3,306,243 in premium on debt issued, \$(567,978) of deferred refunding charges and \$3,196,496 of accrued sick and vacation obligations. All of the District’s bonded debt consists of general obligation limited tax instruments. The funding source for the debt service is the operating revenue of the District’s General Education, Special Education, and Career Focused Education Funds.

Retirement Plan

All employees of the District are covered by a mandatory, cost-sharing, multiple-employer plan - the Michigan Public School Employees Retirement System (MPSERS). The MPSERS consists of several different benefit plan types depending upon the first date the employee was eligible to become a MPSERS member and the personal elections of the member. Employees participate in the Basic Plan, the Member Investment Plan, the Pension Plus Plan or the Defined Contribution Plan. Members also have the option of choosing between the defined benefit health plan and a personal healthcare fund. These plans and employer and employee contribution rates are discussed further in the notes to the financial statements.

The plans provide their members various benefits, including regular retirement, early retirement, deferred retirement, non-duty disability pension, duty disability pension, and survivor pension.

Benefit and contribution provisions are fixed by state statute and may be amended only by action of the State Legislature.

The District is in compliance with the provisions of GASB 68, *Accounting and Financial Reporting for Pensions*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. For defined benefit pensions, like the MPSERS plan, this Statement also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Other Information and Acknowledgments

Independent Audit

Michigan law requires an annual audit of the District’s basic financial statements. The District’s Board of Education engaged Plante & Moran, PLLC for this purpose. The independent auditor’s opinions have been included in this report.

The basic financial statements are the responsibility of the District. The responsibility of the independent auditors is to express opinions on the financial statements that collectively comprise the District’s basic financial statements based upon their audit, which is conducted in accordance with generally accepted accounting standards 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 the audit be planned and performed in a manner to obtain reasonable assurance that the basic financial statements are free of material misstatement.

Single Audit

As a recipient of federal and state grants, the District is responsible for ensuring that an adequate internal and administrative control structure is in place and compliance with applicable laws and regulations is maintained. To ascertain the level of such compliance, the District has an audit performed in accordance with Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

AdvancED Accreditation

In April 2017, Oakland Schools received the honor of re-accreditation by the nation's strictest accreditation agency, the AdvancED Accreditation Commission, the national commission that confers the North Central Association Commission on Accreditation and School Improvement (NCA CASI) accreditation seal. Oakland Schools is one of only 58 regional service agencies to receive this prestigious honor nationwide.

To earn accreditation, education service agencies and the schools they operate must:

- Meet the AdvancED Standards for Quality Education Service Agencies.
- Engage in continuous improvement.
- Demonstrate quality assurance through internal and external review.

The AdvancED accreditation team met with 132 stakeholders including Oakland Schools' administrators and staff, local district administrators and teachers, parents, business partners, students and members of the governing board. The accreditation process resulted in several commendations and one improvement priority which will guide the District in its continuous improvement process. The Index of Education Quality received by the District well exceeded the AdvancEd Network Average.

Certificate of Excellence in Financial Reporting

The District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a comprehensive annual report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. The ASBO awarded a Certificate of Excellence in Financial Reporting to Oakland Schools for its Comprehensive Annual Financial Report (CAFR) for the last fourteen consecutive school fiscal years: 2002-03 through 2015-16.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. The District believes our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting our report to ASBO.

Aaa Bond Rating

The financial community has acknowledged the District's solid financial operations and large, growing tax base in recent years. The District earned the highest bond rating achievable, Aaa, from Moody's Investors Service and received a rating of AA+ from Standard & Poor's Ratings Services. In the most recent rating report dated March 1, 2016, Moody's stated:

"We anticipate that the district will continue to maintain sound financial operations with solid fund balances in its primary operating funds - the General Fund, the Special Education Fund, the Vocational Education Fund, and the Debt Service Fund - given a demonstrated record of prudent management." Moody's goes on to say, "Oakland Schools' management continues to successfully maintain a satisfactory financial position. Oakland Schools works diligently to provide a variety of services and programs that focus on teacher support and professional development, early childhood development, special education, vocational training and technological advancement in schools."

Acknowledgments

The preparation of this CAFR was accomplished through the commitment and dedication of Oakland Schools' Department of Financial Services. Management wishes to thank each member of the team for his or her contribution to the completion of this report.

Respectfully submitted,



Robert F. Moore Jr.
Deputy Superintendent



Michelle Saunders
Executive Director, Financial Services



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Oakland Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



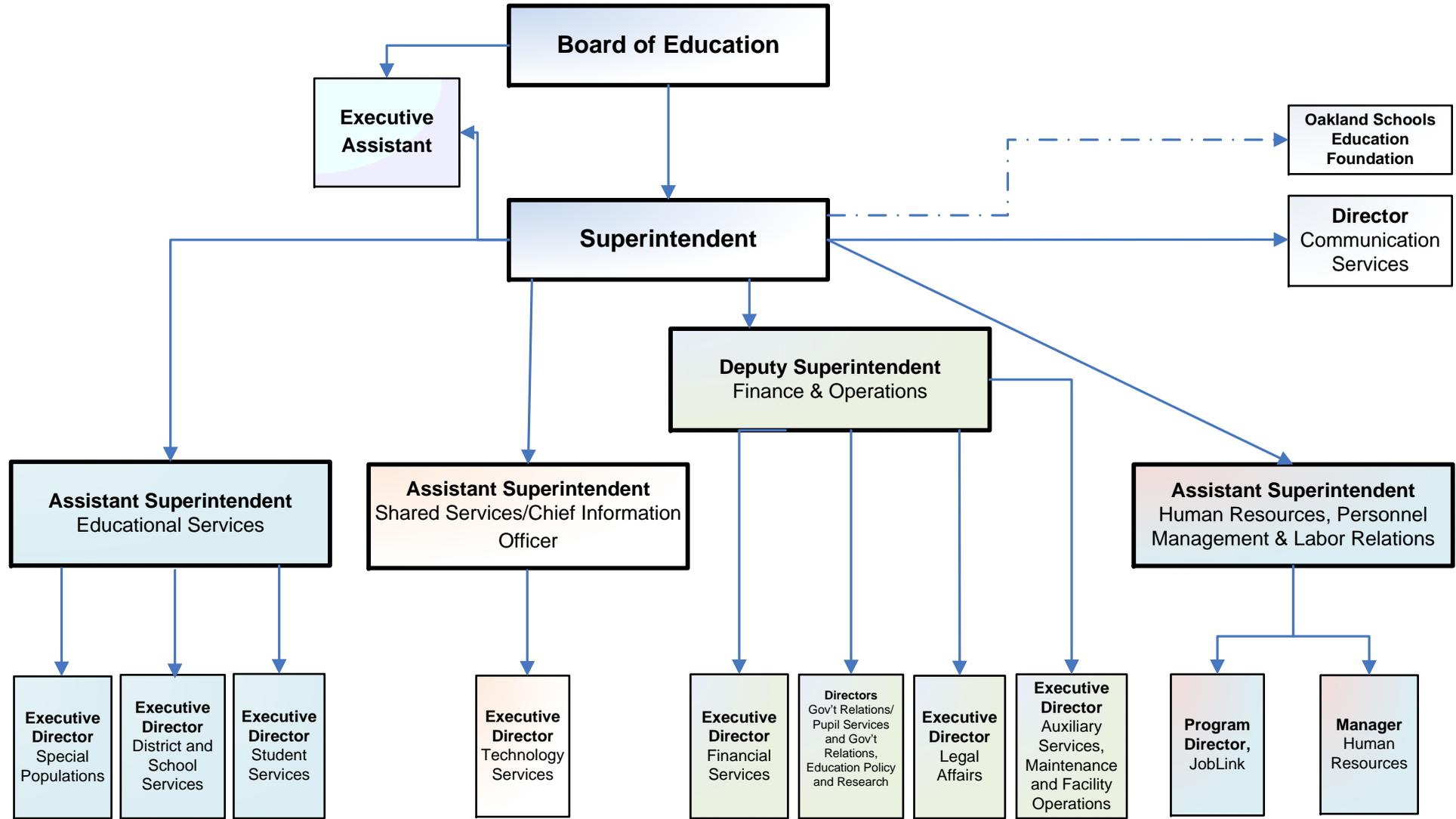
A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

Oakland Schools Organizational Chart



Independent Auditor's Report

To the Board of Education
Oakland Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oakland Schools as of June 30, 2017, and the respective changes in its financial position, and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
Oakland Schools

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oakland Schools's basic financial statements. The nonmajor governmental funds (combining balance sheet and combining statement of revenue, expenditures and changes in fund balance), nonmajor special revenue funds (combining balance sheet and combining statement of revenue, expenditures and changes in fund balance), budgetary comparison schedules, and schedule of bonded indebtedness and introductory section and statistical section schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor governmental funds (combining balance sheet and combining statement of revenue, expenditures and changes in fund balance), nonmajor special revenue funds (combining balance sheet and combining statement of revenue, expenditures and changes in fund balance), budgetary comparison schedules, and schedule of bonded indebtedness are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds (combining balance sheet and combining statement of revenue, expenditures and changes in fund balance), nonmajor special revenue funds (combining balance sheet and combining statement of revenue, expenditures and changes in fund balance), budgetary comparison schedules, and schedule of bonded indebtedness are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules 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 it.

To the Board of Education
Oakland Schools

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017 on our consideration of the Oakland Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oakland Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 17, 2017

OAKLAND SCHOOLS

Management's Discussion and Analysis

This section of Oakland Schools' (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Oakland Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds - the General Education Fund, the Special Education Fund and the Vocational Education Fund - with all other funds presented in one column as nonmajor funds. One of the remaining statements, the statement of fiduciary assets and liabilities, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents. The other remaining statements relate to the District's Proprietary Funds (Internal Services and Enterprise). The Risk Related Activity Fund, an Internal Service Fund, accounts for all of the costs associated with the District's insurance programs and employee-compensated absences provided to other funds of the District on a cost-reimbursement basis. The Production Print Enterprise Fund, an Enterprise Fund, accounts for all of the District's graphic and printing operational costs including all district-direct and client-based service costs. Below is an outline of the financial and statistical information provided herein.

Financial Section

- Basic Financial Statements
 - Government-wide Financial Statements
 - Governmental Fund Financial Statements
 - Proprietary (Internal Service and Enterprise) Fund Statements
 - Fiduciary Fund Financial Statements
 - Notes to Financial Statements
- Required Supplementary Information
 - Budgetary Comparison Schedules for Major Funds
 - Pension System Schedules
 - Notes to the Required Supplementary Information
- Other Supplementary Information
 - Budgetary Comparison Schedules for Nonmajor Funds
 - Combining Nonmajor Fund Financial Statements
 - Combining Nonmajor Special Revenue Fund Financial Statements
 - Schedule of Bonded Indebtedness

Statistical Section

- Demographic and Statistical Information

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

The District as a Whole

The statement of net position provides the perspective of the District as a whole. Table I provides a summary of the District's net position as of June 30, 2017 and 2016.

	Governmental Activities (in millions)		Business-type Activities (in millions)		Total Primary Government (in millions)		Percentage Change
	2017	2016	2017	2016	2017	2016	
Assets:							
Current and other assets	\$ 94.7	\$ 92.8	\$ 1.1	\$ 0.9	\$ 95.8	\$ 93.7	2.2%
Capital assets	89.9	95.5	0.2	0.3	90.1	95.8	-5.9%
Total assets	184.6	188.3	1.3	1.2	185.9	189.5	-1.9%
Deferred outflows of resources	23.3	18.1	—	—	23.3	18.1	28.7%
Total assets and deferred outflows of resources	207.9	206.4	1.3	1.2	209.2	207.6	0.8%
Liabilities:							
Current liabilities	29.8	35.0	0.1	0.1	29.9	35.1	-14.8%
Noncurrent liabilities	50.7	51.8	—	—	50.7	51.8	-2.1%
Net pension liability	119.4	112.5	—	—	119.4	112.5	6.1%
Total liabilities	199.9	199.3	0.1	0.1	200.0	199.4	0.3%
Deferred Inflows of Resources	4.1	3.4	—	—	4.1	3.4	20.6%
Total liabilities and deferred inflows of resources	204.0	202.7	0.1	0.1	204.1	202.8	0.6%
Net position:							
Net investment in capital assets	41.6	45.9	0.2	0.3	41.8	46.2	-9.5%
Restricted	16.9	19.2	—	—	16.9	19.2	-12.0%
Unrestricted	(54.6)	(61.4)	1.0	0.8	(53.6)	(60.6)	-11.6%
Total net position	\$ 3.9	\$ 3.7	\$ 1.2	\$ 1.1	\$ 5.1	\$ 4.8	6.2%

The above analysis focuses on the net position of the District. The change in net position (see Table II) of the District's governmental activities is discussed below. The District's net position was \$5.1 million at June 30, 2017. The net investment in capital assets totaled \$41.8 million. This compares the original cost, less depreciation of the District's capital assets, to long-term debt used to finance the acquisition of those assets. Restricted net position of \$16.9 million is reported separately to show legal constraints from voter-approved ballot language covenants, commitments to capital projects, and debt service as well as enabling legislation that limit the District's ability to use that net position for general day-to-day operations. The remaining amount of net position, \$(53.6) million, was unrestricted. The analysis of the changes to follow are in reference to the primary government as a whole, however are indicative of changes in governmental activities; business-type activities had very little fluctuation in fiscal year 2017.

The \$(53.6) million in unrestricted net position of primary government activities represents the accumulated results of all past years' General Education Fund operations, impacted by GASB 68 and 71, plus the operational results of the Cooperative Education Special Revenue Funds, the Production Print Enterprise Fund, and the Risk Related Activity Fund. The \$16.9 million of restricted net position represents the accumulated results of all past years' Special Education and Vocational Education operations, impacted by GASB 68 and 71, as well as Debt Service Funds operations. The restricted and unrestricted net position balance is used for working capital and cash flow needs as well as to provide for future uncertainties in their respective funds. The operating results of the General Education Fund will have a significant impact on the change in unrestricted net position from year to year.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Governmental activities restricted net position for 2017 was updated to reflect the allocation of a portion of the net pension liability to the Special Education and Vocational Education Funds. Those fund balances were updated as follows:

	2017 as originally reported	2017 as revised
Net position:		
Net investment in capital assets	\$ 41.6	\$ 41.6
Restricted:		
Special education fund	13.6	—
Vocational education fund	7.2	—
Debt service fund	16.9	16.9
Unrestricted	<u>(75.4)</u>	<u>(54.6)</u>
Total net position	<u>\$ 3.9</u>	<u>\$ 3.9</u>

Total net position levels have increased slightly from year to year. The decrease in the net investment in capital assets reflects asset additions and reduction in bonds payable that is less than current year depreciation of existing assets and the loss on the impairment of a capital asset sold subsequent to year end. Restricted net position decreased by \$2.3 million due to the payment of principal and interest on general obligation bonds during the year. Unrestricted net position increased during the year by \$7.0 million as a larger portion of the net pension liability was allocated to the restricted net position for the Special Education and Vocational Education Funds, thus reducing the impact to the unrestricted net position. In addition, both the capital projects funds and cooperative activities funds contained operating surpluses in the current year as revenue and transfers into those funds exceeded expenditures incurred. The District continues to actively manage its operating costs as demonstrated in the cost information listed below.

The results of this year's operations for Oakland Schools as a whole are reported in the statement of activities (see Table II), which shows the changes in net position for the years ended June 30, 2017 and 2016.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

TABLE II	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	(In millions)		(In millions)		(In millions)		
	2017	2016	2017	2016	2017	2016	
Revenue:							
Program revenue:							
Charges for services	\$ 29.3	\$ 25.6	\$ 2.1	\$ 2.0	\$ 31.4	\$ 27.6	14.0%
Operating grants	83.5	79.0	-	-	83.5	79.0	5.6%
General revenue:							
Property taxes	175.6	173.8	-	-	175.6	173.8	1.0%
Federal and state aid -							
Unrestricted	10.4	5.2	-	-	10.4	5.2	100.0%
Other, net	(0.9)	0.9	-	-	(0.9)	0.9	-200.0%
Total revenue	<u>297.9</u>	<u>284.5</u>	<u>2.1</u>	<u>2.0</u>	<u>300.0</u>	<u>286.5</u>	4.7%
Functions/program expenses:							
Special education	1.6	2.1	-	-	1.6	2.1	-23.8%
Vocational education	16.4	15.7	-	-	16.4	15.7	4.5%
Other instruction	3.6	4.2	-	-	3.6	4.2	-14.3%
Pupil support services	11.5	10.9	-	-	11.5	10.9	5.5%
Instructional support services	17.2	15.5	-	-	17.2	15.5	11.0%
General administrative services	3.5	3.2	-	-	3.5	3.2	9.4%
School administrative services	2.7	2.2	-	-	2.7	2.2	22.7%
Business support services	4.5	4.6	1.9	1.8	6.4	6.4	0.0%
Operation and maintenance services	6.3	5.9	-	-	6.3	5.9	6.8%
Pupil transportation services	1.3	1.5	-	-	1.3	1.5	-13.3%
Central support services	25.4	22.1	-	-	25.4	22.1	14.9%
Community services	3.6	3.8	-	-	3.6	3.8	-5.3%
Other support services	1.4	1.5	-	-	1.4	1.5	-6.7%
Interest on long-term debt	2.3	2.2	-	-	2.3	2.2	4.5%
Depreciation - Unallocated	4.9	5.2	0.1	0.2	5.0	5.4	-7.4%
Interdistrict payments and other	191.5	187.2	-	-	191.5	187.2	2.3%
Total functions/program expenses	<u>297.7</u>	<u>287.8</u>	<u>2.0</u>	<u>2.0</u>	<u>299.7</u>	<u>289.8</u>	3.4%
Change in net position	0.2	(3.3)	0.1	-	0.3	(3.3)	109.1%
Net position - Beginning of year	3.7	7.0	1.1	1.1	4.8	8.1	-40.7%
Net position - End of year	<u>\$ 3.9</u>	<u>\$ 3.7</u>	<u>\$ 1.2</u>	<u>\$ 1.1</u>	<u>\$ 5.1</u>	<u>\$ 4.8</u>	6.3%

As reported in the statement of activities, the cost of all primary government activities this year was \$299.7 million. Certain activities were partially funded from those who benefited from the programs (\$31.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$83.5 million.). The remaining "public benefit" portion of primary government activities was funded with \$175.6 million in taxes and \$10.4 million in unrestricted state aid and other grants. Other general revenue consists of \$.6 million from interest and other revenue offset by a \$(1.5) million loss on the impairment of capital assets. The analysis of the changes to follow are in reference to the primary government as a whole, however are indicative of changes in governmental activities; business-type activities had very little fluctuation in fiscal year 2017.

Total revenue increased 4.7% due primarily to the increase in unrestricted state aid which occurred for two reasons. First, \$.7 million of the amounts received for Section 147c Unfunded Actuarial Accrued Liability (UAAL) is recognized as a pension contribution to the Michigan Public School Employees Retirement System (MPERS) and is included as a deferred outflow under GASB 68 rather than revenue, compared to 3.1 million in deferred outflows in fiscal year 2016. Second, in fiscal year 2017, a \$2.1 million payment in lieu of taxes was received from the Local Community Stabilization Authority to reimburse the district for personal property tax exemption losses under Public Act 86 of 2014. This is the first year intermediate school districts were eligible for reimbursement of operating millage losses.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

With respect to the District's controllable expenses, the current budgetary and operational strategies for cost control have been successful in minimizing the rate of expenditure growth. Total expenses increased by \$9.9 million or 3.4%. Reimbursements to grant subrecipients (reflected in interdistrict payments and other) and other payments to local school districts (reflected in instructional support services and transportation support services) were net 3.5% higher in fiscal year 2017 due to payments made under the Great Start Readiness Program (GSRP) and Individuals with Disabilities Education Act (IDEA).

Instructional support services increased by approximately \$1.7 million due to increased grant-funded projects, including GSRP and Title IA that provide instructional support to local school districts.

Central support services expenditures increased by 14.9%. This category of expenditures began to steadily increase in fiscal year 2013 as a result of several districts requesting the services of Oakland Schools to manage and operate their technology services departments. These services are continuing to grow and the District anticipates growth of these services in fiscal year 2018. Additionally, purchased services in this category increased due to increased software/licensing costs, a portion of which is reimbursed by local school districts and included in program revenue charges for services.

As a result of these transactions, Oakland Schools experienced an increase in net position of \$.3 million in fiscal year 2016-17. As discussed above, the net cost shows the financial burden that was placed on the State and Oakland Schools' taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of District operating revenue sources, the Board of Education and administration must annually evaluate the needs of the District and balance those needs with state-prescribed available unrestricted revenue.

Oakland Schools' Funds - Overview

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

As Oakland Schools completed this year, the governmental funds reported a combined fund balance of \$62.1 million, a net increase of \$6.7 million from the prior year. The changes, by major and nonmajor funds, are as follows:

	General Education Fund	Special Education Fund	Vocational Education Fund	Nonmajor Governmental Funds	Total
Fund balance - Beginning of year	\$ 4,577,791	\$ 9,130,892	\$ 6,905,928	\$ 34,768,218	\$ 55,382,829
Increase (decrease)	<u>222,518</u>	<u>4,488,244</u>	<u>286,575</u>	<u>1,713,583</u>	<u>6,710,920</u>
Fund balance - End of year	<u>\$ 4,800,309</u>	<u>\$ 13,619,136</u>	<u>\$ 7,192,503</u>	<u>\$ 36,481,801</u>	<u>\$ 62,093,749</u>

Additional information regarding changes in the District's major funds is explained in the pages that follow.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

General Government Functions

The following schedules provide additional operating detail on the District's major funds.

General Education Fund

The following schedule presents a summary of the General Education Fund revenue and other financing sources for the fiscal year ended June 30, 2017 and the amounts and percentage of increases and decreases are in relation to prior year amounts.

<u>Revenue and Other Financing Sources</u>	<u>FY 2017 Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) from FY 2016</u>	<u>% Increase (Decrease)</u>
Local sources	\$ 14,834,675	28.57%	\$ 90,671	0.61%
State sources	29,281,910	56.39%	84,968	0.29%
Federal sources	6,833,697	13.16%	1,089,372	18.96%
Other sources	<u>974,674</u>	<u>1.88%</u>	<u>288,889</u>	42.13%
Total revenue and other financing sources	\$ <u>51,924,956</u>	<u>100.00%</u>	\$ <u>1,553,900</u>	3.08%

Total revenue increased by 3.08%. Local source revenue and state source revenue were stable and consistent from 2016 to 2017. Federal source revenue has increased by \$1.1 million or 18.96% as compared to fiscal year 2016. The primary reason for this is the increase in revenue recognized in the Title IA and Project Aware grants. Other sources revenue increased by \$.3 million or 42.13% as compared to fiscal year 2016 revenue due to a one-time operating transfer that provided revenue to the General Education Fund in fiscal year 2017, combined with an increase in transfers from the Shared Services and Tuition Programs Fund to the General Education Fund for a portion of indirect cost revenue earned on shared services engagements.

The following schedule presents a summary of General Education Fund expenditures and other financing uses for the fiscal year ended June 30, 2017 and the amount and percentage of increases and decreases in relation to prior year amounts.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Expenditures and Other Financing Uses	FY 2017 Amount	% of Total	Increase (Decrease) from FY 2016	% of Increase (Decrease)
Instructional services	\$ 22,078	0.04%	\$ (21,318)	-49.12%
Support services - Pupil	157,179	0.30%	(69,054)	-30.52%
Support services - Instructional staff	11,430,056	22.11%	1,219,569	11.94%
Support services - General admin	1,613,551	3.12%	178,163	12.41%
Support services - School admin	13,159	0.03%	1,032	8.51%
Support services - Business services	818,020	1.58%	45,619	5.91%
Operations and maintenance	617,276	1.19%	19,496	3.26%
Pupil transportation	1,193,272	2.31%	(154,675)	-11.47%
Support services - Central	7,863,102	15.21%	1,202,773	18.06%
Support services - Other	865,439	1.67%	(103,529)	-10.68%
Community services	3,584,317	6.93%	(208,222)	-5.49%
Capital outlay	434,042	0.84%	188,892	77.05%
Interdistrict transfers and other	<u>23,090,947</u>	<u>44.66%</u>	<u>(1,793,210)</u>	-7.21%
Total expenditures and other financing uses	<u>\$ 51,702,438</u>	<u>100.00%</u>	<u>\$ 505,536</u>	0.99%

The General Education Fund's expenditures increased by \$.5 million or .99% for the fiscal year. The increase in fund expenditures is primarily due to increases in instructional staff and central support services, offset by a decrease in interdistrict transfers and other. Instructional staff support services expenditures increased due to an increase in grant expenditures in several grants, including the Title IA and Educator and Administrator Evaluation grants. Central support service expenditures increased 18.06% due to increased software/licensing costs, a portion of which is reimbursed by local school districts coupled with an increase in salary and benefits for staff providing central support services, primarily in Technology Services. This department has had to increase staffing to respond to the needs of constituent districts. The decrease in interdistrict transfers and other expenditures is due to a \$.9 million reduction in operating transfers coupled with a decrease in transfers to local school districts related to GSRP funds received from other intermediate school districts.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Special Education Funds

The following schedule presents a summary of Special Education Fund revenue and other financing sources for the fiscal year ended June 30, 2017 and the amounts and percentage of increases and decreases in relation to prior year amounts.

Revenue and Other Financing Sources	FY 2017 Amount	% of Total	Increase (Decrease) from FY 2016	% of Increase (Decrease)
Local sources	\$ 133,362,597	72.76%	\$ 1,542,660	1.17%
State sources	5,781,498	3.15%	1,838,206	46.62%
Federal sources	43,946,458	23.98%	2,415,378	5.82%
Other sources	195,032	0.11%	(29,422)	-13.11%
Total revenue and other financing sources	<u>\$ 183,285,585</u>	<u>100.00%</u>	<u>\$ 5,766,822</u>	3.25%

Total revenue has shown improvement compared to the prior year and has increased by 3.25%. Local sources revenues increased \$1.5 million or 1.17% due to an increase in property tax revenues collected and improved interest earnings. State source revenues increased 46.62% primarily due to a payment in lieu of taxes being received from the Local Community Stabilization Authority to reimburse the district for personal property tax exemption losses under Public Act 86 of 2014. This was combined with an increase in the section 51a special education categorical and the 147c categorical which provides districts with funding to immediately then pay the Unfunded Actuarial Accrued Liability invoiced to the district by the Office of Retirement Services. Federal source revenues represent grant funds awarded under the Individuals with Disabilities Education Act, and are passed through to local school districts. The recognition of revenue is dependent upon the local districts' spending of the funds.

The following schedule presents a summary of Special Education Fund expenditures and other financing uses for the fiscal year ended June 30, 2017 and the amount and percentage of increases and decreases in relation to prior year amounts.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Expenditures and Other Financing Uses	FY 2017 Amount	% of Total	Increase (Decrease) from FY 2016	% of Increase (Decrease)
Instructional services	\$ 1,551,630	0.87%	\$ (503,330)	-24.49%
Support services - Pupil	8,578,469	4.80%	153,029	1.82%
Support services - Instructional staff	3,125,240	1.75%	(279,486)	-8.21%
Support services - General admin.	738,053	0.41%	71,094	10.66%
Support services - Business services	697,199	0.39%	19,539	2.88%
Operations and maintenance	508,245	0.28%	(58,018)	-10.25%
Pupil transportation	69,101	0.04%	13,224	23.67%
Support services - Central	4,031,208	2.25%	229,908	6.05%
Support services - Other	336,267	0.19%	8,117	2.47%
Capital outlay	499,977	0.28%	(110,594)	-18.11%
Interdistrict transfers and other	<u>158,661,952</u>	<u>88.74%</u>	<u>3,834,521</u>	2.48%
Total expenditures and other financing uses	<u>\$ 178,797,341</u>	<u>100.00%</u>	<u>\$ 3,378,004</u>	1.93%

Total expenditures increased by 1.93% for the year. Expenditure variation is a normal anticipated condition with respect to the programs that comprise the Special Education Fund's operations. Instructional service expenditures will fluctuate from year to year depending on the placement of children in group homes, residential psychiatric treatment facilities and the expenditures incurred by districts for serving pupils in juvenile detention facilities, for which the District will reimburse any costs to the constituent district not reimbursed by the State. Instructional staff support services expenditures will vary based on staffing levels needed to serve the District's Local Education Agencies (LEA's). The increase in interdistrict transfers and other consist of funds passed through to constituent districts under the Individuals with Disabilities Education Act and a \$1.5 million increase in special education tax millage collections passed through to LEA's.

Vocational Education Funds

The following schedule presents a summary of Vocational Education Fund revenue and other financing sources for the fiscal year ended June 30, 2017 and the amounts and percentage of increases and decreases in relation to prior year amounts.

Revenue and Other Financing Sources	FY 2017 Amount	% of Total	Increase (Decrease) from FY 2016	% of Increase (Decrease)
Local sources	\$ 32,899,090	83.19%	\$ 454,777	1.40%
State sources	4,759,809	12.04%	1,770,357	59.22%
Federal sources	1,755,503	4.44%	(106,812)	-5.74%
Other sources	<u>131,744</u>	<u>0.33%</u>	<u>22,764</u>	20.89%
Total revenue and other financing sources	<u>\$ 39,546,146</u>	<u>100.00%</u>	<u>\$ 2,141,086</u>	5.72%

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Total revenue has risen modestly, increasing by 5.72%. Local sources revenues increased \$.5 million or 1.40% due to an increase in property tax revenues collected. State source revenues increased 59.22% due to an increase in the section 61a.1 categorical and the section 147c categorical which provides districts with funding to immediately then pay the Unfunded Actuarial Accrued Liability invoiced to the district by the Office of Retirement Services. In addition, a payment in lieu of taxes was received from the Local Community Stabilization Authority to reimburse the district for personal property tax exemption losses under Public Act 86 of 2014, resulting in \$.4 million in revenue to this fund.

The following schedule presents a summary of Vocational Education Fund expenditures and other financing uses for the fiscal year ended June 30, 2017 and the amount and percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures and Other Financing Uses</u>	<u>FY 2017 Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) from FY 2016</u>	<u>% of Increase (Decrease)</u>
Instructional services	\$ 15,951,888	40.63%	\$ 180,053	1.14%
Support services - Pupil	2,327,967	5.93%	108,513	4.89%
Support services - Instructional staff	2,289,935	5.83%	119,954	5.53%
Support services - General admin.	718,045	1.83%	6,046	0.85%
Support services - School admin.	2,164,526	5.51%	(63,983)	-2.87%
Support services - Business services	1,123,113	2.86%	12,738	1.15%
Operations and maintenance	3,449,699	8.79%	138,873	4.19%
Pupil transportation	107,327	0.27%	7,319	7.32%
Support services - Central	4,944,572	12.59%	264,481	5.65%
Support services - Other	192,853	0.49%	(7,734)	-3.86%
Capital outlay	144,171	0.37%	48,975	51.45%
Interdistrict transfers and other	5,845,475	14.89%	1,559,713	36.39%
Total expenditures and other financing uses	<u>\$ 39,259,571</u>	<u>100.00%</u>	<u>\$ 2,374,948</u>	6.44%

Total fund expenditures increased by 6.44%. Instructional services expenditures can vary significantly year to year based on the needs of the District and program needs of the various vocational education clusters. This category of expenditures was comparable to 2016, increasing only \$.2 million in fiscal year 2017. Interdistrict transfers and other expenditures increased by 36.39% due to the District transferring \$3.4 million into capital projects and debt service funds for the provision of resources for capital projects and for the future Defeasement of bonded debt. This is compared to \$1.8 million transferred in 2016 for similar purposes.

Nonmajor Funds

The District's nonmajor funds consist of the following:

Capital Projects Funds: Administration Building Capital Projects Fund, CFE Campus Renovations Capital Projects Fund, and JobLink Facility Capital Projects Fund.

Debt Service Funds: 2016 Refunding Bonds Debt Service Fund, 2007 Bond Debt Service Fund, Qualified School Construction Bond Debt Service Fund and Qualified School Construction Bond Reserve Debt Service Fund.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Special Revenue Funds: Shared Services & Tuition Programs Cooperative Activities Fund, Oakland Network for Education (ONE) Cooperative Activities Fund, Medicaid Cooperative Activities Fund, and the HR/Finance Consortium Cooperative Activities Fund.

The combined fund balance increased by \$1.7 million, due to net increases in the capital projects funds due to operating transfers into those funds along with the increase in growth in shared services and tuition programs, offset by decreases in debt service funds due to the normal paydown of principal and interest on general obligation debt. The combined fund balance is approximately \$36.5 million.

General Education Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. There was a third amendment to the budget that was adopted in June 2017. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements.

There were revisions made to the fiscal year 2017 General Education Fund's original budget. In the General Education Fund, the final budgeted revenue increased by \$8.6 million over the original budget.

The local revenue budget decreased by \$1.2 million due primarily to final local grant allocations becoming known. The decrease in local grant revenue budgets was partially offset by an increase in property tax revenue budgets and revenue from local districts for online learning programs and online educational streaming content.

The revenue budget from state sources increased by \$7.3 million due primarily to final state grant allocations becoming known. The District budgets based on grant award amount, and the various Early Childhood categorical grant allocations received both directly from the State and through other intermediate school districts increased \$1.8 million from that originally budgeted. As the district prepares its budget in March prior to the new fiscal year, many grant allocations are unknown at that time. Other state grant revenues account for the remaining variances.

The revenue budget from federal sources increased by \$2.3 million due to final federal grant allocations and carryovers from 2016 becoming finalized.

Actual total revenue for the year ended June 30, 2017 was below the final amended budget by \$8.1 million. The variance from budgeted revenue is primarily grant related. Oakland Schools budgets for the entire dollar amount of the grant award when received; however, the grant period may extend beyond the District's fiscal year. Therefore, at fiscal year end, there are unspent grant awards that are to be carried over into the next fiscal year and will represent a budget to actual revenue variance. Additionally, unearned or unavailable grant revenue will result in a budget to actual variance. In fiscal year 2017, unspent grants and unavailable or unearned grant revenue amounted to approximately \$8.2 million. Also, the District approves a budget slightly higher than known grant awards to allow for new grants to come in during the year without having to revise the overall grant budgets. This may result in approved budget amounts in excess of actual grant awards received during the year. During fiscal year 2017, approved budget in excess of awards received amounted to \$.3 million.

Revisions were also made from the General Education Fund's original expenditure budget to the final expenditure budget. Final budgeted expenditures increased \$9.2 million from the original budget.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Support services expenditure budgets increased a net \$3.1 million, changes occurring primarily in the categories of instructional staff, general administration, pupil transportation and other support services. The instructional staff budget increased \$7.4 million from the original budget due to an increase in final grant budgets over adopted budgets. General administration and other support services decreased by a combined total of \$6.0 million from the original budget due to the shift in grant budgets to the correct reporting function. Transportation budgets increased \$1.1 million to reflect GSRP transportation grant funds awarded.

The interdistrict transfers and other budget increased by \$4.9 million. This is due to the reallocation of grant funds to different function codes and the finalization of grant budgets.

Actual total expenditures for the year ended June 30, 2017 were \$10.1 million lower than the final amended budget. The primary cause of the variance between actual expenditures and budgeted expenditures was unexpended grant award funding. Additional causes include a delay in the timing of certain expenditures and professional services that were lower than budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2017, Oakland Schools had \$90.1 million invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$5.7 million from last year. Another component of the decrease is a \$1.5 million loss on impairment of capital assets related to a building that was sold subsequent to year end at a price less than net book value at June 30, 2017.

	<u>2017</u>	<u>2016</u>
Land	\$ 4,113,487	\$ 4,113,487
Buildings and building improvements	121,502,394	122,868,084
Furniture, equipment, and vehicles	31,694,116	31,028,522
Accumulated depreciation	<u>(67,220,000)</u>	<u>(62,235,817)</u>
Total capital assets	<u>\$ 90,089,997</u>	<u>\$ 95,774,276</u>

We present more detailed information about our capital assets in Note 6 to the financial statements.

Debt

At June 30, 2017, Oakland Schools had \$45.5 million in outstanding limited tax general obligation bonded debt. The State limits the amount of general obligation debt that Intermediate School Districts can issue to one-ninth of 1.0% of the state assessed value (SEV) of all taxable property within the district's boundaries unless the question of borrowing money or issuing bonds is submitted first to a vote of the school electors and approved by a majority of registered school electors. The District's outstanding general obligation debt is below the statutorily imposed limit.

Other obligations primarily include bond premium, accrued vacation pay, and sick leave. We present more detailed information about our long-term obligations in Note 9 to the financial statements.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the District's June 30, 2017 fiscal budget. One of the most important factors affecting the budget is the economic condition of the State of Michigan. The fiscal year 2017 budget was adopted in June 2016, based on an estimate of property tax revenue, state aid, and grant funding. State law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations.

Property Tax Revenue

Since the District's revenue is primarily dependent on property taxes and partially dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the projected increase of the District's tax base and the State's ability to collect revenue to fund its appropriations to school districts. After experiencing property tax declines since fiscal year 2009, the District finally saw tax revenues stabilize in fiscal year 2014 and increase slightly in fiscal years 2015 through 2017. Property tax revenue increased by 1.0% or \$1.8 million. Based on projections from the Oakland County equalization department, due to a Headlee rollback, we anticipate 2018 tax receipts to increase slightly and are budgeting a 1.75% tax revenue increase compared to 2017 collections.

The taxable valuations for Oakland County properties in the five years prior to fiscal year 2009 had increased by an average of 3% annually. For fiscal year 2009, there was no growth in taxable values but rather a minor reduction (-.0075%), which was a precursor to a substantial declining four-year trend:

2009-10	-3.8%
2010-11	-11.9%
2011-12	-7.7%
2012-13	-3.5%

These four consecutive years of declining property tax values have impact lasting into fiscal year 2016 and beyond until the tax base has fully recovered, resulting in a cumulative erosion of District revenue of \$327.5 million through fiscal year 2017. Nearly 76% of this decline is Special Education property tax which flows through to school districts in Oakland County. The prior years' decline in the District's tax base is reflective of the state's economic challenges and the nation's ongoing commercial and residential real estate market retrenchment. Taxable values of Oakland County properties have stabilized and are expected to begin to rebound with a modest 1.75%, 3.0%, and 3.5% growth projected for 2018, 2019, and 2020, respectively.

Related to the decline in taxable values are ongoing Michigan Tax Tribunal (MTT) judgments. There has been a backlog of cases that the State is attempting to process. Not all MTT judgments result in a reduction in taxable value for the plaintiff, although a good number of them do. These judgments often result in a refund of previously collected property taxes that the County must provide to the plaintiff(s), and the County passes these costs onto the respective municipalities and school districts, such as Oakland Schools. At the time of this publication, Oakland Schools is using the same information that Oakland County Government has developed for determining the liability exposure to MTT appeals. As a result, we have determined that a reserve of \$.5 million is appropriate to address successful property tax appeals through the school fiscal year ending June 30, 2017.

OAKLAND SCHOOLS

Management's Discussion and Analysis (Continued)

Mid-year Funding Proration

In the past, the State of Michigan has at times issued mid-year executive orders prorating and reducing the State's funding commitment to the District. This possibility continues to exist for fiscal year 2018. The extent to which possible funding proration by the State and how it affects Oakland Schools' budget has yet to be determined. Oakland Schools' unassigned fund balance in the General Education Fund of \$4.8 million and restricted fund balances in the Special Education Fund of \$13.6 million and Vocational Education Fund of \$7.2 million are sufficient to meet any unanticipated shortfalls the State may experience in the School Aid Fund in fiscal year 2018.

Federal Government Sequestration

The 2018 budget as adopted in June 2017 contains an assumption regarding the impact for sequestration and the potential loss in federal revenues. At risk are federal grant revenues and the federal interest subsidy received on Qualified School Construction Bonds. The federal interest subsidy on QSCB bonds was reduced in fiscal year 2017 by 6.9%. Similar reductions were assumed in the creation of the fiscal year 2018 budget.

Contacting the District's Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Financial Services at 2111 Pontiac Lake Road, Waterford, Michigan 48328, or telephone (248) 209-2122.

OAKLAND SCHOOLS

Statement of Net Position

June 30, 2017

	Governmental activities	Business-type activities	Total
Assets			
Current assets:			
Cash and investments (Note 3)	\$ 61,507,617	\$ 574,623	\$ 62,082,240
Receivables (Note 5)	21,834,926	410,275	22,245,201
Inventories	—	96,655	96,655
Deposits and prepaid expenditures	202,826	—	202,826
Total current assets	83,545,369	1,081,553	84,626,922
Noncurrent assets:			
Restricted assets (Note 2 and Note 3)	11,239,710	—	11,239,710
Land (Note 6)	4,113,487	—	4,113,487
Depreciable capital assets, less accumulated depreciation of \$67,220,000 (Note 6)	85,756,435	220,075	85,976,510
Total noncurrent assets	101,109,632	220,075	101,329,707
Deferred outflows of resources:			
Deferred outflows related to bond refunding (Note 9)	567,978	—	567,978
Deferred outflows related to pensions (Note 11)	22,702,848	—	22,702,848
Total deferred outflows of resources	23,270,826	—	23,270,826
Total assets and deferred outflows of resources	207,925,827	1,301,628	209,227,455
Liabilities			
Current liabilities:			
Accounts payable	1,700,203	33,900	1,734,103
Due to other governmental units (Note 8)	17,509,513	67,489	17,577,002
Accrued payroll and other liabilities	5,001,085	17,125	5,018,210
Unearned revenue (Note 5)	4,281,964	4,008	4,285,972
Bonds payable due within one year (Note 9)	974,013	—	974,013
Compensated absences due within one year (Note 9)	319,650	—	319,650
Total current liabilities	29,786,428	122,522	29,908,950
Noncurrent liabilities:			
Bonds payable due in more than one year (Note 9)	47,827,230	—	47,827,230
Compensated absences due in more than one year (Note 9)	2,876,846	—	2,876,846
Net pension liability (Note 11)	119,368,632	—	119,368,632
Total noncurrent liabilities	170,072,708	—	170,072,708
Total liabilities	199,859,136	122,522	199,981,658
Deferred inflows of resources:			
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	3,748,448	—	3,748,448
Deferred inflows related to pensions (Note 11)	344,820	—	344,820
Total deferred inflows of resources	4,093,268	—	4,093,268
Total liabilities and deferred inflows of resources	203,952,404	122,522	204,074,926
Net Position			
Net investment in capital assets	41,636,657	220,075	41,856,732
Restricted for:			
Special education	—	—	—
Vocational education	—	—	—
Medicaid	—	—	—
Debt service	16,898,371	—	16,898,371
Unrestricted	(54,561,605)	959,031	(53,602,574)
Total net position	\$ 3,973,423	\$ 1,179,106	\$ 5,152,529

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

OAKLAND SCHOOLS
Statement of Activities
Year ended June 30, 2017

Functions/programs	Expenses	Program revenue		Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total
Primary government:						
Governmental activities:						
Instruction:						
Special education	\$ 1,551,630	\$ —	\$ —	\$ (1,551,630)	\$ —	\$ (1,551,630)
Vocational education	16,385,459	176,508	2,687,861	(13,521,090)	—	(13,521,090)
Other instruction	3,638,604	4,481,048	—	842,444	—	842,444
Total instruction	21,575,693	4,657,556	2,687,861	(14,230,276)	—	(14,230,276)
Support services:						
Pupil	11,463,122	—	1,663,009	(9,800,113)	—	(9,800,113)
Instructional staff	17,220,978	680,923	8,418,445	(8,121,610)	—	(8,121,610)
General administration	3,546,562	—	237,676	(3,308,886)	—	(3,308,886)
School administration	2,666,261	—	—	(2,666,261)	—	(2,666,261)
Business services	4,504,749	4,125,466	745,433	366,150	—	366,150
Operations and maintenance services	6,264,985	195,494	—	(6,069,491)	—	(6,069,491)
Pupil transportation	1,369,700	83,351	1,029,930	(256,419)	—	(256,419)
Central	25,405,431	18,568,696	1,620,412	(5,216,323)	—	(5,216,323)
Other support services	1,394,559	1,011,385	—	(383,174)	—	(383,174)
Community services	3,584,617	—	4,122,852	538,235	—	538,235
Interest on long-term debt	2,275,495	—	—	(2,275,495)	—	(2,275,495)
Depreciation (excludes direct depreciation expenses of various programs)	4,929,373	—	—	(4,929,373)	—	(4,929,373)
Total support services	84,625,832	24,665,315	17,837,757	(42,122,760)	—	(42,122,760)
Interdistrict payments and other	191,501,377	—	62,942,963	(128,558,414)	—	(128,558,414)
Total governmental activities	297,702,902	29,322,871	83,468,581	(184,911,450)	—	(184,911,450)
Business-type activities:						
Business services	1,886,186	2,118,822	—	—	232,636	232,636
Depreciation	109,463	—	—	—	(109,463)	(109,463)
Total business-type activities	1,995,649	2,118,822	—	—	123,173	123,173
Total primary government	\$ 299,698,551	\$ 31,441,693	\$ 83,468,581	(184,911,450)	123,173	(184,788,277)
General revenue:						
Property taxes levied for general education purposes				10,438,119	—	10,438,119
Property taxes levied for special education purposes				132,657,421	—	132,657,421
Property taxes levied for vocational education purposes				32,471,220	—	32,471,220
Federal and state aid not restricted to specific purposes				10,434,989	—	10,434,989
Investment earnings				491,390	4,823	496,213
Other revenue				144,119	—	144,119
Loss on the impairment of capital assets				(1,549,909)	—	(1,549,909)
Total general revenue				185,087,349	4,823	185,092,172
Change in Net Position				175,899	127,996	303,895
Net Position - beginning of year				3,797,524	1,051,110	4,848,634
Net Position - end of year				\$ 3,973,423	\$ 1,179,106	\$ 5,152,529

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

OAKLAND SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2017

Assets	<u>General Education Fund</u>	<u>Special Education Fund</u>	<u>Vocational Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and investments (Note 3)	\$ 6,198,290	\$ 14,185,549	\$ 10,277,004	\$ 26,148,330	\$ 56,809,173
Receivables (Note 5)	7,861,455	11,390,484	1,067,374	1,514,855	21,834,168
Prepaid expenditures	28,623	16,101	27,645	130,457	202,826
Restricted assets (Note 2 and Note 3)	—	—	—	11,239,710	11,239,710
Total assets	<u>\$ 14,088,368</u>	<u>\$ 25,592,134</u>	<u>\$ 11,372,023</u>	<u>\$ 39,033,352</u>	<u>\$ 90,085,877</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 701,636	\$ 234,372	\$ 325,617	\$ 341,076	\$ 1,602,701
Due to other governmental units (Note 8)	3,790,307	10,775,930	1,382,954	1,560,322	17,509,513
Accrued payroll and other liabilities	751,284	960,540	2,383,144	390,153	4,485,121
Unearned revenue (Note 5)	3,934,159	—	87,805	260,000	4,281,964
Total liabilities	<u>9,177,386</u>	<u>11,970,842</u>	<u>4,179,520</u>	<u>2,551,551</u>	<u>27,879,299</u>
Deferred inflows of resources: Unavailable revenue (Note 5)	<u>110,673</u>	<u>2,156</u>	<u>—</u>	<u>—</u>	<u>112,829</u>
Total liabilities and deferred inflows of resources	<u>9,288,059</u>	<u>11,972,998</u>	<u>4,179,520</u>	<u>2,551,551</u>	<u>27,992,128</u>
Fund balances:					
Nonspendable: Prepaid expenditures	28,623	16,101	27,645	130,457	202,826
Restricted:					
Debt service	—	—	—	17,268,021	17,268,021
Special education	—	13,603,035	—	—	13,603,035
Vocational education	—	—	7,164,858	—	7,164,858
Medicaid cooperative activities fund	—	—	—	910	910
Committed:					
Special Revenue Funds	—	—	—	8,095,983	8,095,983
Capital projects	—	—	—	10,986,430	10,986,430
Unassigned: General Fund	<u>4,771,686</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,771,686</u>
Total fund balances	<u>4,800,309</u>	<u>13,619,136</u>	<u>7,192,503</u>	<u>36,481,801</u>	<u>62,093,749</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,088,368</u>	<u>\$ 25,592,134</u>	<u>\$ 11,372,023</u>	<u>\$ 39,033,352</u>	<u>\$ 90,085,877</u>

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

OAKLAND SCHOOLS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2017

Fund balance:		
Total governmental funds	\$	62,093,749
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$	155,883,361
Less accumulated depreciation		<u>(66,013,439)</u>
		89,869,922
Other long-term assets not available to pay current period expenditures, therefore deferred in the governmental funds (GASB No. 33)		112,829
Deferred outflows related to pension payments made subsequent to the measurement date		9,980,633
Deferred outflows related to pension plan		12,722,215
Deferred outflows of resources that do not benefit the current period are not reported in the governmental funds		567,978
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable, including premium		(48,801,243)
Accrued interest payable is included as a liability in the governmental funds		(369,650)
Proprietary Funds are included as part of governmental activities		2,437,996
Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities		(119,368,632)
Deferred inflows related to pension investment returns, changes in assumptions, and revenue in support of pension payments subsequent to the measurement date are not reported in the governmental funds		<u>(4,093,268)</u>
Net position of governmental activities	\$	<u><u>5,152,529</u></u>

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

OAKLAND SCHOOLS

Statement of Revenue, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2017

	General Education Fund	Special Education Fund	Vocational Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue:					
Local	\$ 14,834,675	\$ 133,362,597	\$ 32,899,090	\$ 23,702,110	\$ 204,798,472
State	29,281,910	5,781,498	4,759,809	797,356	40,620,573
Federal	6,833,697	43,946,458	1,755,503	1,136,268	53,671,926
Other revenue	689,459	195,032	131,744	—	1,016,235
Total revenue	<u>51,639,741</u>	<u>183,285,585</u>	<u>39,546,146</u>	<u>25,635,734</u>	<u>300,107,206</u>
Expenditures:					
Current:					
Instructional services	22,078	1,551,630	15,951,888	3,616,526	21,142,122
Support services:					
Pupil	157,179	8,578,469	2,327,967	97,101	11,160,716
Instructional staff	11,430,056	3,125,240	2,289,935	76,224	16,921,455
General administration	1,613,551	738,053	718,045	476,913	3,546,562
School administration	13,159	—	2,164,526	488,576	2,666,261
Business services	818,020	697,199	1,123,113	1,866,417	4,504,749
Operations and maintenance	617,276	508,245	3,449,699	29,054	4,604,274
Pupil transportation	1,193,272	69,101	107,327	—	1,369,700
Central	7,863,102	4,031,208	4,944,572	7,995,410	24,834,292
Other support services	865,439	336,267	192,853	—	1,394,559
Community services	3,584,317	300	—	—	3,584,617
Interdistrict transfers and other	21,177,547	158,511,052	2,432,875	9,379,903	191,501,377
Debt service:					
Principal	—	—	—	1,185,000	1,185,000
Interest and other	—	—	—	2,420,973	2,420,973
Capital outlay	434,042	499,977	144,171	1,481,439	2,559,629
Total expenditures	<u>49,789,038</u>	<u>178,646,741</u>	<u>35,846,971</u>	<u>29,113,536</u>	<u>293,396,286</u>
Excess (deficiency) of revenue over expenditures	<u>1,850,703</u>	<u>4,638,844</u>	<u>3,699,175</u>	<u>(3,477,802)</u>	<u>6,710,920</u>
Other financing sources (uses):					
Transfers in (Note 7)	285,215	—	—	6,649,469	6,934,684
Transfers out (Note 7)	(1,913,400)	(150,600)	(3,412,600)	(1,458,084)	(6,934,684)
Total other financing sources (uses)	<u>(1,628,185)</u>	<u>(150,600)</u>	<u>(3,412,600)</u>	<u>5,191,385</u>	<u>—</u>
Net change in fund balances	222,518	4,488,244	286,575	1,713,583	6,710,920
Fund balances – Beginning of year	4,577,791	9,130,892	6,905,928	34,768,218	55,382,829
Fund balances – End of year	<u>\$ 4,800,309</u>	<u>\$ 13,619,136</u>	<u>\$ 7,192,503</u>	<u>\$ 36,481,801</u>	<u>\$ 62,093,749</u>

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

OAKLAND SCHOOLS

Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities

Year ended June 30, 2017

Change in fund balances:		
Total governmental funds	\$	6,710,920
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:		
Capitalized capital outlay - governmental funds	\$ 898,918	
Less current year depreciation - governmental funds	<u>(4,929,373)</u>	(4,030,455)
Impairment of capital assets is reported in the statement of activities when determined; proceeds from sale are reported in the governmental funds when received		(1,549,909)
Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection		(158,884)
Bond premium is reported as revenue in the governmental funds and amortized in the statement of activities		174,013
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid		145,478
Proprietary Funds are included as governmental activities		198,216
Change in pension expense related to deferred items		(1,664,277)
Revenue in support of pension contributions made subsequent to measurement date		(676,313)
Amortization of deferred refunding charges is an expenditure in the statement of activities; it is not in the governmental funds		(29,894)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities		<u>1,185,000</u>
Change in net position of governmental activities	\$	<u><u>303,895</u></u>

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

OAKLAND SCHOOLS
Proprietary Funds
Statement of Net Position
Year ended June 30, 2017

	Production Print Enterprise Fund	Internal Service Fund
Assets		
Cash and cash equivalents (Note 3)	\$ 574,623	\$ 4,698,444
Receivables (Note 5)	410,275	758
Prepaid expenditures	—	—
Inventories	96,655	—
Total current assets	1,081,553	4,699,202
Capital assets, net of accumulated depreciation of \$1,206,561 (Note 6)	220,075	—
Total assets	1,301,628	4,699,202
Liabilities		
Accounts payable	33,900	97,502
Due to other governmental units (Note 8)	67,489	—
Provision for compensated absences (Note 9)	—	319,650
Provision for uninsured losses and liabilities (Note 12)	—	78,000
Unearned revenue (Note 5)	4,008	—
Accrued liabilities	17,125	68,314
Total current liabilities	122,522	563,466
Noncurrent liabilities - Provision for compensated absences (Note 9)	—	2,876,846
Total liabilities	122,522	3,440,312
Net Position		
Net investment in capital assets	220,075	—
Unrestricted	959,031	1,258,890
Total net position	\$ 1,179,106	\$ 1,258,890

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

OAKLAND SCHOOLS
Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position
Year ended June 30, 2017

	<u>Production Print Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenue:		
Charges to other funds	\$ —	\$ 8,292,437
Charges for services	<u>2,118,822</u>	<u>—</u>
Total operating revenue	2,118,822	8,292,437
Operating Expenses:		
Production print operations	1,886,186	—
Claims, reinsurance, and administrative fees - Health, dental, vision, and other	—	7,924,255
Severance/Compensated absence	—	310,544
Depreciation	<u>109,463</u>	<u>—</u>
Total operating expenses	<u>1,995,649</u>	<u>8,234,799</u>
Operating Income	123,173	57,638
Nonoperating Revenue - Interest income	<u>4,823</u>	<u>12,582</u>
Change in net position	127,996	70,220
Net Position - Beginning of year	<u>1,051,110</u>	<u>1,188,670</u>
Net Position - End of year	<u>\$ 1,179,106</u>	<u>\$ 1,258,890</u>

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

OAKLAND SCHOOLS
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2017

	Production Print Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from other funds	\$ —	\$ 8,292,582
Claims and administrative fees paid	—	(8,196,825)
Cash received from customers	2,075,134	—
Cash paid for production print operations	(1,895,695)	—
Net cash provided by operating activities	179,439	95,757
Cash Flows from Investing Activities - Interest received on investments	4,823	12,582
Cash Flows from Capital Financing Activities - Payments for capital acquisitions	(5,548)	—
Net Increase in Cash and Cash Equivalents	178,714	108,339
Cash and Cash Equivalents - Beginning of year	395,909	4,590,105
Cash and Cash Equivalents - End of year	\$ 574,623	\$ 4,698,444
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 123,173	\$ 57,638
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:		
Depreciation expense	109,463	—
Accounts receivable	(43,688)	145
Inventories and prepaids	(5,880)	5,956
Accounts payable	(54,742)	(48,543)
Due to other governmental units	67,489	—
Accrued liabilities and unearned revenue	(16,376)	42,933
Accrued benefits	—	37,628
Net cash provided by operating activities	\$ 179,439	\$ 95,757

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

OAKLAND SCHOOLS

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2017

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents (Note 3)	\$ <u><u>340,254</u></u>
Liabilities:	
Due to students and other	\$ <u><u>340,254</u></u>

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

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(1) Reporting Entity

Oakland County elected its first County Commissioner of Schools in 1923. The Commissioner had oversight of 175 districts in the County of Oakland. In 1941, the residents of the County, under the authority of Public Act (P.A.) 117 of 1935, elected its first County School Board. On March 28, 1963, the County District became a Public Corporation under P.A. 190 of 1962, formally establishing the Oakland Intermediate School District (“Oakland Schools”). Oakland Schools (the “District”) provides direct special educational and vocational educational services at several sites throughout the County. The District is responsible for compliance monitoring, professional development, grant management, a wide array of reporting functions, and many more support services for its constituent districts. The District is not included in any other governmental “reporting entity,” since the District’s Board of Education members are elected by local school boards and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. This report includes all activities of the District and all activities considered to be controlled by the Board of Education.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining which various governmental organizations are a part of the District’s reporting entity, and which organizations are legally separate component units of the District. Based on the application of the criteria, the District does not contain any component units.

(2) Summary of Significant Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies used by the District:

(a) Basis of Presentation

Government-wide Statements. The government-wide statement of net position and statement of activities report the overall financial activity of the District, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the District. These statements aggregate and categorize primary activities as either governmental or business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged for goods or services. The business-type activities of the District are reported in an enterprise fund.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental and business-type activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Education Fund - The General Education Fund is used to account for the general operations of the District pertaining to support services and those operations not provided for in another fund.

Special Education Fund - The Special Education Fund is used to account for all revenue and expenditures related to the District's operation of special education programs, including transfers to its constituent districts for the operation of local special education programs. The primary revenue sources are local tax millage and state and federal special education grants.

Vocational Education Fund - The Vocational Education Fund is used to account for all revenue and expenditures related to the District's operation of vocational education programs, including transfers to its constituent districts for the operation of local vocational education center programs. The primary revenue sources are countywide tax millages as well as state and federal vocational education grants.

Additionally, the District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The nonmajor Special Revenue Funds maintained by the District are as follows:

- *Shared Services & Tuition Programs Cooperative Activities Fund* – used to provide non-instructional services to constituent districts on a cost-recovery basis. This fund also contains the activities of three tuition-based programs:
 - *Oakland Opportunity Academy (OOA)* - serves students from the Southwest Quadrant of Oakland County, providing an alternative way to earn credits for high school. Its primary revenue source is the tuition charged for the program.
 - *Virtual Learning Academy Consortium K-8 (VLAC K-8)* - The VLAC K-8 is a tuition-based virtual school program for children in grades kindergarten through eighth grade.
 - *Oakland Accelerated College Experience (Oakland ACE)* - Oakland ACE is a tuition-based early college program for students in participating Oakland County districts.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

- *Oakland Network for Education (ONE) Cooperative Activities Fund* - used to provide services through advanced voice video and data network infrastructure in order to build a stronger learning community within the Oakland Schools boundaries. Its primary revenue source is fees earned by Oakland Schools through the fee-for-service program.
- *Medicaid Cooperative Activities Fund* - The Medicaid Cooperative Activities Fund is used to account for all Medicaid billing operations. The Medicaid School Based Services program is co-funded by the state and federal governments and reimburses schools for some of the costs related to providing healthcare services to children of low-income families.
- *HR/Finance Consortium Cooperative Activities Fund* - a collaborative effort between Oakland Schools and 20 local school districts for a new Financial/Human Resources software business application. Participating districts will pay a per-student fee to Oakland Schools, which will in turn pay the vendor for conversion costs, software maintenance agreements, etc.

Capital Projects Funds - Capital Projects Funds are established for the administration building capital projects, CFE Campus Renovations Capital Projects Fund, and the JobLink Facility Capital Projects Fund. Each of these funds is utilized to record transactions associated with capital asset acquisition, renovation, or improvement. The funds used to accomplish the purpose of the respective fund arose from operating transfers from the General, Special Education, and Vocational Education Funds in the current and previous years.

Debt Service Funds - The QSCB Debt Service Fund is used to record transfers from the General, Special Education, ONE Cooperative Activities, and Capital Projects Funds in order to defease the QSCB debt and provide annual transfers to a QSCB Reserve Fund established in FY 2011. The 2007 Bond Debt Service Fund is used to record transfers from the Vocational Education Fund in order to pay debt principal and interest on outstanding bond obligations. The 2016 Refunding Bonds Debt Service Fund is used to account for the advance refunding of the 2007 bonds and will contain transfers from the Vocational Education Fund to be used to pay debt principal and interest on outstanding bond obligations.

Proprietary Funds - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District maintains two proprietary funds, the Production Print Enterprise Fund and an Internal Service Fund. The Enterprise Fund is used to report activities for which there is a fee to external users for goods and services. The results of the Enterprise Fund are included in business-type activities in the statement of net position and statement of activities. The Internal Service Fund accounts for all of the District's insurance programs and employee-compensated absences provided to other funds of the District on a cost-reimbursement basis as well as providing a claims fluctuation reserve for future insurance liabilities. All revenue and expenses not meeting these definitions are reporting as nonoperating revenue and expenses.

Fiduciary Fund Type - Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent. The District has various agency funds, which are custodial in nature (assets equal liabilities) and do not involve the measurement of the results of operations.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(b) *Basis of Accounting*

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timeliness of the related cash flow. Nonexchange transactions, in which the District gives (receives) value without directly receiving (or giving) equal value in exchange, include property taxes and certain forms of state aid. Revenue from grants is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Fiduciary funds are reported using the accrual basis of accounting.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the District considers revenue to be available if it is collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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

(c) *Cash and Investments*

Cash and investments include cash on hand, demand deposits, and highly liquid investments with a maturity of less than one year when acquired. Investments are stated at fair value, which is determined by using quoted market rates.

(d) *Property Tax Revenue*

Real and personal properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year for the portion of the taxes that is due September 14, and December 1 for the remainder of the property taxes that is due on February 14. The final collection date is February 28, after which they are added to the County tax rolls. The available period for property tax revenue recognition in the governmental fund financial statements is limited to 60 days.

The delinquent real property taxes of the District are purchased by the County of Oakland. The County of Oakland, Michigan intends to sell tax notes, the proceeds of which will be used to pay the District for these property taxes. These taxes have been recorded as revenue for the current year.

(e) *Inventories*

Inventories consist primarily of instructional materials and are valued at cost, determined on the basis of average cost. Enterprise fund-type inventories are recorded as expenditures when sold. Inventories are recorded on the consumption method.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(f) *Prepaid Expenditures*

Payments made for services that will benefit periods beyond June 30, 2017 are recorded as prepaid expenditures. Prepaid expenditures recorded in the governmental fund types do not reflect current appropriable resources, and thus an equivalent portion of fund balance is considered nonspendable. Prepaid expenditures are recorded on the consumption method.

(g) *Interfund Transactions*

Interfund transactions consist mostly of transfers. Transfers are the flow of assets (such as cash) without equivalent flows of assets in return and without a requirement for repayment. Transfers are reported as other financing uses in the funds making the transfer and as other financing sources in the funds receiving the transfer. These consist primarily of cash transferred to the various Capital Projects Funds to acquire or construct capital assets as well as funds transferred from the General, Special Education, and Vocational Education Funds for payment of debt service. Transfers were also made during the year ended June 30, 2017 to fund collaborative programs including the Collaborative Program Development Initiative within the ONE Cooperative Activities Fund.

(h) *Capital Assets*

Capital assets are recorded at cost at the date of acquisition. The District's capitalization policy includes all items with a cost of \$5,000 or more and an estimated useful life of greater than one year. Additionally, the District capitalizes building improvements of \$50,000 or more. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally as follows:

Buildings	50 years
Building improvements	20 years
Equipment	5 to 10 years
Furniture and fixtures	10 years
Vehicles other than buses	7 years

(i) *Compensated Absences*

Unused vacation time accumulates up to a maximum level until termination of employment. Upon termination of employment, the District pays out the employee's accumulated vacation days at his or her current per diem. Employees accumulate sick leave at a rate of 13 days per year. It is the policy of Oakland Schools that upon resignation or retirement with 90 days' notice, an employee shall be paid separation at \$70.00 per day for all days accumulated up to 100 days, and half of his or her unused accumulated sick leave at the rate of \$35.00 per day for days accumulated over 100 days. Without 90 days' notice, an employee is paid half of his or her unused accumulated sick leave at the rate of \$35.00 per day.

The liability for compensated absences reported in the proprietary and government-wide statements consists of unpaid, accumulated vacation, and sick leave balances.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(j) Long-term Obligations

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

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

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

(k) Fund Balance

The District's fund balance is comprised of a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

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

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

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

The Board of Education has adopted a fund balance policy. The fund balance policy prescribes the minimum fund balance as 5-10% of expected operating expenditures in the General and Career Focused Education Funds, and 5-10% of expected operating expenditures less payments to local school districts in the Special Education Fund. This is deemed to be the prudent amount to maintain the District's ability to meet obligations as they come due throughout the year. The board has delegated the superintendent the authority to create assigned fund balances and to allocate amounts to such balances to be used for specific purposes.

(l) *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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has a deferred outflow of resources related to deferred pension plan expenses and related to the 2016 bond refunding.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of deferred inflows. The first item arises only under the modified accrual basis of accounting, unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue related to amounts due from other governmental units not received timely. The second item, which arises only on the government-wide statement of net position, is the deferred inflows related to its pension plan. The third item, related only to the government-wide statement of net position, is the revenue in support of pension plan payments made subsequent to the measurement date of \$3,748,448 at June 30, 2017.

(m) *Eliminations*

In preparing the basic financial statements, the District eliminates interfund assets and liabilities that would otherwise be reflected twice in the government-wide statement of net position. Similarly, revenue and expenses related to interdepartment activities are also eliminated from the government-wide statement of activities.

(n) *Use of Estimates*

The management of the District has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(o) *Restricted Assets*

The cash and investments in the Special Education, Vocational Education, Capital Projects, and Debt Service Funds are restricted for the specific purposes to which each of those funds relate. Restricted assets on the statement of net position and the governmental fund balance sheet represent the cash associated with the Qualified School Construction Bonds and can only be used for the purpose for which the bonds were issued and to service the associated debt.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(2) Summary of Significant Accounting Policies (Continued)

(p) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS), and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

(3) Deposits and Investments

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

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

There are no limitations or restrictions on participant withdrawals for investment pools that are recorded at amortized cost, except for a one-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

The investment policy adopted by the board additionally requires the investment officer to obtain bids from at least two brokers or financial institutions on all purchases of investment instruments on the secondary market.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the District's deposits for custodial credit risk. At year end, the District's deposit balance of \$35,600,627 had \$35,099,888 that was uncollateralized and uninsured. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(3) Deposits and Investments (Continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business using the criteria established in the investment policy. At June 30, 2017, the District did not have any investments with custodial credit risk as all investments were held directly by the District.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy adopted by the board minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy does not further limit its investment choices. At June 30, 2017, the District had investments in commercial paper with a carrying value of \$1,191,916 held by an agent in the District's name.

At year end, maturities of investments and credit quality ratings are as follows:

Investment	Weighted Average			
	Fair Value	Maturities	Rating	Rating Organization
United States government agency securities:				
Federal Home Loan Bank Bonds	\$ 748,950	10/24/2019	AA+	Standard & Poor's
U.S. Treasury Strips	4,674,364	8/24/2023	AA+	Standard & Poor's
U.S. Treasury Notes	1,852,113	4/30/2018	AA+	Standard & Poor's
Resolution Funding Corporation Strips	4,696,005	4/15/2027	AA+	Standard & Poor's
Municipal Bonds - School Bond Loan Fund	1,497,065	9/1/2018	AA-	Standard & Poor's
Municipal Bonds - School Bond Loan Fund	1,861,835	5/1/2018	AA1	Moody's
Commercial Paper	1,191,916	12/19/2017	A1	Standard & Poor's
Michigan Liquid Asset Fund	22,488,557	n/a	AAA	Standard & Poor's
Total	<u>\$ 39,010,805</u>			

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(3) Deposits and Investments (Continued)

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The investments in various U.S. government securities, Resolution Funding Corporation Strips, and municipal bonds represent investments greater than 5% of total investments.

Foreign Currency Risk

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

(4) Fair Value Measurements

The following table presents information about the School District's assets measured at fair value on a recurring basis at June 30, 2017, and the valuation techniques used by the District to determine those fair values. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the District has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The fair values of all of the District's investments are determined using Level 2 inputs.

	Balance at June 30, 2017	Significant Other Observable Inputs (Level 2)
Investments by fair value level:		
Debt Securities		
U.S. Treasury securities	\$ 6,526,477	\$ 6,526,477
Federal agency securities	748,950	748,950
Resolution Funding Corporation strips	4,696,005	4,696,005
Commercial paper	1,191,916	1,191,916
Municipal bonds	3,358,900	3,358,900
Total debt securities	16,522,248	16,522,248
Total investments by fair value level	\$ 16,522,248	\$ 16,522,248

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(5) Receivables and Unavailable/Unearned Revenue

Receivables as of year end for the District’s individual major funds and the nonmajor funds are as follows:

	General Education Fund	Special Education Fund	Vocational Education Fund	Nonmajor Governmental Funds	Proprietary Funds	Total
Property taxes	\$ 14,916	\$ 189,573	\$ 46,403	\$ —	\$ —	\$ 250,892
Accounts and other	182,174	6,524	2,268	16,232	12,503	219,701
Intergovernmental	<u>7,664,365</u>	<u>11,194,387</u>	<u>1,018,703</u>	<u>1,498,623</u>	<u>398,530</u>	<u>21,774,608</u>
Total	<u>\$ 7,861,455</u>	<u>\$ 11,390,484</u>	<u>\$ 1,067,374</u>	<u>\$ 1,514,855</u>	<u>\$ 411,033</u>	<u>\$ 22,245,201</u>

Intergovernmental receivables are comprised primarily of amounts due from the State of Michigan and the federal government for state aid, state categorical, and grant reimbursements. All balances are considered fully collectible at June 30, 2017.

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer unearned revenue recognition in connection with resources that have been received but not earned. At the end of the current fiscal year, the various components of unearned and unavailable revenue are as follows:

	Deferred Inflow - Unavailable	Liability - Unearned
Grant and categorical aid payment received prior to meeting all eligibility requirements	\$ —	\$ 4,285,972
Amounts due from other governmental units not received timely	<u>112,829</u>	<u>—</u>
Total	<u>\$ 112,829</u>	<u>\$ 4,285,972</u>

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(6) Capital Assets

A summary of changes in governmental capital assets follows:

	Balance as of June 30, 2016	Additions and Reclassifications	Disposals and Reclassifications	Balance as of June 30, 2017
Capital assets not depreciated -				
Land	\$ 4,113,487	\$ -	\$ -	\$ 4,113,487
Capital assets depreciated:				
Buildings	30,498,905	-	(1,549,909)	28,948,996
Building improvements	92,369,179	184,219	-	92,553,398
Furniture and equipment	30,267,145	592,435	(38,166)	30,821,414
Vehicles other than buses	761,377	140,720	(29,395)	872,702
Subtotal	153,896,606	917,374	(1,617,470)	153,196,510
Less accumulated depreciation:				
Buildings	(8,785,104)	(609,979)	-	(9,395,083)
Building improvements	(27,474,396)	(3,141,926)	-	(30,616,322)
Furniture and equipment	(25,434,112)	(1,250,711)	37,855	(26,646,968)
Vehicles other than buses	(542,205)	(36,220)	16,798	(561,627)
Subtotal	(62,235,817)	(5,038,836)	54,653	(67,220,000)
Total capital assets, net	\$ 95,774,276	\$ (4,121,462)	\$ (1,562,817)	\$ 90,089,997

Depreciation expense for the fiscal year ended June 30, 2017 amounted to \$4,929,373 for governmental-type qualifying capital assets and \$109,463 for proprietary fund capital assets. Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

Subsequent to year end, the District sold one of its owned buildings at a purchase price less than net book value. The estimated loss on the sale is \$1,549,909 and is shown as a loss on the impairment of capital assets in the statement of activities.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(7) Interfund Receivables, Payables, and Transfers

Transfers to/from other funds at June 30, 2017 consist of the following:

\$ 500,000	From the Vocational Education Fund to the Debt Service Funds to provide resources for debt service
886,000	From the QSCB Debt Service Fund to the QSCB Reserve Fund to provide for annual set-aside requirements and debt service
300,000	From the General Education Fund to the Capital Projects Funds to provide resources for capital projects
144,000	From the Special Education Fund to the Capital Projects Funds to provide resources for capital projects
2,906,000	From the Vocational Education Fund to the Capital Projects Funds to provide resources for capital projects
1,613,400	From the General Education Fund to the ONE Cooperative Activities Fund to provide future resources for projects
6,600	From the Special Education Fund to the ONE Cooperative Activities Fund to provide resources for projects
6,600	From the Vocational Education Fund to the ONE Cooperative Activities Fund to provide resources for projects
126,000	From the ONE Cooperative Activities Fund to the General Education Fund to provide resources for collaborative initiatives
286,869	From the 2007 Bond Debt Service Fund to the 2016 Refunding Debt Service Fund to close out the activities of the 2007 Bond Debt Service Fund
159,215	From the Shares Services & Tuition Programs Cooperative Activities Fund to the General Education Fund to transfer indirect costs earned on shared services agreements
<u>\$ 6,934,684</u>	

(8) Due to Other Governmental Units

Due to other governmental units is primarily comprised of grant funds owed to other public school districts and amounts owed to taxing authorities for Michigan Tax Tribunal judgments.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(9) Long-term Obligations

The District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Other long-term obligations consist of compensated absences of unpaid, accumulated vacation and sick leave balances. These amounts are paid for by the Internal Service Fund and are funded by charges to the respective fund to which the eligible employee's compensation is charged. Long-term obligations of the District and changes therein for the year ended June 30, 2017 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	\$ 46,680,000	\$ -	\$ 1,185,000	\$ 45,495,000	\$ 800,000
Premium on debt issued	3,480,256	-	174,013	3,306,243	174,013
Deferred outflow - Deferred refunding charges	(597,872)	-	(29,894)	(567,978)	(29,894)
Compensated absences	3,162,868	331,094	297,466	3,196,496	319,650
Total	<u>\$ 52,725,252</u>	<u>\$ 331,094</u>	<u>\$ 1,626,585</u>	<u>\$ 51,429,761</u>	<u>\$ 1,263,769</u>

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

	Principal	Interest	Maximum Interest Subsidy	Net Interest	Total - Net
2018	\$ 800,000	\$ 2,217,900	\$ (800,680)	\$ 1,417,220	\$ 2,217,220
2019	840,000	2,177,900	(800,680)	1,377,220	2,217,220
2020	885,000	2,135,900	(800,680)	1,335,220	2,220,220
2021	925,000	2,091,650	(800,680)	1,290,970	2,215,970
2022	975,000	2,045,400	(800,680)	1,244,720	2,219,720
2023-2027	22,490,000	9,251,250	(4,003,400)	5,247,850	27,737,850
2028-2032	9,670,000	2,735,600	-	2,735,600	12,405,600
2033-2036	8,910,000	1,005,050	-	1,005,050	9,915,050
Total	<u>\$ 45,495,000</u>	<u>\$ 23,660,650</u>	<u>\$ (8,006,800)</u>	<u>\$ 15,653,850</u>	<u>\$ 61,148,850</u>

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(9) Long-term Obligations (Continued)

Governmental Activities

General obligation bonds consist of the following:

\$30,695,000 Limited Tax General Obligation Bonds, due in annual installments of \$800,000 to \$2,345,000 through May 1, 2036, interest at 3% to 5%	\$ 30,695,000
\$14,800,000 Limited Tax General Obligation Bonds, due May 1, 2027, interest at 6.25%. The interest payments made each year by the District, through maturity, will be subsidized by the federal government (as shown above in the debt service requirements table). These amounts are Qualified School Construction Bonds.	<u>14,800,000</u>
Total bonded debt	\$ <u><u>45,495,000</u></u>

(10) Operating Leases

The District leases certain facilities under noncancelable operating leases. Annual lease payments will be allocated to the funds based on the square footage occupied. The future minimum lease payments of noncancelable leases are as follows:

Years Ending June 30	Amount
2018	\$ 362,186
2019	317,496
2020	308,963
2021	313,356
2022	313,356
2023-2027	1,688,792
2028-2032	1,722,540
2033-2036	<u>717,725</u>
Total	\$ <u><u>5,744,414</u></u>

(11) Defined Benefit Pension Plan and Postemployment Benefits

Plan Description

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

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(11) Defined Benefit Pension Plan and Postemployment Benefits (Continued)

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

Contributions

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

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

The range of rates is as follows:

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

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

The District's required and actual contributions to the plan for the year ended June 30, 2017 were \$12,228,619, which includes the District's contributions required for those members with a defined contribution benefit. Contributions include \$3,748,448 in revenue received from the State of Michigan, and remitted to the system, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2017.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan.

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

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(11) Defined Benefit Pension Plan and Postemployment Benefits (Continued)

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

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

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

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2017, the District reported a liability of \$119,368,632 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015, which used updated procedures to roll forward the estimated liability to September 30, 2016. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016, the District's proportion was 0.478447%, which was an increase of .017748% since the prior measurement date.

For the year ended June 30, 2017, the District recognized pension expense of \$13,772,642 inclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,487,648	\$ (282,907)
Changes of assumptions	1,866,235	—
Net difference between projected and actual earnings on pension plan assets	1,983,906	—
Changes in proportion and differences between the District's contributions and proportionate share of contributions	7,384,426	(61,913)
The District's contributions subsequent to the measurement date	9,980,633	—
Total	\$ 22,702,848	\$ (344,820)

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(11) Defined Benefit Pension Plan and Postemployment Benefits (Continued)

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

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 3,335,341
2019	3,179,539
2020	4,841,255
2021	1,021,260
2022	-
Thereafter	-
	<u>\$ 12,377,395</u>

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

Actuarial Assumptions

The total pension liability as of September 30, 2016 is based on the results of an actuarial valuation date of September 30, 2015 and rolled forward:

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return	7.00% to 8.00%, net of investment and administrative expenses based on the groups
Rate of pay increases	3.50% to 12.3%, including wage inflation of 3.5%
Mortality basis	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3% annual non-compounded for MIP members
Inflation rate	2.5% inflation rate

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.

Discount Rate

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

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(11) Defined Benefit Pension Plan and Postemployment Benefits (Continued)

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.0%	5.9%
Private equity pools	18.0%	9.2%
International equity pools	16.0%	7.2%
Fixed-income pools	10.5%	0.9%
Real estate and infrastructure pools	10.0%	4.3%
Real return, opportunistic, and absolute pool	15.5%	6.0%
Short-term investment pools	<u>2.0%</u>	-%
Total	<u>100%</u>	

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent. As a result, the actuarial computed employer contributions and the net pension liability will increase for the measurement period ending on September 30, 2017.

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

The following presents the net pension liability of the District calculated using the discount rate of 7.00-8.00%, depending on the plan option. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.00%/7.00%) or 1.00 percentage point higher (8.00%/9.00%) than the current rate:

1.00% Decrease (6.00%/7.00%)	Current Discount Rate (7.00%/8.00%)	1.00% Increase (8.00%/9.00%)
<u>\$ 153,716,752</u>	<u>\$ 119,368,632</u>	<u>\$ 90,409,864</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan

At June 30, 2017, the District reported a payable of \$1,460,543 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(11) Defined Benefit Pension Plan and Postemployment Benefits (Continued)

Postemployment Benefits Other than Pensions (OPEB)

Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 6.4 percent to 6.83 percent of covered payroll for the period from July 1, 2016 to September 30, 2016 and from 5.69 percent to 5.91 percent of covered payroll for the period from October 1, 2016 through June 30, 2017 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403B account.

The District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2017, 2016, and 2015 were \$2,727,021, \$2,315,742, and \$1,402,213, respectively. In addition, a portion ranging from 35-100% of the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

(12) Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, employee medical benefits, workers' compensation, and errors and omissions; the District is partially uninsured for unemployment and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The District estimates the liability for unemployment and vision and dental that has been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The provision for uninsured losses and liabilities represents a reserve for future insurance obligations recorded in the District's Internal Service Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	2017	2016
Estimated liability - Beginning of year	\$ 74,000	\$ 65,000
Estimated claims incurred - Including changes in estimates	933,300	896,600
Claim payments	(929,300)	(887,600)
Estimated liability - End of year	\$ 78,000	\$ 74,000

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(12) Risk Management (Continued)

Vision and Dental - The self-insured vision and dental plans cover substantially all employees and their dependents. Claims are funded by the District and paid by the plan administrator. The District pays all administrative costs of the plan. Total costs for such benefits were approximately \$962,100 for the year ended June 30, 2017.

Unemployment - The District is self-insured for unemployment expenses. Claims are funded by the District and paid by the plan administrator. The District incurred approximately \$2,300 in unemployment expense for fiscal year 2017.

Workers' Compensation - The District provides a workers' compensation plan that covers all employees. The premiums are paid for by the District. During 2017, the premiums amounted to approximately \$102,300.

Medical - The District provides medical insurance with certain co-pay features to substantially all employees. Some plans require that the employee pay a portion of the premium. During 2017, the premiums paid by the District amounted to approximately \$6,116,160.

Property and General Liability - The District is exposed to various risks of loss related to property loss and employee injuries. The District has purchased insurance to cover losses to its buildings and contents in the amount of approximately \$164 million. The District has a fleet of 20 vans, eight trucks, six cargo trailers, and one administrative personnel vehicle which are included in the District's auto liability coverage. The District has commercial general and excess liability insurance coverage in the amount of \$8 million.

There has not been a significant reduction in insurance coverage in the current year and settlements have not exceeded coverage for each of the past three years for the risk management liabilities.

Provision for Uninsured Losses and Liabilities - The District has established a reserve in the Internal Service Fund for future uninsured losses and liabilities which may occur over time.

(13) Commitments and Contingencies

All funded projects established by the District under federal, state, and local programs of education are subject to audit by the funding agency. No provision has been established in the financial statements for disallowed costs, if any, which might occur as a result of an audit by a funding agency. Any disallowed costs would become a liability of the District; however, any such liability, in the opinion of management, is expected to be immaterial.

The District, through its involvement in the Community Telecommunications Network (CTN), has agreed to sell excess capacity related to certain cellular phone towers. The agreement lasts for an extended period and collections will be dependent upon collections by CTN from the sublessee. During the year ended June 30, 2017, the District received approximately \$351,300, which is reported in the General Education Fund.

OAKLAND SCHOOLS

Notes to Basic Financial Statements

June 30, 2017

(14) Tax Abatements

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions (PA 198 of 1974), Brownfield Redevelopment Agreements, Personal Property Tax exemptions under PA 328 of 1998, and Payment in Lieu of Tax (PILOT) agreements granted by cities, villages, and townships within the boundaries of the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; the personal property tax exemption allows specific businesses in distressed communities to file for exemption from paying tax on personal property; and PILOT's compensate local governments for some or all of the real estate tax revenue that is lost due to the waiver of that revenue.

For the fiscal year ended June 30, 2017, the District's property tax revenues were reduced by approximately \$1,772,000 under these programs.

There are no abatements made by the District.

(15) Upcoming Accounting Pronouncement

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

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2020.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2021.

Required Supplementary Information

OAKLAND SCHOOLS

Budgetary Comparison Schedule

General Education Fund

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget – Over (Under)
Revenue:				
Local	\$ 16,744,187	\$ 15,505,635	\$ 14,834,675	\$ (670,960)
State	25,447,469	32,762,740	29,281,910	(3,480,830)
Federal	8,552,944	10,930,325	6,833,697	(4,096,628)
Transfers and other revenue	<u>703,200</u>	<u>863,700</u>	<u>974,674</u>	<u>110,974</u>
Total revenue	<u>51,447,800</u>	<u>60,062,400</u>	<u>51,924,956</u>	<u>(8,137,444)</u>
Expenditures - Current:				
Instruction	68,823	30,027	22,078	(7,949)
Support services:				
Pupil	154,100	169,692	157,179	(12,513)
Instructional staff	8,593,625	15,976,343	11,430,056	(4,546,287)
General administration	6,621,551	1,832,978	1,613,551	(219,427)
School administration	186,159	18,000	13,159	(4,841)
Business services	879,249	916,587	831,628	(84,959)
Operations and maintenance	711,400	750,200	617,276	(132,924)
Pupil transportation	297,571	1,338,102	1,193,272	(144,830)
Central	8,181,444	8,945,693	7,992,514	(953,179)
Other support services	2,226,240	982,030	865,439	(116,591)
Community services	5,741,996	7,037,084	3,871,160	(3,165,924)
Interdistrict transfers and other	<u>18,881,542</u>	<u>23,768,664</u>	<u>23,095,126</u>	<u>(673,538)</u>
Total expenditures and other uses	<u>52,543,700</u>	<u>61,765,400</u>	<u>51,702,438</u>	<u>(10,062,962)</u>
Net Change in Fund Balance	(1,095,900)	(1,703,000)	222,518	1,925,518
Fund Balance – Beginning of year	<u>4,577,791</u>	<u>4,577,791</u>	<u>4,577,791</u>	<u>—</u>
Fund Balance – End of year	<u>\$ 3,481,891</u>	<u>\$ 2,874,791</u>	<u>\$ 4,800,309</u>	<u>\$ 1,925,518</u>

See accompanying note to the required supplementary information.

OAKLAND SCHOOLS

Budgetary Comparison Schedule

Special Education Fund

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget – Over (Under)
Revenue:				
Local	\$ 133,741,300	\$ 134,513,900	\$ 133,362,597	\$ (1,151,303)
State	3,661,200	4,169,100	5,781,498	1,612,398
Federal	45,279,800	48,195,300	43,946,458	(4,248,842)
Transfers and other revenue	<u>236,500</u>	<u>197,000</u>	<u>195,032</u>	<u>(1,968)</u>
Total revenue	<u>182,918,800</u>	<u>187,075,300</u>	<u>183,285,585</u>	<u>(3,789,715)</u>
Expenditures - Current:				
Instruction	2,560,000	1,779,300	1,551,630	(227,670)
Support services:				
Pupil	9,945,570	9,862,636	8,916,682	(945,954)
Instructional staff	3,974,475	3,743,688	3,130,319	(613,369)
General administration	758,800	825,100	738,053	(87,047)
Business services	1,100,200	832,500	704,003	(128,497)
Operations and maintenance	623,700	574,600	508,690	(65,910)
Pupil transportation	77,800	61,900	69,101	7,201
Central	4,518,666	4,492,167	4,161,331	(330,836)
Other support services	335,000	332,700	336,267	3,567
Community services	—	400	300	(100)
Interdistrict transfers and other	<u>157,632,589</u>	<u>165,619,209</u>	<u>158,680,965</u>	<u>(6,938,244)</u>
Total expenditures and other uses	<u>181,526,800</u>	<u>188,124,200</u>	<u>178,797,341</u>	<u>(9,326,859)</u>
Net Change in Fund Balance	1,392,000	(1,048,900)	4,488,244	5,537,144
Fund Balance – Beginning of year	<u>9,130,892</u>	<u>9,130,892</u>	<u>9,130,892</u>	<u>—</u>
Fund Balance – End of year	<u>\$ 10,522,892</u>	<u>\$ 8,081,992</u>	<u>\$ 13,619,136</u>	<u>\$ 5,537,144</u>

See accompanying note to the required supplementary information.

OAKLAND SCHOOLS

Budgetary Comparison Schedule

Vocational Education Fund

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget – Over (Under)
Revenue:				
Local	\$ 32,949,800	\$ 33,251,120	\$ 32,899,090	\$ (352,030)
State	2,678,800	4,304,416	4,759,809	455,393
Federal	1,862,300	1,756,864	1,755,503	(1,361)
Transfers and other revenue	<u>87,500</u>	<u>132,900</u>	<u>131,744</u>	<u>(1,156)</u>
Total revenue	<u>37,578,400</u>	<u>39,445,300</u>	<u>39,546,146</u>	<u>100,846</u>
Expenditures - Current:				
Instruction	17,069,452	17,180,347	16,040,949	(1,139,398)
Support services:				
Pupil	2,150,667	2,279,529	2,327,967	48,438
Instructional staff	2,456,470	2,534,106	2,289,935	(244,171)
General administration	801,700	834,500	718,045	(116,455)
School administration	2,316,600	2,216,800	2,166,688	(50,112)
Business services	1,236,400	1,216,394	1,129,917	(86,477)
Operations and maintenance	3,401,900	3,601,700	3,449,699	(152,001)
Pupil transportation	195,429	165,500	107,327	(58,173)
Central	5,778,382	5,348,824	4,982,854	(365,970)
Other support services	219,500	217,200	192,853	(24,347)
Interdistrict transfers and other	<u>3,264,600</u>	<u>5,880,500</u>	<u>5,853,337</u>	<u>(27,163)</u>
Total expenditures and other uses	<u>38,891,100</u>	<u>41,475,400</u>	<u>39,259,571</u>	<u>(2,215,829)</u>
Net Change in Fund Balance	(1,312,700)	(2,030,100)	286,575	2,316,675
Fund Balance – Beginning of year	<u>6,905,928</u>	<u>6,905,928</u>	<u>6,905,928</u>	<u>—</u>
Fund Balance – End of year	<u>\$ 5,593,228</u>	<u>\$ 4,875,828</u>	<u>\$ 7,192,503</u>	<u>\$ 2,316,675</u>

See accompanying note to the required supplementary information.

OAKLAND SCHOOLS

Schedule of District's Proportionate Share of the Net Pension Liability
of the Michigan Public School Employees' Retirement System
Determined as of the Plan Year Ended September 30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District's proportion of the net pension liability								0.43183%	0.46070%	0.47845%
District's proportionate share of the net pension liability								\$ 95,110,375	\$ 112,525,808	\$ 119,368,632
District's covered employee payroll								\$ 36,808,094	\$ 38,484,732	\$ 41,134,535
District's proportionate share of the net pension liability as a percentage of its covered employee payroll								258.40%	292.39%	290.19%
Plan fiduciary net position as a percentage of total pension liability								66.20%	62.92%	63.01%

OAKLAND SCHOOLS

Schedule of District's Contributions to Pension Plan
Michigan Public School Employees' Retirement System
Determined as of the Year Ended June 30

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Statutorily required contributions								\$ 8,210,005	\$ 11,005,194	\$ 12,085,927
Contributions in relation to the statutorily required contribution								\$ 8,210,005	\$ 11,005,194	\$ 12,085,927
Contribution deficiency (excess)								\$ -	\$ -	\$ -
District's covered employee payroll								\$ 38,428,513	\$ 40,183,160	\$ 44,388,538
Contributions as a percentage of covered employee payroll								21.36%	27.39%	27.23%

OAKLAND SCHOOLS

Note to Pension Required Supplementary Information

Year Ended June 30, 2017

Benefit Changes - There were no changes of benefit terms for the plan year ended September 30, 2016.

Changes in Assumptions - There were no changes of benefit assumptions for the plan year ended September 30, 2016.

Changes in Size or Composition of the Covered Population - There were no significant changes in size or composition of the covered population in 2016.

Availability of Data - GASB 68 requires 10 years of information for the proportionate share of net pension liability and contributions. Information is only available for the proportionate share of net pension liability and contributions beginning in the years ended September 30, 2014 and June 30, 2015, respectively.

OAKLAND SCHOOLS

Note to the Required Supplementary Information

June 30, 2017

Budget Process

Budgets and budgetary accounting are prepared on the modified accrual basis, which is consistent with generally accepted accounting principles. The budget is legally adopted by the Board of Education prior to June 30. Annual appropriation budgets are adopted for the General and Special Revenue Funds. Budgets shown in the financial statements were presented on the same modified accrual basis that is used to reflect actual results. Appropriations lapse at the end of the year. Project-length financial plans are adopted for such projects and therefore original and final budget amounts for funded projects are presented at the same value as the actual results. Project-length financial plans are adopted for the Capital Projects Funds. Budget and actual comparisons for these funds are not reported in the financial statements because an annual budget is not prepared.

The budget document presents information by fund, function, and object. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is at the function level. Management may amend the line-item budgets, with the legally adopted level of control, with the board's approval. The Board of Education has established the legal level of control at the function level as presented in the financial statements. The Board of Education is authorized to make amendments to the budget as deemed necessary. During the year, the budget was amended in a legally permissible manner, under the provisions of Public Act 621.

The required supplementary information - budgetary comparison schedules are presented on the same basis of accounting used to prepare the budget, which include certain items having classifications that differ from the combined statement of revenue, expenditures, and changes in fund balances. Those differences relate to the presentation of capital outlay and operating transfers.

Other Supplementary Information

OAKLAND SCHOOLS

Budgetary Comparison Schedule

Shared Services & Tuition Programs Cooperative Activities Fund

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget – Over (Under)
Revenue:				
Local	\$ 11,297,000	\$ 12,334,700	\$ 12,706,158	\$ 371,458
State	537,500	712,700	712,113	(587)
Transfers and other revenue	<u>250,000</u>	<u>319,400</u>	<u>—</u>	<u>(319,400)</u>
Total revenue	<u>12,084,500</u>	<u>13,366,800</u>	<u>13,418,271</u>	<u>51,471</u>
Expenditures:				
Instruction	4,443,600	3,764,100	3,662,222	(101,878)
Support services:				
Pupil	54,200	94,100	97,101	3,001
Instructional staff	164,500	61,800	76,224	14,424
General administration	347,600	485,400	473,088	(12,312)
School administration	—	316,800	488,576	171,776
Business	2,291,000	2,342,400	1,868,269	(474,131)
Central	4,685,800	5,816,200	5,850,388	34,188
Interdistrict transfers and other	<u>263,800</u>	<u>303,800</u>	<u>228,215</u>	<u>(75,585)</u>
Total expenditures and other uses	<u>12,250,500</u>	<u>13,184,600</u>	<u>12,744,083</u>	<u>(440,517)</u>
Net Change in Fund Balance	(166,000)	182,200	674,188	491,988
Fund Balance – Beginning of year	<u>1,553,795</u>	<u>1,553,795</u>	<u>1,553,795</u>	<u>—</u>
Fund Balance – End of year	\$ <u><u>1,387,795</u></u>	\$ <u><u>1,735,995</u></u>	\$ <u><u>2,227,983</u></u>	\$ <u><u>491,988</u></u>

See accompanying notes to the required supplementary information.

OAKLAND SCHOOLS

Budgetary Comparison Schedule

ONE Cooperative Activities Fund

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget – Over (Under)
Revenue:				
Local	\$ 765,900	\$ 892,800	\$ 894,872	\$ 2,072
Transfers and other revenue	<u>26,600</u>	<u>1,626,600</u>	<u>1,626,600</u>	<u>—</u>
Total revenue	<u>792,500</u>	<u>2,519,400</u>	<u>2,521,472</u>	<u>2,072</u>
Expenditures:				
Support services:				
General administration	—	—	3,825	3,825
Central	655,000	502,900	482,757	(20,143)
Interdistrict transfers and other	<u>—</u>	<u>126,000</u>	<u>126,000</u>	<u>—</u>
Total expenditures and other uses	<u>655,000</u>	<u>628,900</u>	<u>612,582</u>	<u>(16,318)</u>
Net Change in Fund Balance	137,500	1,890,500	1,908,890	18,390
Fund Balance – Beginning of year	<u>3,171,738</u>	<u>3,171,738</u>	<u>3,171,738</u>	<u>—</u>
Fund Balance – End of year	<u>\$ 3,309,238</u>	<u>\$ 5,062,238</u>	<u>\$ 5,080,628</u>	<u>\$ 18,390</u>

See accompanying notes to the required supplementary information.

OAKLAND SCHOOLS

Budgetary Comparison Schedule

Medicaid Cooperative Activities Fund

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget – Over (Under)</u>
Revenue:				
Local	\$ 8,627,400	\$ 9,519,600	\$ 9,440,682	\$ (78,918)
State	28,600	33,200	33,211	11
Federal	<u>350,000</u>	<u>390,800</u>	<u>390,835</u>	<u>35</u>
Total revenue	<u>9,006,000</u>	<u>9,943,600</u>	<u>9,864,728</u>	<u>(78,872)</u>
Expenditures:				
Support services:				
Operations and maintenance	34,900	42,300	29,054	(13,246)
Central	621,100	579,600	565,864	(13,736)
Interdistrict transfers and other	<u>8,350,000</u>	<u>9,321,700</u>	<u>9,268,900</u>	<u>(52,800)</u>
Total expenditures and other uses	<u>9,006,000</u>	<u>9,943,600</u>	<u>9,863,818</u>	<u>(79,782)</u>
Net Change in Fund Balance	—	—	910	910
Fund Balance – Beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance – End of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 910</u>	<u>\$ 910</u>

See accompanying notes to the required supplementary information.

OAKLAND SCHOOLS

Budgetary Comparison Schedule

HR/Finance Consortium Cooperative Activities Fund

Year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget – Over (Under)
Revenue:				
Local	\$ 812,700	\$ 749,700	\$ 750,463	\$ 763
State	<u>29,000</u>	<u>52,000</u>	<u>52,032</u>	<u>32</u>
Total revenue	<u>841,700</u>	<u>801,700</u>	<u>802,495</u>	<u>795</u>
Expenditures:				
Support services - Central	<u>1,107,600</u>	<u>1,295,900</u>	<u>1,107,764</u>	<u>(188,136)</u>
Total expenditures and other uses	<u>1,107,600</u>	<u>1,295,900</u>	<u>1,107,764</u>	<u>(188,136)</u>
Net Change in Fund Balance	(265,900)	(494,200)	(305,269)	188,931
Fund Balance – Beginning of year	<u>1,121,682</u>	<u>1,121,682</u>	<u>1,121,682</u>	<u>—</u>
Fund Balance – End of year	\$ <u>855,782</u>	\$ <u>627,482</u>	\$ <u>816,413</u>	\$ <u>188,931</u>

See accompanying notes to the required supplementary information.

OAKLAND SCHOOLS
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Administration Building Capital Projects Fund	CFE Campus Renovations Capital Projects Fund	JobLink Facility Capital Projects Fund	2016 Refunding Bonds Debt Service Fund	2007 Bond Debt Service Fund	Qualified School Construction Bond Debt Service Fund	Qualified School Construction Bond Reserve Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
Assets:									
Cash and investments	\$ 3,757,894	\$ 6,942,044	\$ 552,645	\$ 5,896,784	\$ —	\$ 54,855	\$ 66,966	\$ 8,877,142	\$ 26,148,330
Receivables	462	73	291	12,020	—	86	100	1,501,823	1,514,855
Prepaid expenditures	62,111	39,305	—	—	—	—	—	29,041	130,457
Restricted assets	—	—	—	—	—	5,117,025	6,122,685	—	11,239,710
Total assets	<u>\$ 3,820,467</u>	<u>\$ 6,981,422</u>	<u>\$ 552,936</u>	<u>\$ 5,908,804</u>	<u>\$ —</u>	<u>\$ 5,171,966</u>	<u>\$ 6,189,751</u>	<u>\$ 10,408,006</u>	<u>\$ 39,033,352</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 20,587	\$ 246,392	\$ —	\$ —	\$ —	\$ —	\$ 2,500	\$ 71,597	\$ 341,076
Due to other governmental units	—	—	—	—	—	—	—	1,560,322	1,560,322
Accrued payroll and other liabilities	—	—	—	—	—	—	—	390,153	390,153
Unearned revenue	—	—	—	—	—	—	—	260,000	260,000
Total liabilities	<u>20,587</u>	<u>246,392</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,500</u>	<u>2,282,072</u>	<u>2,551,551</u>
Fund Balances:									
Nonspendable:									
Prepaid expenditures	62,111	39,305	—	—	—	—	—	29,041	130,457
Restricted:									
Debt service	—	—	—	5,908,804	—	5,171,966	6,187,251	—	17,268,021
Medicaid	—	—	—	—	—	—	—	910	910
Committed:									
Special Revenue Funds	—	—	—	—	—	—	—	8,095,983	8,095,983
Capital projects	3,737,769	6,695,725	552,936	—	—	—	—	—	10,986,430
Total fund balances	<u>3,799,880</u>	<u>6,735,030</u>	<u>552,936</u>	<u>5,908,804</u>	<u>—</u>	<u>5,171,966</u>	<u>6,187,251</u>	<u>8,125,934</u>	<u>36,481,801</u>
Total liabilities and fund balances	<u>\$ 3,820,467</u>	<u>\$ 6,981,422</u>	<u>\$ 552,936</u>	<u>\$ 5,908,804</u>	<u>\$ —</u>	<u>\$ 5,171,966</u>	<u>\$ 6,189,751</u>	<u>\$ 10,408,006</u>	<u>\$ 39,033,352</u>

OAKLAND SCHOOLS
Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2017

	Administration Building Capital Projects Fund	CFE Campus Renovations Capital Projects Fund	JobLink Facility Capital Projects Fund	2016 Refunding Bonds Debt Service Fund	2007 Bond Debt Service Fund	Qualified School Construction Bond Debt Service Fund	Qualified School Construction Bond Reserve Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
Revenue:									
Local	\$ 10,569	\$ 27,012	\$ 2,274	\$ 47,167	\$ 9,709	\$ (65,474)	\$ (121,322)	\$ 23,792,175	\$ 23,702,110
State	—	—	—	—	—	—	—	797,356	797,356
Federal	—	—	—	—	—	—	745,433	390,835	1,136,268
Total revenue	10,569	27,012	2,274	47,167	9,709	(65,474)	624,111	24,980,366	25,635,734
Expenditures:									
Instruction services	—	—	—	—	—	—	—	3,616,526	3,616,526
Support services:									
Pupil	—	—	—	—	—	—	—	97,101	97,101
Instructional staff	—	—	—	—	—	—	—	76,224	76,224
General administration	—	—	—	—	—	—	—	476,913	476,913
School administration	—	—	—	—	—	—	—	488,576	488,576
Business services	—	—	—	—	—	—	—	1,866,417	1,866,417
Operations and maintenance	—	—	—	—	—	—	—	29,054	29,054
Central	15,528	9,406	—	—	—	—	—	7,970,476	7,995,410
Interdistrict transfers and other	40,503	1,500	—	—	—	—	—	9,337,900	9,379,903
Debt service:									
Principal	—	—	—	—	1,185,000	—	—	—	1,185,000
Interest and other	—	—	—	1,429,373	60,000	1,600	930,000	—	2,420,973
Capital outlay	422,171	970,520	4,903	—	—	—	—	83,845	1,481,439
Total expenditures	478,202	981,426	4,903	1,429,373	1,245,000	1,600	930,000	24,043,032	29,113,536
Excess (deficiency) of revenue over expenditures	(467,633)	(954,414)	(2,629)	(1,382,206)	(1,235,291)	(67,074)	(305,889)	937,334	(3,477,802)
Other financing sources (uses):									
Transfers out	—	—	—	—	(286,869)	(886,000)	—	(285,215)	(1,458,084)
Transfers in	600,000	2,750,000	—	786,869	—	—	886,000	1,626,600	6,649,469
Net change in fund balances	132,367	1,795,586	(2,629)	(595,337)	(1,522,160)	(953,074)	580,111	2,278,719	1,713,583
Fund Balances – Beginning of year	3,667,513	4,939,444	555,565	6,504,141	1,522,160	6,125,040	5,607,140	5,847,215	34,768,218
Fund Balances – End of year	<u>\$ 3,799,880</u>	<u>\$ 6,735,030</u>	<u>\$ 552,936</u>	<u>\$ 5,908,804</u>	<u>\$ —</u>	<u>\$ 5,171,966</u>	<u>\$ 6,187,251</u>	<u>\$ 8,125,934</u>	<u>\$ 36,481,801</u>

OAKLAND SCHOOLS
Other Supplementary Information
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	<u>Shared Services & Tuition Programs Cooperative Activities Fund</u>	<u>ONE Cooperative Activities Fund</u>	<u>Medicaid Cooperative Activities Fund</u>	<u>HR/Finance Consortium Cooperative Activities Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:					
Cash and investments	\$ 1,401,194	\$ 5,101,948	\$ 1,556,206	\$ 817,794	\$ 8,877,142
Receivables	1,479,632	558	8,966	12,667	1,501,823
Prepaid expenditures	1,087	—	—	27,954	29,041
Total assets	<u>\$ 2,881,913</u>	<u>\$ 5,102,506</u>	<u>\$ 1,565,172</u>	<u>\$ 858,415</u>	<u>\$ 10,408,006</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 24,092	\$ 21,878	\$ 982	\$ 24,645	\$ 71,597
Due to other governmental units	8,106	—	1,552,216	—	1,560,322
Accrued payroll and other liabilities	361,732	—	11,064	17,357	390,153
Unearned revenue	260,000	—	—	—	260,000
Total liabilities	653,930	21,878	1,564,262	42,002	2,282,072
Fund Balances:					
Nonspendable:					
Prepaid expenditures	1,087	—	—	27,954	29,041
Committed:					
Special Revenue Funds	2,226,896	5,080,628	—	788,459	8,095,983
Restricted:					
Medicaid Cooperative Activities Fund	—	—	910	—	910
Total fund balances	<u>2,227,983</u>	<u>5,080,628</u>	<u>910</u>	<u>816,413</u>	<u>8,125,934</u>
Total liabilities and fund balances	<u>\$ 2,881,913</u>	<u>\$ 5,102,506</u>	<u>\$ 1,565,172</u>	<u>\$ 858,415</u>	<u>\$ 10,408,006</u>

OAKLAND SCHOOLS

Other Supplementary Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year ended June 30, 2017

	Shared Services & Tuition Programs Cooperative Activities Fund	ONE Cooperative Activities Fund	Medicaid Cooperative Activities Fund	HR/Finance Consortium Cooperative Activities Fund	Total Nonmajor Special Revenue Funds
Revenue:					
Local	\$ 12,706,158	\$ 894,872	\$ 9,440,682	\$ 750,463	\$ 23,792,175
State	712,113	—	33,211	52,032	797,356
Federal	—	—	390,835	—	390,835
Total revenue	<u>13,418,271</u>	<u>894,872</u>	<u>9,864,728</u>	<u>802,495</u>	<u>24,980,366</u>
Expenditures:					
Instruction services	3,616,526	—	—	—	3,616,526
Support services:					
Pupil	97,101	—	—	—	97,101
Instructional staff	76,224	—	—	—	76,224
General administration	473,088	3,825	—	—	476,913
School administration	488,576	—	—	—	488,576
Business services	1,866,417	—	—	—	1,866,417
Operations and maintenance	—	—	29,054	—	29,054
Central	5,840,960	461,822	559,930	1,107,764	7,970,476
Interdistrict transfers and other	69,000	—	9,268,900	—	9,337,900
Capital outlay	56,976	20,935	5,934	—	83,845
Total expenditures	<u>12,584,868</u>	<u>486,582</u>	<u>9,863,818</u>	<u>1,107,764</u>	<u>24,043,032</u>
Excess (deficiency) of revenue over expenditures	833,403	408,290	910	(305,269)	937,334
Other financing sources (uses):					
Transfers out	(159,215)	(126,000)	—	—	(285,215)
Transfers in	—	1,626,600	—	—	1,626,600
Net change in fund balances	<u>674,188</u>	<u>1,908,890</u>	<u>910</u>	<u>(305,269)</u>	<u>2,278,719</u>
Fund Balances – Beginning of year	<u>1,553,795</u>	<u>3,171,738</u>	<u>—</u>	<u>1,121,682</u>	<u>5,847,215</u>
Fund Balances – End of year	<u>\$ 2,227,983</u>	<u>\$ 5,080,628</u>	<u>\$ 910</u>	<u>\$ 816,413</u>	<u>\$ 8,125,934</u>

OAKLAND SCHOOLS
Other Supplementary Information
Schedule of Bonded Indebtedness
Year Ended June 30, 2017

<u>June 30</u>	<u>2009-2010 General Bonds Principal</u>	<u>2016 Refunding Bonds Principal</u>
2018	\$ —	\$ 800,000
2019	—	840,000
2020	—	885,000
2021	—	925,000
2022	—	975,000
2023	—	1,395,000
2024	—	1,460,000
2025	—	1,535,000
2026	—	1,610,000
2027	14,800,000	1,690,000
2028	—	1,775,000
2029	—	1,865,000
2030	—	1,950,000
2031	—	2,010,000
2032	—	2,070,000
2033	—	2,135,000
2034	—	2,200,000
2035	—	2,230,000
2036	—	2,345,000
	<u>\$ 14,800,000</u>	<u>\$ 30,695,000</u>
Principal payments due	May 1	May 1
Interest payments due	May 1 and November 1	May 1 and November 1
Interest rate	6.25%	3.00% to 5.00%
Original issue	<u>\$ 14,800,000</u>	<u>\$ 30,695,000</u>

Oakland Schools

Note to the Statistical Section

This part of the District’s 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.

<u>Contents</u>	<u>Page</u>
Financial Trends	69-73
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	74-77
These schedules contain information to help the reader assess the District’s most significant local revenue source, the property tax.	
Debt Capacity	78-80
These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
Demographic and Economic Information	81-82
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	83-85
These schedules contain service and infrastructure 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: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Oakland Schools
Net Position by Component - Governmental Activities (Unaudited)
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 37,800,894	\$ 49,196,135	\$ 47,830,288	\$ 45,905,594	\$ 45,533,585	\$ 47,613,004	\$ 45,105,058	\$ 42,310,533	\$ 45,887,902	\$ 41,636,657
Restricted	76,500,266	77,683,266	68,374,213	56,848,576	58,135,379	39,549,518	41,892,717	39,475,802	19,243,353	16,898,371
Unrestricted	18,368,532	12,992,488	12,759,358	13,582,991	9,226,420	19,902,415	(76,486,579)	(74,701,841)	(61,333,731)	(54,561,605)
Total governmental activities	<u>132,669,692</u>	<u>139,871,889</u>	<u>128,963,859</u>	<u>116,337,161</u>	<u>112,895,384</u>	<u>107,064,937</u>	<u>10,511,196</u>	<u>7,084,494</u>	<u>3,797,524</u>	<u>3,973,423</u>
Business-type activities:										
Net investment in capital assets	221,807	200,057	347,886	410,102	454,675	572,803	451,572	490,149	323,990	220,075
Unrestricted	230,573	522,730	517,607	283,775	323,902	400,564	647,658	564,718	727,120	959,031
Total business-type activities	<u>452,380</u>	<u>722,787</u>	<u>865,493</u>	<u>693,877</u>	<u>778,577</u>	<u>973,367</u>	<u>1,099,230</u>	<u>1,054,867</u>	<u>1,051,110</u>	<u>1,179,106</u>
Primary government:										
Net investment in capital assets	38,022,701	49,396,192	48,178,174	46,315,696	45,988,260	48,185,807	45,556,630	42,800,682	46,211,892	41,856,732
Restricted	76,500,266	77,683,266	68,374,213	56,848,576	58,135,379	39,549,518	41,892,717	39,475,802	19,243,353	16,898,371
Unrestricted	18,599,105	13,515,218	13,276,965	13,866,766	9,550,322	20,302,979	(75,838,921)	(74,137,123)	(60,606,611)	(53,602,574)
Total primary government net position	<u>\$ 133,122,072</u>	<u>\$ 140,594,676</u>	<u>\$ 129,829,352</u>	<u>\$ 117,031,038</u>	<u>\$ 113,673,961</u>	<u>\$ 108,038,304</u>	<u>\$ 11,610,426</u>	<u>\$ 8,139,361</u>	<u>\$ 4,848,634</u>	<u>\$ 5,152,529</u>

Note: On July 1, 2012, the District implemented the provisions of GASB Nos. 63 and 65, which changed the reference from net assets to net position.

Note: On July 1, 2014, the District implemented the provisions of GASB Nos. 68 and 71, which resulted in the District recording a net pension liability of \$(101,124,529) and a deferred outflow for pension liabilities of \$4,892,673 as of that date. Unrestricted Net Position has been restated to reflect this change in accounting principle in 2014.

Source: Prior years' Comprehensive Annual Financial Reports

Oakland Schools
Changes in Governmental Net Position (Unaudited)
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
Instruction	\$ 17,534,597	\$ 18,828,775	\$ 18,597,982	\$ 15,716,182	\$ 18,468,372	\$ 21,091,522	\$ 20,465,495	\$ 21,298,926	\$ 22,006,499	\$ 21,575,693
Support services	275,747,656	263,576,290	303,941,673	276,233,836	251,205,201	232,099,280	239,626,487	255,011,090	260,177,286	268,922,341
Interest on long-term debt	2,815,578	2,456,242	2,555,167	3,260,959	3,207,200	3,124,673	2,957,477	2,931,214	2,233,465	2,275,495
Depreciation (unallocated)	2,270,319	4,907,844	4,562,358	4,656,570	5,333,957	5,397,465	5,482,627	5,441,001	5,375,569	4,929,373
Total governmental activities	<u>298,368,150</u>	<u>289,769,151</u>	<u>329,657,180</u>	<u>299,867,547</u>	<u>278,214,730</u>	<u>261,712,940</u>	<u>268,532,086</u>	<u>284,682,231</u>	<u>289,792,819</u>	<u>297,702,902</u>
Business-type activities:										
Support services	-	-	-	-	-	-	-	-	-	1,886,186
Depreciation (unallocated)	-	-	-	-	-	-	-	-	-	109,463
Total business-type activities	<u>-</u>	<u>1,995,649</u>								
Total primary government expenses	<u>298,368,150</u>	<u>289,769,151</u>	<u>329,657,180</u>	<u>299,867,547</u>	<u>278,214,730</u>	<u>261,712,940</u>	<u>268,532,086</u>	<u>284,682,231</u>	<u>289,792,819</u>	<u>299,698,551</u>
Program Revenue										
Governmental activities:										
Charges for services:										
Instruction	351,214	426,202	475,065	1,197,002	1,896,298	4,628,251	4,657,048	4,774,800	4,701,407	4,657,556
Support services	13,265,641	13,963,800	14,775,123	14,811,914	28,244,243	18,886,816	21,019,191	22,224,460	22,859,101	24,665,315
Interdistrict payments and other	-	-	-	-	-	-	-	-	-	-
Total charges for services	<u>13,616,855</u>	<u>14,390,002</u>	<u>15,250,188</u>	<u>16,008,916</u>	<u>30,140,541</u>	<u>23,515,067</u>	<u>25,676,239</u>	<u>26,999,260</u>	<u>27,560,508</u>	<u>29,322,871</u>
Operating grants and contributions:										
Instruction	841,008	1,572,182	1,201,271	1,602,286	1,054,219	1,173,465	837,577	857,686	1,656,153	2,687,861
Support services	14,463,796	16,316,178	20,381,433	19,047,396	16,094,674	13,479,296	15,607,122	15,951,153	15,978,317	17,837,757
Interdistrict payments and other	42,099,950	40,501,952	68,538,439	61,067,274	53,485,773	49,397,310	55,787,591	62,132,296	61,378,053	62,942,963
Total operating grants and contributions	<u>57,404,754</u>	<u>58,390,312</u>	<u>90,121,143</u>	<u>81,716,956</u>	<u>70,634,666</u>	<u>64,050,071</u>	<u>72,232,290</u>	<u>78,941,135</u>	<u>79,012,523</u>	<u>83,468,581</u>
Total governmental activities program revenue	<u>71,021,609</u>	<u>72,780,314</u>	<u>105,371,331</u>	<u>97,725,872</u>	<u>100,775,207</u>	<u>87,565,138</u>	<u>97,908,529</u>	<u>105,940,395</u>	<u>106,573,031</u>	<u>112,791,452</u>
Business-type activities:										
Charges for services: Support services	-	-	-	-	-	-	-	-	-	2,118,822
Total primary government program revenue	<u>71,021,609</u>	<u>72,780,314</u>	<u>105,371,331</u>	<u>97,725,872</u>	<u>100,775,207</u>	<u>87,565,138</u>	<u>97,908,529</u>	<u>105,940,395</u>	<u>106,573,031</u>	<u>114,910,274</u>
Net (Expenses) Revenue:										
Governmental activities	(227,346,541)	(216,988,837)	(224,285,849)	(202,141,675)	(177,439,523)	(174,147,802)	(170,623,557)	(178,741,836)	(183,219,788)	(184,911,450)
Business-type activities	-	-	-	-	-	-	-	-	-	123,173
Total primary government net (expenses)	<u>\$ (227,346,541)</u>	<u>\$ (216,988,837)</u>	<u>\$ (224,285,849)</u>	<u>\$ (202,141,675)</u>	<u>\$ (177,439,523)</u>	<u>\$ (174,147,802)</u>	<u>\$ (170,623,557)</u>	<u>\$ (178,741,836)</u>	<u>\$ (183,219,788)</u>	<u>\$ (184,788,277)</u>

Oakland Schools
Changes in Governmental Net Position (Unaudited)
Last Ten Fiscal Years
(Continued)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expenses) Revenue:										
Governmental activities	\$ (227,346,541)	\$ (216,988,837)	\$ (224,285,849)	\$ (202,141,675)	\$ (177,439,523)	\$ (174,147,802)	\$ (170,623,557)	\$ (178,741,836)	\$ (183,219,788)	\$ (184,911,450)
Business-type activities	-	-	-	-	-	-	-	-	-	123,173
Total primary government net (expenses)	(227,346,541)	(216,988,837)	(224,285,849)	(202,141,675)	(177,439,523)	(174,147,802)	(170,623,557)	(178,741,836)	(183,219,788)	(184,788,277)
General Revenue										
Governmental activities:										
Property taxes	216,941,255	216,924,988	208,747,666	183,975,834	169,871,503	163,870,419	164,539,717	167,867,989	173,763,748	175,566,760
Federal and state aid not restricted to specific purposes	4,599,747	4,675,132	3,898,797	4,369,191	3,646,507	4,354,486	5,516,299	7,189,210	5,211,440	10,434,989
Investment earnings	7,409,919	2,683,651	777,735	898,623	476,824	199,629	283,907	125,960	953,873	491,390
Other	286,201	177,670	96,327	99,713	87,612	87,611	87,612	87,612	-	144,119
Loss on the impairment of capital assets	-	-	-	-	-	-	-	-	-	(1,549,909)
Total governmental activities general revenue	229,237,122	224,461,441	213,520,525	189,343,361	174,082,446	168,512,145	170,427,535	175,270,771	179,929,061	185,087,349
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	4,823
Total primary government general revenue	229,237,122	224,461,441	213,520,525	189,343,361	174,082,446	168,512,145	170,427,535	175,270,771	179,929,061	185,092,172
Change in Net Position										
Governmental activities	\$ 1,890,581	\$ 7,472,604	\$ (10,765,324)	\$ (12,798,314)	\$ (3,357,077)	\$ (5,635,657)	\$ (196,022)	\$ (3,471,065)	\$ (3,290,727)	\$ 175,899
Business-type activities	-	-	-	-	-	-	-	-	-	127,996
Total primary government change in net position	\$ 1,890,581	\$ 7,472,604	\$ (10,765,324)	\$ (12,798,314)	\$ (3,357,077)	\$ (5,635,657)	\$ (196,022)	\$ (3,471,065)	\$ (3,290,727)	\$ 303,895

Source: Prior years' Comprehensive Annual Financial Reports

Note: On July 1, 2014, the District implemented the provisions of GASB Nos. 68 and 71, which resulted in the District recording a net pension liability of \$(101,124,529) and a deferred outflow for pension liabilities of \$4,892,673 as of that date. The impact on net position is an additional reduction to net position of \$96,231,856.

Note: The District began reporting business-type activities separate from governmental activities in the year ended June 30, 2017. Prior to that, business-type activities were combined with governmental activities.

Oakland Schools
Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years

	June 30									
	2008	2009	2010	2011**	2012	2013	2014	2015	2016	2017
General Education Fund:										
Reserved	\$ 34,852	\$ 34,851	\$ 28,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,641,006	5,599,520	4,532,173	-	-	-	-	-	-	-
Nonspendable	-	-	-	30,676	55,918	51,671	62,682	48,658	82,590	28,623
Assigned	-	-	-	139,000	427,100	-	-	-	-	-
Unassigned	-	-	-	2,163,479	556,588	1,445,111	4,006,109	5,354,979	4,495,201	4,771,686
Total General Education Fund	\$ 9,675,858	\$ 5,634,371	\$ 4,561,124	\$ 2,333,155	\$ 1,039,606	\$ 1,496,782	\$ 4,068,791	\$ 5,403,637	\$ 4,577,791	\$ 4,800,309
All other governmental funds:										
Reserved	\$ 284,819	\$ 26,241,420	\$ 38,769,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved - Reported in:										
Special Revenue Funds	53,679,586	38,034,565	26,023,392	-	-	-	-	-	-	-
Capital Project Funds	28,359,190	19,416,923	19,313,306	-	-	-	-	-	-	-
Nonspendable	-	-	-	115,166	234,323	165,402	173,015	132,291	239,828	174,203
Restricted	-	-	-	53,883,674	46,303,532	39,877,739	42,214,133	39,823,734	35,726,366	38,036,824
Committed	-	-	-	16,547,333	18,794,111	17,619,256	14,605,079	13,997,041	14,838,844	19,082,413
Total all other governmental funds	\$ 82,323,595	\$ 83,692,908	\$ 84,105,798	\$ 70,546,173	\$ 65,331,966	\$ 57,662,397	\$ 56,992,227	\$ 53,953,066	\$ 50,805,038	\$ 57,293,440

Source: Prior years' Comprehensive Annual Financial Reports

* Substantial increase in fund balance due to the issuance of bonds for the CFE campus renovations

** Changes occurred in fund balance classifications due to the issuance of GASB No. 54, effective for the fiscal year ended June 30, 2011.

Oakland Schools
Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years

	Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue										
Local	\$ 235,840,496	\$ 230,953,741	\$ 223,320,413	\$ 199,737,046	\$ 180,083,200	\$ 174,043,212	\$ 174,984,342	\$ 183,816,559	\$ 200,198,492	\$ 204,798,472
State	12,211,340	12,233,153	10,977,525	11,044,306	31,593,813	24,589,911	34,128,734	40,742,535	36,726,944	40,620,573
Federal	50,524,818	49,244,552	81,956,526	71,816,407	62,291,476	52,664,674	51,169,271	53,034,215	50,173,029	53,671,926
Other revenue	1,439,834	2,540,688	1,124,885	996,025	852,524	3,139,014	5,578,013	1,095,341	899,877	1,016,235
Total revenue	300,016,488	294,972,134	317,379,349	283,593,784	274,821,013	254,436,811	265,860,360	278,688,650	287,998,342	300,107,206
Expenditures										
Current:										
Instruction	17,534,597	18,828,775	18,597,982	15,716,182	18,468,372	21,091,522	20,465,495	21,483,026	22,057,423	21,142,122
Support services	57,721,095	58,711,034	58,704,157	50,102,568	52,266,338	54,164,942	54,743,505	61,818,402	66,576,949	71,002,568
Community services	5,759,533	6,747,745	9,990,020	8,400,845	7,291,239	5,380,638	5,852,125	5,762,576	3,792,539	3,584,617
Interdistrict transfers and other	205,345,538	193,677,428	232,800,425	213,998,809	187,529,448	169,599,621	175,074,899	184,432,804	187,177,491	191,501,377
Facilities acquisition	590,383	290,291	322,780	196,680	900,377	41,694	111,787	4,540	31,918	-
Debt service:										
Principal	1,455,000	1,870,000	1,925,000	1,485,000	1,545,000	5,035,000	1,045,000	1,085,000	1,130,000	1,185,000
Interest and other	2,885,329	2,466,820	2,489,492	3,192,336	3,216,775	3,156,203	2,964,444	2,938,447	1,967,328	2,420,973
Bond issuance costs and fees	-	-	-	-	-	-	-	-	230,432	-
Capital outlay	42,153,459	17,377,410	5,684,655	6,288,958	10,111,220	3,179,584	3,701,266	2,868,170	3,320,674	2,559,629
Total expenditures	333,444,934	299,969,503	330,514,511	299,381,378	281,328,769	261,649,204	263,958,521	280,392,965	286,284,754	293,396,286
Excess of Revenue (Under) Over Expenditures	(33,428,446)	(4,997,369)	(13,135,162)	(15,787,594)	(6,507,756)	(7,212,393)	1,901,839	(1,704,315)	1,713,588	6,710,920
Other Financing Sources (Uses)										
Payment to escrow agent for debt refunding	-	-	-	-	-	-	-	-	(39,862,718)	-
Debt issuance	-	-	14,800,000	-	-	-	-	-	30,695,000	-
Premium on debt issued	-	-	-	-	-	-	-	-	3,480,256	-
Transfers in	4,274,865	34,906,300	20,713,821	13,305,600	8,868,604	4,869,868	4,518,498	4,901,600	15,182,226	6,934,684
Transfers out	(4,274,865)	(34,906,300)	(20,713,821)	(13,305,600)	(8,868,604)	(4,869,868)	(4,518,498)	(4,901,600)	(15,182,226)	(6,934,684)
Total other financing sources (uses)	-	-	14,800,000	-	-	-	-	-	(5,687,462)	-
Net Change in Fund Balances	(33,428,446)	(4,997,369)	1,664,838	(15,787,594)	(6,507,756)	(7,212,393)	1,901,839	(1,704,315)	(3,973,874)	6,710,920
Fund Balances - Beginning of year	125,427,899	91,999,453	87,002,084	88,666,922	72,879,328	66,371,572	59,159,179	61,061,018	59,356,703	55,382,829
Fund Balances - End of year	\$ 91,999,453	\$ 87,002,084	\$ 88,666,922	\$ 72,879,328	\$ 66,371,572	\$ 59,159,179	\$ 61,061,018	\$ 59,356,703	\$ 55,382,829	\$ 62,093,749
Debt service as a percentage of noncapital expenditures (a)	1.49%	1.53%	1.36%	1.60%	1.76%	3.17%	1.54%	1.45%	1.09%	1.24%

Source: Prior years' Comprehensive Annual Financial Reports

(a) Noncapital expenditures are total governmental expenditures less capital outlay.

Oakland Schools
 Taxable Value of Property (Unaudited)
 Last Ten Fiscal Years

			Real Property					Personal	Total Value	
Levy Year	Fiscal Year	Tax Year	Agricultural	Commercial	Industrial	Residential	Developmental	Total Real Property	Property	
2007	08/09	2008	\$49,018,160	\$10,640,654,243	\$3,874,109,928	\$46,192,931,562	\$4,976,260	\$60,761,690,153	\$3,984,286,183	\$64,745,976,336
2008	09/10	2009	50,099,680	10,914,474,991	3,873,912,827	43,627,806,247	5,125,490	58,471,419,235	3,945,257,660	62,416,676,895
2009	10/11	2010	45,767,390	10,147,353,481	3,262,351,447	37,857,819,565	5,006,130	51,318,298,013	3,763,409,573	55,081,707,586
2010	11/12	2011	45,702,540	10,054,370,362	1,842,489,880	35,166,132,285	5,020,630	47,113,715,697	3,684,824,560	50,798,540,257
2011	12/13	2012	44,319,803	9,237,144,077	1,651,432,130	34,583,300,582	4,343,320	45,520,539,912	3,705,414,081	49,225,953,993
2012	13/14	2013	40,226,570	8,747,850,059	1,555,458,630	35,101,766,037	4,163,480	45,449,464,776	3,785,645,530	49,235,110,306
2013	14/15	2014	40,619,450	8,592,084,460	1,543,801,500	36,222,002,217	-	46,398,507,627	3,650,142,460	50,048,650,087
2014	15/16	2015	42,908,710	8,668,179,912	1,575,950,217	37,726,099,014	-	48,013,137,853	3,882,203,584	51,895,341,437
2015	16/17	2016	42,597,045	8,731,176,989	1,606,675,259	38,997,799,934	-	49,378,249,227	3,407,953,246	52,786,202,473
2016	17/18	2017	44,178,330	8,957,063,497	1,661,231,821	40,609,322,089	-	51,271,795,737	3,451,947,290	54,723,743,027

Notes:

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year
 Under Michigan law, the revenue base is taxable value

Source: Prior years' Comprehensive Annual Financial Report Statistical Section:
 Oakland County Equalization Report

Oakland Schools
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	General Operating	Parks	Oakland Schools	Oakland Community College	Huron-Clinton Authority	Public Transportation Authority	Oakland County Zoological Authority	Art Institute Authority
2007	2008	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	-	-
2008	2009	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	-
2009	2010	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	-
2010	2011	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	-
2011	2012	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	-
2012	2013	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	0.2000
2013	2014	4.1900	0.2415	3.3690	1.5844	0.2146	0.5900	0.1000	0.2000
2014	2015	4.1900	0.2415	3.3690	1.5844	0.2146	1.0000	0.1000	0.2000
2015	2016	4.0900	0.2410	3.3633	1.5819	0.2146	0.9998	0.0998	0.1996
2016	2017	4.0400	0.2392	3.3398	1.5707	0.2146	0.9941	0.0990	0.1981

Source: Oakland County Apportionment of Local Tax Rates

Oakland Schools
Principal Property Taxpayers (Unaudited)
For the Current Year and Nine Years Prior

Taxpayer	2016			2007		
	Taxable Value	Rank	Percentage of County Taxable Value	Taxable Value	Rank	Percentage of County Taxable Value
Detroit Edison Company/DTE	\$ 555,571,295	1	1.05 %	\$ 475,009,890	3	0.73 %
Consumers Energy	300,826,979	2	0.57 %	185,904,660	4	0.29 %
FCA Auburn Hills Owner LLC (formerly Chrysler)	164,630,200	3	0.31 %	513,883,120	2	0.79 %
Enbridge Energy	121,746,620	4	0.23 %	-	-	- %
SP III West Bloomfield LLC	111,168,900	5	0.21 %	-	-	- %
Frankel/Forbes/Cohn	86,905,570	6	0.16 %	145,616,300	5	0.22 %
International Transmission	84,114,201	7	0.16 %	62,205,600	13	0.10 %
SL Town Etal	76,509,990	8	0.14 %	-	-	- %
Taubman/Great Lakes Crossing	75,745,270	9	0.14 %	141,803,730	6	0.22 %
General Motors	69,642,320	10	0.13 %	782,748,642	1	1.20 %
Oakland Management	63,868,650	11	0.12 %	-	-	- %
Garber Family Properties	59,502,740	12	0.11	-	-	0.00 %
Twelve Oaks Mall LLC	50,183,360	13	0.10 %	-	-	- %
Ramco Lion Venture	48,913,860	14	0.09 %	78,535,910	10	0.12 %
Hartman Tyner	47,975,880	15	0.09 %	-	-	- %
Verizon Wireless	44,295,900	16	0.08 %	-	-	- %
Comcast	43,316,690	17	0.08	56,642,160	14	0.09 %
Redwood-ERC Novi LLC	41,921,070	18	0.08 %	-	-	- %
Meijer	41,856,230	19	0.08 %	70,904,410	11	0.11 %
VHS Huron Valley-Sinai Hospital	36,849,620	20	0.07 %	-	-	- %
Total	\$ 2,125,545,345		4.00 %	\$ 2,513,254,422		3.87 %

Source: Oakland County Department of Management and Budget, Equalization Division

Note: The Taxable Values have been compiled from a number of sources/reports and may include estimated figures.

Oakland Schools
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2007	2008	\$ 216,941,255	\$ 216,941,255	100.0	\$ -	\$ 216,941,255	100.0
2008	2009	216,924,988	216,924,988	100.0	-	216,294,988	100.0
2009	2010	208,747,666	208,747,666	100.0	-	208,747,666	100.0
2010	2011	183,975,834	183,975,834	100.0	-	183,975,834	100.0
2011	2012	169,871,503	169,871,503	100.0	-	169,871,503	100.0
2012	2013	165,116,378	163,870,419	99.2	-	163,870,419	99.2
2013	2014	165,032,488	164,539,717	99.7	-	164,539,717	99.7
2014	2015	167,738,055	167,867,989	100.1	-	167,867,989	100.1
2015	2016	173,670,414	173,760,655	100.1	-	173,760,655	100.1
2016	2017	175,377,383	175,561,749	100.1	-	175,561,749	100.1

Source: Oakland County Treasurer

Oakland Schools
Ratios of Outstanding Debt (Unaudited)
Last Ten Fiscal Years

Tax Year	Limited Tax General Obligation Bonds	Taxable Value	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Population	Percentage of Personal Income (a)	Total Debt per Capita
2007	\$53,730,000	\$60,598,651,269	0.09%	0.09%	1,206,089	0.08 %	45
2008	51,860,000	60,761,690,153	0.09%	0.09%	1,202,174	0.08 %	43
2009	64,735,000	58,471,419,235	0.11%	0.11%	1,205,508	0.11 %	54
2010	63,250,000	47,113,715,697	0.13%	0.13%	1,202,362	0.11 %	53
2011	61,705,000	50,600,548,409	0.12%	0.12%	1,205,127	0.10 %	51
2012	56,670,000	49,010,501,143	0.12%	0.12%	1,225,333	0.08 %	46
2013	55,625,000	48,985,600,539	0.11%	0.11%	1,243,313	0.08 %	45
2014	54,540,000	49,788,677,544	0.11%	0.11%	1,249,149	0.07 %	44
2015	46,680,000	51,636,908,346	0.09%	0.09%	1,244,851	0.06 %	37
2016	45,495,000	52,511,343,048	0.09%	0.09%	1,243,970	*	37

* Fiscal year 2017 information is not yet available.

Note: (a) Personal income information can be found in the table on Demographic and Economic Statistics.

Sources: Population - U.S. Department of Commerce, Bureau of Census
Taxable Value - prior to tax year 2010 - Oakland County Department of Management and Budget, Equalization Division

Oakland Schools
 Direct and Overlapping Governmental Activities Debt (Unaudited)
 Year Ended June 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Oakland County - Net of Self Supporting	\$ 438,196,128	0.0%	\$ -
Oakland County - Paid by Local Municipality	328,584,255	0.0%	-
Cities, Villages and Townships	959,499,376	0.0%	-
Community Colleges	3,688,419	0.0%	-
District Libraries	-	0.0%	-
Local School Districts	<u>2,166,772,568</u>	0.0%	<u>-</u>
Total overlapping debt	<u>\$ 3,896,740,746</u>		-
Direct district debt:			
General Obligation Bonds			<u>45,495,000</u>
Total direct district debt			<u>\$ 45,495,000</u>

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

Oakland Schools
Legal Debt Margin (Unaudited)
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Calculation of debt limit:										
State Equalized Value	\$ 77,331,082,036	\$ 74,491,081,562	\$ 67,858,986,149	\$ 58,658,799,626	\$ 53,285,653,580	\$ 53,903,767,161	\$ 57,706,325,006	\$ 63,702,012,174	\$ 59,449,270,456	\$ 63,034,061,500
1/9 of 1% of State Equalized Value	85,923,424	82,767,868	75,398,873	65,176,444	59,206,282	59,893,075	64,118,139	70,780,014	66,054,745	70,037,846
Calculation of debt subject to limit:										
Net debt subject to limit	53,730,000	51,860,000	64,735,000	63,250,000	61,705,000	56,670,000	55,625,000	54,540,000	46,680,000	45,495,000
Legal debt margin	\$ 32,193,424	\$ 30,907,868	\$ 10,663,873	\$ 1,926,444	\$ (2,498,718)	\$ 3,223,075	\$ 8,493,139	\$ 16,240,014	\$ 19,374,745	\$ 24,542,846
Net debt subject to limit as percent of debt limit	62.53%	62.66%	85.86%	97.04%	104.22%	94.62%	86.75%	77.06%	70.67%	64.96%

Source: Oakland County Treasurer

Note - The legal debt margin is only applicable in the year the debt is issued. Subsequent changes in the legal debt margin only relate to additional debt issued.

Per Section 629(2) of this State Aid Act - An intermediate school district board shall not borrow money or issue bonds for a sum that, together with the outstanding bonded indebtedness of the intermediate school district, exceeds 1/9 of 1% of the state equalized value of the taxable property within the District, unless the question of borrowing the money or issuing bonds is submitted first to a vote of the school electors of the intermediate school district in accordance with Act 451.

Oakland Schools
Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years

Fiscal Years Ended June 30	Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2008	1,206,089	\$66,375,041	\$55,033	6.2%
2009	1,202,174	64,506,257	53,658	15.5%
2010	1,205,508	60,677,507	50,334	12.5%
2011	1,202,362	60,033,981	49,930	10.9%
2012	1,205,127	64,496,968	53,519	8.8%
2013	1,225,333	68,065,416	55,549	9.0%
2014	1,243,313	70,246,571	56,500	8.1%
2015	1,249,149	73,973,217	59,219	5.4%
2016	1,244,851	78,829,158	63,324	4.7%
2017	1,243,970	*	*	2.9%

* Information not yet available

Source: Population = U.S. Department of Commerce, Bureau of Census
 Personal Income = Michigan Bureau of Economic Analysis
 Unemployment Rate = Michigan Department of Labor & Economic Growth

Oakland Schools
Principal Employers
For the Current Year and Nine Years Prior

Taxpayer	2016 Employees	Percentage of Total Employment	2007 Employees	Percentage of Total Employment
1 Beaumont Health System	17,896	3.01%	12,588	2.13%
2 FCA US LLC (formerly Chrysler)	12,564	2.12%	10,113	1.71%
3 General Motors Corporation	9,242	1.56%	15,555	2.63%
4 Ascension Michigan (formerly St. John Providence Hospital)	4,408	0.74%	4,139	0.70%
5 U.S. Postal Service	4,195	0.71%	3,970	0.67%
6 Oakland County Government	3,432	0.58%	4,573	0.77%
7 Henry Ford Health System	3,405	0.57%	n/a	n/a
8 Trinity Health (formerly St. Joseph Mercy)	3,098	0.52%	3,707	0.63%
9 Magna International of America Inc.	2,199	0.37%	n/a	n/a
10 Comerica Bank	2,163	0.36%	n/a	n/a
Electronic Data Systems (EDS)	n/a	n/a	4,396	0.74%
Blue Cross/Blue Shield of Michigan	n/a	n/a	4,051	0.69%
Zieger Health Care Corp	n/a	n/a	2,442	0.41%
Total Principal Employers	62,602	10.54%	65,534	11.08%

Fiscal year 2017 information is not yet available.

Source: Oakland County Department of Planning & Economic Development

Oakland Schools
 Full-time Equivalent School District Employees (Unaudited)
 For the Current Year and Nine Years Prior

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
Instruction	130.00	125.00	132.00	122.00	123.00	129.00	122.60	123.20	108.40	126.50
Support services	391.00	405.70	379.25	323.00	310.50	330.80	343.30	367.10	354.40	352.30
Community service	36.00	44.00	48.00	46.00	50.00	57.00	58.20	50.00	31.00	33.00
Subtotal	557.00	574.70	559.25	491.00	483.50	516.80	524.10	540.30	493.80	511.80
External services	1.00	1.00	0.25	-	3.00	12.20	33.20	38.60	71.80	77.00
Total Regular Employees	<u>558.00</u>	<u>575.70</u>	<u>559.50</u>	<u>491.00</u>	<u>486.50</u>	<u>529.00</u>	<u>557.30</u>	<u>578.90</u>	<u>565.60</u>	<u>588.80</u>
Part-time or retired employees									<u>64.30</u>	<u>64.94</u>

Source: School District Human Resource records

Note: The above data is a snapshot of District employees as of June 30 each year.

Definition of Employee Groups:

Instruction - employees dealing directly with the teaching of pupils or the interaction between teacher and pupils. This includes instructors, instructional technicians, and consultants dealing directly with pupils.

Support services - employees providing administrative, technical, and logistical support to facilitate and enhance instruction

Community service - employees that provide services for the community as a whole, such as community welfare activities. Employees in this category include those working in the JobLink and Homeless/Wraparound programs.

External services - employees providing services for local districts on a cost recovery basis in order to further the State's consolidation of services initiatives.

Part-time or retired employees - substitute teachers or retirees of the Michigan Public School System which are authorized to work for the District on an as-needed basis.

Oakland Schools
 Operating Indicators (Unaudited)
 Last Ten Years Ended June 30

Year	Enrollment	Operating Expenditures/ Uses	Cost per Pupil	Operating Revenue/Sources	Revenue per Pupil	Total Teaching Staff
2008	201,281	\$289,836,475	\$1,440	\$300,016,488	\$1,491	130.00
2009	199,719	280,722,093	1,406	294,972,134	1,477	125.00
2010	195,825	322,904,856	1,649	317,379,349	1,621	132.00
2011	194,738	291,607,420	1,497	283,593,784	1,456	122.00
2012	193,472	269,672,549	1,394	274,821,013	1,420	123.00
2013	192,242	253,434,620	1,318	254,436,811	1,324	129.00
2014	190,484	259,212,255	1,361	265,860,360	1,396	122.60
2015	188,504	276,439,795	1,466	278,688,650	1,478	123.20
2016	187,911	281,834,080	1,500	287,998,342	1,533	108.40
2017	188,951	289,651,657	1,533	300,107,206	1,588	126.50

Source: Prior year District financial reports

Oakland Schools
 Facility Capital Asset Owned and Leased Information (Unaudited)
 Last Ten Fiscal Years Ended June 30

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vocational education buildings owned:										
Number of buildings	1	1	2	2	2	2	2	2	2	2
Square footage	100,110	100,110	200,414	200,414	200,414	200,414	200,414	200,414	200,414	200,414
Vocational education buildings leased:										
Number of buildings	3	3	2	2	2	2	2	2	2	2
Square footage	317,105	317,105	216,801	216,801	218,801	218,801	218,801	218,801	218,801	218,801
Special education buildings owned:										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Square footage	19,317	19,317	19,317	19,317	19,317	19,317	19,317	19,317	19,317	19,317
Other buildings owned:										
Number of buildings	1	1	1	1	2	2	2	2	2	2
Square footage	133,238	133,238	133,238	133,238	166,238	166,238	166,238	166,238	166,238	166,238
Other buildings leased:										
Number of buildings	2	2	2	2	1	1	2	2	2	2
Square footage	25,235	25,235	52,303	52,303	33,747	33,747	38,339	38,339	38,339	38,339
Total buildings owned and leased:										
Number of buildings	8	8	8	8	8	8	9	9	9	9
Square footage	595,005	595,005	622,073	622,073	638,517	638,517	643,109	643,109	643,109	643,109

Note: Subsequent to year end, the special education building owned was sold. See Footnote 6 for additional information.

Source: District internal records