

# **Wayne County Regional Educational Service Agency**

---

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

# Wayne County Regional Educational Service Agency

---

## Contents

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-10
<b>Basic Financial Statements</b>	
Agency-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenue, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Fiduciary Funds - Statement of Net Position	17
Notes to Financial Statements	18-35
<b>Required Supplemental Information</b>	36
Budgetary Comparison Schedule - General Fund	37
Budgetary Comparison Schedule - Act 18	38
Budgetary Comparison Schedule - Funded Projects Fund	39
Budgetary Comparison Schedule - Medicaid Fund	40
Schedule of Wayne County Regional Educational Service Agency's Proportionate Share of the Net Pension Liability	41
Schedule of Wayne County Regional Educational Service Agency's Pension Plan Contributions	42
Note to Pension Required Supplemental Information Schedules	43

# **Wayne County Regional Educational Service Agency**

---

## **Contents (Continued)**

<b>Other Supplemental Information</b>	44
Nonmajor Governmental Funds:	
Combining Balance Sheet	45
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	46
<b>Federal Awards Supplemental Information</b>	Issued Under Separate Cover

## Independent Auditor's Report

To the Board of Education  
Wayne County Regional Educational Service Agency

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining information of Wayne County Regional Educational Service Agency (the "Agency") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Wayne County Regional Educational Service Agency's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Regional Educational Service Agency as of June 30, 2016 and the respective changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education  
Wayne County Regional Educational Service Agency

**Required Supplemental Information**

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

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County Regional Educational Service Agency's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016 on our consideration of Wayne County Regional Educational Service Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Wayne County Regional Educational Service Agency's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 19, 2016

# Wayne County Regional Educational Service Agency

## Management's Discussion and Analysis

This section of Wayne County Regional Educational Service Agency's (the "Agency") annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended June 30, 2016. Please read it in conjunction with the Agency'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 Wayne County Regional Educational Service Agency financially as a whole. The Agency-wide financial statements provide information about the activities of the whole Agency, presenting both an aggregate view of the Agency's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Agency's operations in more detail than the Agency-wide financial statements by providing information about the Agency's most significant funds - the General Fund, Act 18 Fund, Funded Projects Fund, and Medicaid Fund - with all other funds presented in one column as nonmajor funds. The reader of this report should understand that the Act 18 Fund, the Funded Projects Fund, and the Medicaid Fund function primarily as flow-through funds, whereby funds are collected and then distributed to local public school districts, other organizations, and agencies. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the Agency acts solely as an agent for the benefit of constituent groups.

The format of the financial report is as follows:

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

### Basic Financial Statements

Agency-wide Financial Statements      Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)  
Budgetary Information for Major Funds

Proportionate Share of the Net Pension Liability MPSERS Determined  
as of the Plan Year Ended September 30

Contributions MPSERS Determined as of the Year Ended June 30

Other Supplemental Information

# **Wayne County Regional Educational Service Agency**

## **Management's Discussion and Analysis (Continued)**

### **Reporting the Agency as a Whole - Agency-wide Financial Statements**

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

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

The statement of net position and the statement of activities report the governmental activities for the Agency, which encompass all of the Agency's services. State aid, state and federal grants, and property taxes finance most of these activities.

### **Reporting the Agency's Most Significant Funds - Fund Financial Statements**

The Agency's fund financial statements provide detailed information about the most significant funds - not the Agency as a whole. Some funds are required to be established by state law. However, the Agency establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as voter-approved special education funding and state and federal grants). The governmental funds of the Agency use the following accounting approach:

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

# Wayne County Regional Educational Service Agency

## Management's Discussion and Analysis (Continued)

### The Agency as Trustee - Reporting the Agency's Fiduciary Responsibilities

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

### The Agency as a Whole

The statement of net position provides the perspective of the Agency as a whole. Table I provides a summary of the Agency's net position as June 30, 2016 and 2015:

Table I	Governmental Activities	
	June 30	
	2016	2015
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 283.9	\$ 248.3
Capital assets	14.6	14.9
Total assets	298.5	263.2
<b>Deferred Outflows of Resources</b>	6.4	2.3
Total assets and deferred outflows of resources	304.9	265.5
<b>Liabilities</b>		
Current liabilities	81.9	61.6
Long-term liabilities	43.1	36.7
Total liabilities	125.0	98.3
<b>Deferred Inflows of Resources</b>	1.3	2.7
Total liabilities and deferred inflows of resources	126.3	101.0
<b>Net Position</b>		
Net investment in capital assets	14.6	14.9
Restricted	189.4	175.0
Unrestricted	(25.4)	(25.4)
Total net position	\$ 178.6	\$ 164.5



# Wayne County Regional Educational Service Agency

## Management's Discussion and Analysis (Continued)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the Agency's governmental activities is discussed below. The Agency's net position was \$178.6 million and \$164.5 million at June 30, 2016 and 2015, respectively. Net investment in capital assets totaling \$14.6 million compares the original cost, less depreciation of the Agency's capital assets, to long-term debt used to finance the acquisition of those assets. At June 30, 2016, there was no outstanding debt. Effective July 1, 2014, the Agency adopted GASB 68 and 71, as required by the Government Accounting Standards Board (GASB), and began recording its proportionate share of the net pension liability of the Michigan Public School Employees Retirement System within its financial statements. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Agency's ability to use their net position for day-to-day operations. The remaining amount of net position was unrestricted.

The unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Agency to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of operations for the Agency as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for the fiscal years ended June 30, 2016 and 2015.

Table 2

	Governmental Activities	
	Year Ended June 30	
	2016	2015
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 12.3	\$ 12.2
Operating grants	190.6	182.5
General revenue:		
Property taxes	141.0	131.4
State aid	10.8	10.2
Other	1.8	2.6
Total revenue	356.5	338.9

# Wayne County Regional Educational Service Agency

## Management's Discussion and Analysis (Continued)

Table 2 (continued)

	Governmental Activities	
	Year Ended June 30	
	2016	2015
	(in millions)	
<b>Functions/Program Expenses</b>		
Instruction	\$ 1.3	\$ 1.3
Support services	40.2	40.9
Interdistrict payments	299.6	269.3
Community service	0.4	0.3
Depreciation (unallocated)	0.9	0.9
Total functions/program expenses	342.4	312.7
<b>Increase in Net Position</b>	14.1	26.2
<b>Net Position</b> - Beginning of year	164.5	138.3
<b>Net Position</b> - End of Year	<b>\$ 178.6</b>	<b>\$ 164.5</b>

As reported in the statement of activities, the cost of all of our governmental activities was \$342.4 million for the year ended June 30, 2016. Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions (\$202.9 million). We paid for the remaining “public benefit” portion of our governmental activities with \$141.0 million in taxes, \$10.8 million in state aid, and with \$1.8 million of our other revenue, i.e., interest, unrestricted federal grants, and general entitlements.

The Agency experienced an increase in net position of \$14.1 million for the year ended June 30, 2016. The most significant reason for the change in net position is due to better than anticipated local delinquent tax collections in the Act 18 Fund. Since property taxes for operations and unrestricted state aid constitute the vast majority of Agency operating revenue sources, the Board of Education and administration must annually evaluate the needs of the Agency and balance those needs with the revenue that is available from these sources.

### The Agency's Funds

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

# Wayne County Regional Educational Service Agency

## Management's Discussion and Analysis (Continued)

As the Agency completed this year, the governmental funds reported a combined fund balance of \$194.0 million, which is a net increase of \$11.8 million from last year. The primary reasons for the increase are as follows:

- In the General Fund, our principal operating fund, the fund balance decreased by \$0.1 million. The decrease resulted primarily from a budgeted use of fund balance to finance ongoing operations.
- The Act 18 Fund fund balance increased by \$18.7 million primarily due to timing of collections of delinquent taxes, better-than-anticipated local delinquent tax collections due to one-time correction amounts from Wayne County, as well as decreased distributions to local school districts operating special education center programs due to reduced reported expenditures.
- The negative fund balance in the Funded Projects fund of \$7.9 million comes from cash that was not received in time to record as revenue under GASB rules. This amount will be collected and recognized in the year ending June 30, 2017.
- The \$1.1 million increase of fund balance to the nonmajor funds is a result of the budgeted use of General Fund allocation to finance the upcoming software migrations in the cooperative fund and capital improvements to the Education Center.

### **Budgetary Highlights**

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

Variances in the General Fund between the final budget and actual amounts relate primarily to lower-than-anticipated interdistrict revenue from Agency-authorized PSAs and lower-than-anticipated purchase service and supply costs from software maintenance and licensing fees.

Variances in the Act 18 Fund between the original budget and actual expenditure amounts resulted from better-than-anticipated local delinquent tax collections as well as lower-than-anticipated distribution of funds to local districts operating special education center programs.

Variances in the Funded Project Fund between the final budgeted and actual revenue and expenditure amounts resulted from the Board of Education's philosophy regarding budgeting in this fund. Because many of the projects that make up this fund cover multiple years and operating periods that are not in sync with the Agency's operating cycle, the board relies on the individual project budget to provide management information and control. The original budget was adopted in order to recognize the size and magnitude of the funded projects within overall operations of the Agency but is not subsequently amended. Revenue variances are a result of the timing of the collection of federal funds to meet the expected expenditures due but unpaid to local districts at year end.

# Wayne County Regional Educational Service Agency

## Management's Discussion and Analysis (Continued)

Activity in the Medicaid Fund is solely dependent on the amount of eligible activities reported by local school districts. Variances between that which was budgeted and actual outcomes result from the unpredictable nature of local district activity in this area.

### Capital Assets and Debt Administration

#### *Capital Assets*

At June 30, 2016, the Agency had a net \$14.6 million invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a \$0.3 million decrease (including additions, deductions, and depreciation) from last year.

	2016	2015
Land	\$ 137,200	\$ 137,200
Construction in progress	374,250	-
Land improvements	479,190	746,478
Buildings and building improvements	23,308,453	23,818,096
Vehicles	23,024	23,024
Furniture and equipment	7,907,765	7,575,024
Total capital assets	32,229,882	32,299,822
Less accumulated depreciation	17,611,462	17,399,382
Net capital assets	<b>\$ 14,618,420</b>	<b>\$ 14,900,440</b>

This year's additions of \$1,389,870 included equipment and building renovations. No new debt was issued for these additions.

#### *Debt Administration*

Debt obligations include accrued vacation pay and sick leave. There were no outstanding bond obligations at June 30, 2016 and 2015. More detailed information about our long-term liabilities is presented in the notes to the financial statements.

# **Wayne County Regional Educational Service Agency**

## **Management's Discussion and Analysis (Continued)**

### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration considered many factors when setting the Agency's June 30, 2017 fiscal budget. One of the most important factors affecting the operating budget is the State of Michigan's allocation to the School Aid Fund. The June 30, 2017 budget was adopted in June 2016 based on an estimate of property tax revenue, state aid, and grant funding. State law requires the Agency to amend the budget if actual Agency resources are not sufficient to fund original appropriations. The primary revenue source of the Act 18 Fund is property taxes. Property tax values have declined approximately 28 percent over the past several years, and changes to taxability of personal property will again lower the property values for 2016-2017 by 2 percent according to the county equalization department. This decline due to personal property changes should be recouped by additional state funds. After a multi-year depressed real estate market, taxable values slightly increased for the first time in eight years for the 2015-2016 fiscal year. Since the Agency's revenue is partially dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriations to public school districts, intermediate school districts, and regional educational service agencies. Economic conditions have the potential to further impact state revenue. Reductions in programs and services will be required in order to bring future expenditures in line with projected future revenue.

In July 2013, the state school superintendent of public instruction and the state treasurer jointly determined that the conditions in state law (Public Act 96 of 2013) requiring dissolution had been met by the School District of the City of Inkster. Although that process has concluded, the Agency continues to have ongoing responsibility to levy and collect taxes, maintain necessary historical records in the School District of the City of Inkster's name, and oversee the payment of any operating and bonded debt payments as long as they remain outstanding.

### **Contacting the Agency's Management**

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the Agency's finances to show the Agency's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

# Wayne County Regional Educational Service Agency

## Statement of Net Position June 30, 2016

	Governmental Activities
<b>Assets</b>	
Cash and investments (Note 3)	\$ 39,710,771
Receivables:	
Taxes	4,831,209
Accounts	476,886
Due from other governmental units	47,759,792
Prepaid costs	15,195,913
Restricted assets (Note 3)	175,903,794
Capital assets - Net (Note 5)	14,618,420
Total assets	298,496,785
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pensions (Note 8)	6,416,868
Total assets and deferred outflows of resources	304,913,653
<b>Liabilities</b>	
Accounts payable	62,761,170
Accrued payroll-related liabilities	739,245
Due to other governmental units	453,509
Other current liabilities	102,748
Unearned revenue (Note 4)	17,820,190
Compensated absences:	
Due within one year	12,030
Due in more than one year	152,156
Net pension liability - Noncurrent (Note 8)	42,969,665
Total liabilities	125,010,713
<b>Deferred Inflows of Resources</b> - Deferred inflows (Note 8)	1,312,898
Total total liabilities and deferred inflows of resources	126,323,611
<b>Net Position</b>	
Net investment in capital assets	14,618,420
Restricted for special education	189,422,494
Unrestricted	(25,450,872)
Total net position	<u>\$ 178,590,042</u>

# Wayne County Regional Educational Service Agency

## Statement of Activities Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net Revenue (Expense) and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 1,280,365	\$ -	\$ 1,280,365	\$ -
Support services	40,190,734	12,349,292	14,421,735	(13,419,707)
Community services	424,147	-	424,147	-
Interdistrict payments	299,588,399	-	174,466,207	(125,122,192)
Depreciation expense (unallocated)	915,908	-	-	(915,908)
Total primary government	<u>\$ 342,399,553</u>	<u>\$ 12,349,292</u>	<u>\$ 190,592,454</u>	(139,457,807)
General revenue:				
Taxes:				
Property taxes - Levied for general purposes				3,907,379
Property taxes - Levied for special education (ISD)				137,079,444
State aid not restricted to specific purposes				10,804,535
Interest and investment earnings				857,248
Loss on the sale of capital assets				(542,232)
Other				1,451,825
Total general revenue				<u>153,558,199</u>
<b>Change in Net Position</b>				14,100,392
<b>Net Position - Beginning of year</b>				<u>164,489,650</u>
<b>Net Position - End of year</b>				<u><b>\$ 178,590,042</b></u>

# Wayne County Regional Educational Service Agency

## Governmental Funds Balance Sheet June 30, 2016

	General Fund	Act 18 Fund	Funded Projects Fund	Medicaid Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments (Note 3)	\$ 26,419,841	\$ -	\$ 74,952	\$ 13,102,306	\$ 113,672	\$ 39,710,771
Receivables:						
Taxes receivable	134,791	4,696,418	-	-	-	4,831,209
Accounts receivable	(311,188)	163,685	437,303	-	187,086	476,886
Due from other governmental units	2,043,870	4,673,589	40,057,607	333,425	651,301	47,759,792
Due from other funds (Note 6)	3,623,792	-	16,783,150	3,053	6,740,888	27,150,883
Prepays	195,913	15,000,000	-	-	-	15,195,913
Restricted assets (Note 3)	-	175,903,794	-	-	-	175,903,794
<b>Total assets</b>	<b>\$ 32,107,019</b>	<b>\$ 200,437,486</b>	<b>\$ 57,353,012</b>	<b>\$ 13,438,784</b>	<b>\$ 7,692,947</b>	<b>\$ 311,029,248</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 279,464	\$ 7,523,685	\$ 39,511,392	\$ 13,392,296	\$ 1,981,052	\$ 62,687,889
Accrued payroll-related liabilities	529,792	-	73,525	1,448	134,480	739,245
Due to other governmental units	1,835	-	168,659	-	283,015	453,509
Other current liabilities	-	-	-	-	102,748	102,748
Due to other funds (Note 6)	20,171,684	3,491,307	290,378	45,040	3,225,755	27,224,164
Unearned revenue (Note 4)	345,102	-	17,309,058	-	166,030	17,820,190
<b>Total liabilities</b>	<b>21,327,877</b>	<b>11,014,992</b>	<b>57,353,012</b>	<b>13,438,784</b>	<b>5,893,080</b>	<b>109,027,745</b>
<b>Deferred Inflows of Resources - Unavailable revenue (Note 4)</b>	<b>24,067</b>	<b>50,693</b>	<b>7,945,023</b>	<b>-</b>	<b>-</b>	<b>8,019,783</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>21,351,944</b>	<b>11,065,685</b>	<b>65,298,035</b>	<b>13,438,784</b>	<b>5,893,080</b>	<b>117,047,528</b>
<b>Fund Balances</b>						
Nonspendable - Prepays	195,913	15,000,000	-	-	-	15,195,913
Restricted - Special education center program	-	174,371,801	-	-	-	174,371,801
Committed:						
Capital projects	-	-	-	-	488,922	488,922
Cooperative education activities	-	-	-	-	1,310,945	1,310,945
Assigned:						
Encumbrances	186,248	-	-	-	-	186,248
Budgeted appropriations	462,300	-	-	-	-	462,300
Unassigned	9,910,614	-	(7,945,023)	-	-	1,965,591
<b>Total fund balances</b>	<b>10,755,075</b>	<b>189,371,801</b>	<b>(7,945,023)</b>	<b>-</b>	<b>1,799,867</b>	<b>193,981,720</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 32,107,019</b>	<b>\$ 200,437,486</b>	<b>\$ 57,353,012</b>	<b>\$ 13,438,784</b>	<b>\$ 7,692,947</b>	<b>\$ 311,029,248</b>

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



# Wayne County Regional Educational Service Agency

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

**Fund Balance Reported in Governmental Funds** \$ 193,981,720

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

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

Cost of capital assets	\$ 32,229,882	
Accumulated depreciation	<u>(17,611,462)</u>	14,618,420

Deferred outflows related to pension payments made subsequent to the measurement date	6,416,868
---	-----------

Compensated absence liabilities are not due and payable in the current period and are not reported in the governmental funds:	(164,186)
---	-----------

Federal grants and other receivables not available to pay current period expenditures are therefore deferred in the governmental funds	8,019,783
--	-----------

Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities	(42,969,665)
--	--------------

Deferred inflows related to pension investment returns, changes in assumptions, and revenue in support of pension contributions subsequent to the measurement date are not reported in the governmental funds	<u>(1,312,898)</u>
---	--------------------

**Net Position of Governmental Activities** **\$ 178,590,042**

# Wayne County Regional Educational Service Agency

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

	General Fund	Act 18 Fund	Funded Projects Fund	Medicaid Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Local sources	\$ 4,616,214	\$ 141,673,677	\$ 345,885	\$ 12,337,225	\$ 106,201	\$ 159,079,202
State sources	10,426,745	25,911,715	71,712,854	-	918,441	108,969,755
Federal sources	-	-	72,617,010	402,911	-	73,019,921
Interdistrict sources	530,643	762,988	3,914,610	-	8,434,682	13,642,923
Total revenue	15,573,602	168,348,380	148,590,359	12,740,136	9,459,324	354,711,801
<b>Expenditures</b>						
Current:						
Instruction	-	-	1,293,434	-	-	1,293,434
Support services	10,571,422	336,017	15,129,077	479,139	13,961,501	40,477,156
Community services	-	-	424,839	-	-	424,839
Capital outlay	325,122	413,212	-	-	589,355	1,327,689
Interdistrict payments	78,006	151,321,905	138,723,935	8,009,812	1,454,741	299,588,399
Total expenditures	10,974,550	152,071,134	155,571,285	8,488,951	16,005,597	343,111,517
<b>Excess of Revenue Over (Under) Expenditures</b>	4,599,052	16,277,246	(6,980,926)	4,251,185	(6,546,273)	11,600,284
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	-	-	-	-	213,750	213,750
Transfers in (Note 6)	760,680	4,204,550	126	-	7,562,720	12,528,076
Transfers out (Note 6)	(5,488,803)	(1,730,387)	(964,223)	(4,251,185)	(93,478)	(12,528,076)
Total other financing (uses) sources	(4,728,123)	2,474,163	(964,097)	(4,251,185)	7,682,992	213,750
<b>Net Change in Fund Balances</b>	(129,071)	18,751,409	(7,945,023)	-	1,136,719	11,814,034
<b>Fund Balances - Beginning of year</b>	10,884,146	170,620,392	-	-	663,148	182,167,686
<b>Fund Balances - End of year</b>	<u>\$ 10,755,075</u>	<u>\$ 189,371,801</u>	<u>\$ (7,945,023)</u>	<u>\$ -</u>	<u>\$ 1,799,867</u>	<u>\$ 193,981,720</u>

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

# Wayne County Regional Educational Service Agency

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 11,814,034

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	\$ (915,908)	
Capitalized capital outlay	<u>1,389,870</u>	473,962

Governmental funds report proceeds from sale of assets as revenue; in the statement of activities, these are recorded net of carrying value of the disposed assets (755,982)

Revenue in support of pension contributions made subsequent to measurement date (1,170,052)

Revenue is reported in the statement of activities when earned. It is not reported in the funds until collected or collectible within 60 days of year end 3,500,428

Change in pension expense related to deferred items 240,318

Compensated absences are recorded when earned in the statement of activities. In the current year, more was earned than was paid out (2,316)

**Change in Net Position of Governmental Activities** \$ 14,100,392

# Wayne County Regional Educational Service Agency

---

## Fiduciary Funds Statement of Net Position June 30, 2016

	<u>Agency Fund</u>
<b>Assets</b> - Due from other funds (Note 6)	\$ 73,281
<b>Liabilities</b>	
Due to outside groups	14,342
Due to internal groups	<u>58,939</u>
Total liabilities	<u>73,281</u>
<b>Net Position</b>	<u>\$ -</u>

# Wayne County Regional Educational Service Agency

---

## Notes to Financial Statements June 30, 2016

### **Note I - Nature of Business and Significant Accounting Policies**

The accounting policies of Wayne County Regional Educational Service Agency (the "Agency") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Agency:

#### **Reporting Entity**

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

The Agency has authorized three public school academies within the county. The Agency is responsible for overseeing the academies' compliance with all applicable laws. The academies pay the Agency an administrative fee each year, which is used to offset expenses related to services rendered and workshops attended by the academies. Revenue from the administrative fee is recognized as services are rendered by the Agency.

The Agency is also overseeing the collection of property tax revenue and payment of debt for the School District of the City of Inkster while the district is dissolved and winding down.

#### **Agency-wide and Fund Financial Statements**

The Agency-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Agency's government-wide activities are considered governmental activities.

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

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

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

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

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the Agency'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 Agency's policy to spend funds in this order: committed, assigned, and unassigned.

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

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

# Wayne County Regional Educational Service Agency

---

## Notes to Financial Statements June 30, 2016

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

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 Agency.

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

The Agency reports the following major governmental funds:

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

**Act 18 Special Revenue Fund** - The Act 18 Special Revenue Fund is used to account for all financial resources relating to the operation of special education center programs in Wayne County. The fund derives its revenue primarily from property taxes, and also from state aid. Any operating surplus generated by these activities is retained by the fund. Any operating deficit generated by these activities is the responsibility of the General Fund.

**Funded Projects Special Revenue Fund** - The Funded Projects Special Revenue Fund is used to record all transactions associated with federal and state grants. Any operating deficit generated by these activities is the responsibility of the General Fund.

**Medicaid Special Revenue Fund** - The Medicaid Special Revenue Fund is used to account for specific resources relating to the operation of the Agency's Medicaid Outreach and Medicaid Fee for Services programs. The fund derives its revenue from federal grants. Any operating deficit generated by these activities is the responsibility of the General Fund.

Additionally, the Agency reports the following fund types:

**Special Services Special Revenue Fund** - The Special Services Special Revenue Fund provides consultant and staff development support for constituent districts to foster free and appropriate special education services for the eligible handicapped population of Wayne County. The fund derives its revenue primarily from state aid special education categorical revenue. Any operating deficit generated by these activities is the responsibility of the General Fund.

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

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

**Cooperative Education Services Special Revenue Fund** - The Cooperative Education Special Revenue Fund is used to account for all financial resources derived from providing services to local constituent districts for computer services, assessment technology, production services, and resource services. Any operating deficit generated by these activities is the responsibility of the General Fund.

**Capital Projects Fund** - The Capital Projects Fund is used to account for non-routine capital items and is funded through transfers from the General Fund.

**Agency Fund** - The Agency presently maintains an Agency Fund to record the transactions of WCCSF group employee withholdings. The funds are segregated and held in trust for the payment of long-term disability.

#### **Assets, Liabilities, and Net Position or Equity**

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, certificates of deposit, and pooled investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds."

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

**Prepaid Costs** - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both Agency-wide and fund financial statements. At June 30, 2016, the balance includes a \$15 million advance to a local district as a prepayment of a portion of their ACT 18 allocation.

**Restricted Assets** - The unspent cash proceeds and related interest of the Act 18 Fund are designated to fund the future operations of special education center programs in Wayne County. These amounts have been classified as restricted assets and total \$175,903,794 at June 30, 2016.



# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

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

**Capital Assets** - Capital assets, which include land, land improvements, buildings, vehicles, and equipment, are reported in the applicable governmental column in the Agency-wide financial statements. Capital assets are defined by the Agency as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets received from dissolved districts are recorded at the existing book value at the time of the transaction. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Agency does not have infrastructure-type assets.

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

Buildings, building additions, and land improvements	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and other equipment	5 to 10 years

**Compensated Absences** - The liability for compensated absences reported in the Agency-wide statements includes anticipated termination benefits to be paid to employee groups. A liability for this amount is reported in governmental funds as it comes due for payment.

The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The compensated absence balance increased \$2,316 during the year, leaving an ending balance of \$164,186 at June 30, 2016.

**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 Agency only has one item that qualifies for reporting in this category. It is the deferred outflow related to the pension plan.

# Wayne County Regional Educational Service Agency

---

## Notes to Financial Statements June 30, 2016

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

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 Agency has three items that qualify for reporting in this category. The first item arises only under the modified accrual basis of accounting, and is therefore only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue that is not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other two deferred inflow amounts, which are reported on the statement of net position, include the deferred inflow related to the MPSERS pension plan of \$142,846 (see Note 8) and the funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date of \$1,170,052.

**Fund Balance** - Fund balance classifications comprise 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. Under this standard, the fund balance classifications are comprised of the following: nonspendable, restricted, committed, assigned, and unassigned.

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
- **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.

# Wayne County Regional Educational Service Agency

---

## Notes to Financial Statements June 30, 2016

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

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

**Comparative Data** - Comparative data is not included in the Agency's financial statements.

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

**Adoption of New Standard** - As of June 30, 2016, the Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 79 provides guidance for determining whether certain investment pools can continue to be accounted for using amortized cost. The adoption did not have a significant impact on amounts reported in the financial statements.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function or object depending on the form that was adopted by the Board of Education. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Agency to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits agencies to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Total assigned fund balance related to encumbrances is approximately \$190,000 at June 30, 2016.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Agency did not have significant expenditure budget variances.

**Fund Deficits** - The Agency has accumulated a fund balance deficit in the Funded Projects Fund due to the timing of revenue not collected to fund expenditures due to local districts.

### Note 3 - Deposits and Investments

State statutes authorize the Agency to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Agency 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 Agency's deposits are in accordance with statutory authority.

The Agency has designated one bank 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 Agency'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 Agency's deposits may not be returned to it. The Agency's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the Agency's deposits for custodial credit risk. At year end, the Agency had no deposit balances that were uninsured and uncollateralized.

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 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 Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Agency will do business using the criteria established in the investment policy. The Agency does not hold investments with custodial risk.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Agency's investment policy does restrict investment maturities to 12 months for U.S. government securities and agencies, certificates of deposit, and repurchase agreements. The policy further restricts investment maturities for federal instrumentalities to 397 days, commercial paper to 270 days, and bankers' acceptances to 180 days. The Agency's policy minimizes interest rate risk by requiring the investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations. This allows the Agency to avoid the need to sell securities in the open market, invest operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limit the average maturity in accordance with the Agency'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 Agency's investment policy further limits its investment choices to the top rating. At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan Liquid Asset Fund	<u>\$ 225,181,369</u>	Various	AAAm	S&P

**Concentration of Credit Risk** - The Agency'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. One hundred percent of the Agency's investments is in the Michigan Liquid Asset Fund.

**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 Agency's policy prohibit investment in foreign currency.

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 4 - Unavailable/Unearned Revenue

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 recognize unearned revenue in connection with resources that have been received but not yet earned. The majority of unavailable revenue relates to IDEA funds not yet received, and the majority of unearned revenue relates to GSRP, which are passed through to local districts. At the end of the current fiscal year, the various components of unearned and unavailable revenue are as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Grant and categorical aid payment received	\$ -	\$ 17,309,058
Grant and categorical aid payment not received	7,945,023	-
Other	74,760	511,132
Total	<u>\$ 8,019,783</u>	<u>\$ 17,820,190</u>

### Note 5 - Capital Assets

Capital asset activity of the Agency's governmental activities was as follows:

	Balance July 1, 2015	Additions/Transfers	Disposals	Balance June 30, 2016
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 137,200	\$ -	\$ -	\$ 137,200
Construction in progress	-	374,250	-	374,250
Subtotal	137,200	374,250	-	511,450
Capital assets being depreciated:				
Land improvements	746,478	17,400	(284,688)	479,190
Buildings and improvements	23,818,096	660,289	(1,169,932)	23,308,453
Furniture and equipment	7,575,024	337,931	(5,190)	7,907,765
Vehicles	23,024	-	-	23,024
Subtotal	32,162,622	1,015,620	(1,459,810)	31,718,432
Accumulated depreciation:				
Land improvements	176,547	19,977	(67,840)	128,684
Buildings and improvements	10,498,943	564,421	(630,798)	10,432,566
Furniture and equipment	6,700,868	331,510	(5,190)	7,027,188
Vehicles	23,024	-	-	23,024
Subtotal	17,399,382	915,908	(703,828)	17,611,462
Net capital assets being depreciated	14,763,240	99,712	(755,982)	14,106,970
Net capital assets	<u>\$ 14,900,440</u>	<u>\$ 473,962</u>	<u>\$ (755,982)</u>	<u>\$ 14,618,420</u>

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 5 - Capital Assets (Continued)

Depreciation expense was not charged to activities as the Agency considers its assets to impact multiple activities and allocation is not practical.

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From					Total
	General Fund	Act 18 Fund	Funded Projects Fund	Medicaid Fund	Other Nonmajor Governmental Funds	
General Fund	\$ -	\$ 62,619	\$ 290,378	\$ 45,040	\$ 3,225,755	\$ 3,623,792
Funded Projects Fund	16,783,150	-	-	-	-	16,783,150
Medicaid Fund	3,053	-	-	-	-	3,053
Other nonmajor governmental funds	3,312,200	3,428,688	-	-	-	6,740,888
Fiduciary Fund	73,281	-	-	-	-	73,281
<b>Total</b>	<b>\$ 20,171,684</b>	<b>\$ 3,491,307</b>	<b>\$ 290,378</b>	<b>\$ 45,040</b>	<b>\$ 3,225,755</b>	<b>\$ 27,224,164</b>

Interfund balances at June 30, 2016 primarily represent funds held temporarily in the General Fund bank accounts for the benefit of other funds, primarily the Funded Projects Fund and other nonmajor governmental funds. Other balances represent expenditures made from the General Fund bank accounts for the benefit of other funds which are unreimbursed as of June 30, 2016.

Transfers In	Transfers Out					Total
	General Fund	Act 18 Fund	Funded Projects Fund	Medicaid Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 625,794	\$ 45,228	\$ 89,658	\$ 760,680
Act 18 Fund	-	-	-	4,204,550	-	4,204,550
Funded Projects Fund	-	-	-	126	-	126
Nonmajor governmental funds	5,488,803	1,730,387	338,429	1,281	3,820	7,562,720
<b>Total</b>	<b>\$ 5,488,803</b>	<b>\$ 1,730,387</b>	<b>\$ 964,223</b>	<b>\$ 4,251,185</b>	<b>\$ 93,478</b>	<b>\$ 12,528,076</b>

Transfers provided funding for General Fund support for cooperative service programs and capital projects, Act 18 Fund support for special education services in the nonmajor funds, financial support to the General Fund from Funded Projects and special education, and Medicaid funds generated by the special education center programs transferred to the Act 18 Fund.

# Wayne County Regional Educational Service Agency

---

## Notes to Financial Statements June 30, 2016

### Note 7 - Risk Management

The Agency 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. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Agency participates in the M.A.I.S.L. Trust risk pool for claims relating to property loss, torts, and errors and omissions, and the M.A.I.S.L. Workers' Compensation Trust pool for workers' compensation claims.

The shared-risk pool program in which the Agency participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### Note 8 - Michigan Public School Employees Retirement System

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

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

**Contributions** - Public Act 300 of 1980, as amended, required the Agency to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each school district's (or agency'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 Agency'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.



# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 8 - Michigan Public School Employees Retirement System (Continued)

The range of rates are as follows:

**School District (or Agency)**

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

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

The Agency's required and actual contributions to the plan for the year ended June 30, 2016 was \$4,215,336. The Agency's required and actual contributions include an allocation of \$1,170,052 of revenue received from the State of Michigan, and remitted to the system, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2016.

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

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

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

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

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 8 - Michigan Public School Employees Retirement System (Continued)

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

**Net Pension Liability, Deferrals, and Pension Expense** - At June 30, 2016, the Agency reported a liability of \$42,969,665 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2015. The Agency's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2015 the Agency's proportion was 0.17593 percent.

For the year ended June 30, 2016, the Agency recognized pension expense of \$4,126,668, exclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Resources
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ -	\$ 142,328
Changes of assumptions	1,058,004	-
Net difference between projected and actual earnings on pension plan assets	219,325	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	1,839,288	518
The Agency's contributions subsequent to the measurement date	<u>3,300,251</u>	<u>-</u>
Total	<u>\$ 6,416,868</u>	<u>\$ 142,846</u>

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 8 - Michigan Public School Employees Retirement System (Continued)

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

Years Ending <u>June 30</u>	<u>Amount</u>
2017	\$ 615,388
2018	615,388
2019	558,048
2020	<u>1,184,947</u>
Total	<u>\$ 2,973,771</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, 2015 is based on the results of an actuarial valuation date of September 30, 2014 and rolled forward:

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

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

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 8 - Michigan Public School Employees Retirement System (Continued)

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

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:

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

# Wayne County Regional Educational Service Agency

## Notes to Financial Statements June 30, 2016

### Note 8 - Michigan Public School Employees Retirement System (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Agency calculated using the discount rate of 7.00 to 8.00 percent, depending on the plan option. The following also reflects what the Agency'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 percent) or 1.00 percentage point higher (8.00/9.00 percent) than the current rate:

<u>1.00 Percent Decrease (6.00/7.00 Percent)</u>	<u>Current Discount Rate (7.00/8.00 Percent)</u>	<u>1.00 Percent Increase (8.00/9.00 Percent)</u>
<u>\$ 55,398,913</u>	<u>\$ 42,969,665</u>	<u>\$ 32,491,300</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, 2016, the Agency reported a payable of \$212,833 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016, consisting of pension contribution payable plus any other amounts owed to the pension plan including the UAAL payments for July and August 2016.

**Postemployment Benefits Other Than Pensions (OPEB)** - Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 2.2 percent to 2.71 percent of covered payroll for the period from July 1, 2015 to September 30, 2015 and from 6.4 percent to 6.83 percent of covered payroll for the period from October 1, 2015 through June 30, 2016 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403B account.

# Wayne County Regional Educational Service Agency

---

## Notes to Financial Statements June 30, 2016

### **Note 8 - Michigan Public School Employees Retirement System (Continued)**

The Agency's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2016, 2015, and 2014 were \$841,440, \$684,357, and \$917,965, respectively. In addition, a portion ranging from 35-100 percent of the the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

### **Note 9 - Operating Leases**

The Agency leases a building under a noncancelable operating lease. The future minimum lease payments for the lease are \$135,000 annually, payable in equal monthly installments. The lease terminates on October 30, 2025.

### **Note 10 - Upcoming Accounting Pronouncements**

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

## **Required Supplemental Information**

---

# Wayne County Regional Educational Service Agency

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 4,267,900	\$ 4,311,300	\$ 4,616,214	\$ 304,914
State sources	10,435,000	10,427,600	10,426,745	(855)
Interdistrict sources	628,000	702,500	530,643	(171,857)
Total revenue	<u>15,330,900</u>	<u>15,441,400</u>	<u>15,573,602</u>	<u>132,202</u>
<b>Expenditures</b>				
Salaries	5,590,500	5,467,800	5,446,573	(21,227)
Employee benefits	2,985,400	2,934,800	2,904,078	(30,722)
Purchased services	1,708,000	1,751,700	1,699,732	(51,968)
Supplies and materials	473,600	477,500	380,315	(97,185)
Other expenses	146,450	146,500	140,724	(5,776)
Capital outlay	359,000	328,400	325,122	(3,278)
Interdistrict payments	47,500	79,500	78,006	(1,494)
Total expenditures	<u>11,310,450</u>	<u>11,186,200</u>	<u>10,974,550</u>	<u>(211,650)</u>
<b>Excess of Revenue Over Expenditures</b>	4,020,450	4,255,200	4,599,052	343,852
<b>Other Financing Sources (Uses)</b>				
Transfers in	812,000	812,000	760,680	(51,320)
Transfers out	(5,487,300)	(5,488,900)	(5,488,803)	97
<b>Net Change in Fund Balance</b>	(654,850)	(421,700)	(129,071)	292,629
<b>Fund Balance - Beginning of year</b>	<u>10,884,146</u>	<u>10,884,146</u>	<u>10,884,146</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 10,229,296</b></u>	<u><b>\$ 10,462,446</b></u>	<u><b>\$ 10,755,075</b></u>	<u><b>\$ 292,629</b></u>



# Wayne County Regional Educational Service Agency

## Required Supplemental Information Budgetary Comparison Schedule - Act 18 Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 127,010,000	\$ 126,860,000	\$ 141,673,677	\$ 14,813,677
State sources	25,959,400	25,959,400	25,911,715	(47,685)
Interdistrict sources	747,000	747,000	762,988	15,988
Total revenue	<u>153,716,400</u>	<u>153,566,400</u>	<u>168,348,380</u>	<u>14,781,980</u>
<b>Expenditures</b>				
Purchased Services	200,000	290,000	240,901	(49,099)
Supplies and materials	124,500	132,500	95,116	(37,384)
Other expenses	2,500	2,500	-	(2,500)
Capital outlay	25,500	412,000	413,212	1,212
Interdistrict payments	149,841,000	151,784,100	151,321,905	(462,195)
Total expenditures	<u>150,193,500</u>	<u>152,621,100</u>	<u>152,071,134</u>	<u>(549,966)</u>
<b>Excess of Revenue Over Expenditures</b>	3,522,900	945,300	16,277,246	15,331,946
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,200,000	4,200,000	4,204,550	4,550
Transfers out	(2,006,600)	(2,006,600)	(1,730,387)	276,213
<b>Net Change in Fund Balance</b>	5,716,300	3,138,700	18,751,409	15,612,709
<b>Fund Balance - Beginning of year</b>	<u>170,620,392</u>	<u>170,620,392</u>	<u>170,620,392</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 176,336,692</b></u>	<u><b>\$ 173,759,092</b></u>	<u><b>\$ 189,371,801</b></u>	<u><b>\$ 15,612,709</b></u>

# Wayne County Regional Educational Service Agency

## Required Supplemental Information Budgetary Comparison Schedule - Funded Projects Fund Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Under) Over <u>Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 553,600	\$ 534,300	\$ 345,885	\$ (188,415)
State sources	75,414,000	73,308,800	71,712,854	(1,595,946)
Federal sources	86,913,500	92,376,800	72,617,010	(19,759,790)
Interdistrict sources	<u>4,193,000</u>	<u>5,667,000</u>	<u>3,914,610</u>	<u>(1,752,390)</u>
Total revenue	167,074,100	171,886,900	148,590,359	(23,296,541)
<b>Expenditures</b>				
Salaries	4,097,000	5,742,300	5,040,202	(702,098)
Employee benefits	2,206,000	3,133,300	2,688,672	(444,628)
Purchased services	31,557,000	31,956,000	8,213,221	(23,742,779)
Supplies and materials	3,164,200	1,486,900	842,503	(644,397)
Other	227,000	360,900	62,752	(298,148)
Capital outlay	106,500	9,700	-	(9,700)
Interdistrict payments	<u>124,394,400</u>	<u>127,677,600</u>	<u>138,723,935</u>	<u>11,046,335</u>
Total expenditures	<u>165,752,100</u>	<u>170,366,700</u>	<u>155,571,285</u>	<u>(14,795,415)</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	1,322,000	1,520,200	(6,980,926)	(8,501,126)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	31,000	126	(30,874)
Transfers out	<u>(1,322,000)</u>	<u>(1,551,200)</u>	<u>(964,223)</u>	<u>586,977</u>
<b>Net Change in Fund Balance</b>	-	-	(7,945,023)	(7,945,023)
<b>Fund Balance - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,945,023)</u>	<u>\$ (7,945,023)</u>

# Wayne County Regional Educational Service Agency

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 12,043,100	\$ 11,964,100	\$ 12,337,225	\$ 373,125
Federal sources	685,000	700,000	402,911	(297,089)
Total revenue	12,728,100	12,664,100	12,740,136	76,036
<b>Expenditures</b>				
Salaries	214,000	227,100	209,615	(17,485)
Employee benefits	113,300	119,300	120,522	1,222
Purchased services	157,050	157,050	148,587	(8,463)
Supplies and materials	500	500	205	(295)
Other expenses	100	100	210	110
Interdistrict payments	8,011,850	7,928,750	8,009,812	81,062
Total expenditures	8,496,800	8,432,800	8,488,951	56,151
<b>Other Financing Uses - Transfers out</b>	<u>(4,231,300)</u>	<u>(4,231,300)</u>	<u>(4,251,185)</u>	<u>(19,885)</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# Wayne County Regional Educational Service Agency

## Required Supplemental Information Wayne County Regional Educational Service Agency's Proportionate Share of the Net Pension Liability Michigan Public School Employees Retirement System Determined as of the Plan Year Ended September 30

	<u>2015</u>	<u>2014</u>
Agency's proportion of the net pension liability (asset)	0.17592 %	0.16605 %
Agency's proportionate share of the net pension liability (asset)	\$ 42,969,665	\$ 36,575,174
Agency's covered employee payroll	14,656,761	\$ 14,401,332
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	293.00 %	253.97 %
Plan fiduciary net position as a percentage of the total pension liability	62.92 %	66.20 %

# Wayne County Regional Educational Service Agency

---

## Required Supplemental Information Wayne County Regional Educational Service Agency's Pension Plan Contributions Michigan Public School Employees Retirement System Determined as of the Year Ended June 30

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 4,165,866	\$ 3,191,933
Contributions in relation to the statutorily required contribution	4,165,866	3,191,933
Contribution deficiency (excess)	-	-
Agency's covered employee payroll	15,093,099	14,878,808
Contributions as a percentage of covered employee payroll	27.60 %	21.45 %

# **Wayne County Regional Educational Service Agency**

---

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

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

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

## **Other Supplemental Information**

---

# Wayne County Regional Educational Service Agency

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Services Fund	Cooperative Education Services Fund	Capital Projects Fund	
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ 113,672	\$ 113,672
Receivables:				
Accounts	-	187,086	-	187,086
Due from other governmental units	252,985	398,316	-	651,301
Due from other funds	<u>3,428,688</u>	<u>2,812,200</u>	<u>500,000</u>	<u>6,740,888</u>
Total assets	<u>\$ 3,681,673</u>	<u>\$ 3,397,602</u>	<u>\$ 613,672</u>	<u>\$ 7,692,947</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 129,050	\$ 1,727,252	\$ 124,750	\$ 1,981,052
Accrued payroll-related liabilities	43,853	90,627	-	134,480
Due to other governmental units	283,015	-	-	283,015
Other current liabilities	-	102,748	-	102,748
Due to other funds	3,225,755	-	-	3,225,755
Unearned revenue	-	166,030	-	166,030
Total liabilities	3,681,673	2,086,657	124,750	5,893,080
<b>Fund Balances</b>				
Committed:				
Capital projects	-	-	488,922	488,922
Cooperative education activities	-	1,310,945	-	1,310,945
Total fund balances	-	1,310,945	488,922	1,799,867
Total liabilities and fund balances	<u>\$ 3,681,673</u>	<u>\$ 3,397,602</u>	<u>\$ 613,672</u>	<u>\$ 7,692,947</u>



# Wayne County Regional Educational Service Agency

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

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Special Services Fund</u>	<u>Cooperative Education Services Fund</u>	<u>Capital Projects Fund</u>	
<b>Revenue</b>				
Local sources	\$ -	\$ 105,907	\$ 294	\$ 106,201
State sources	918,441	-	-	918,441
Interdistrict sources	-	8,434,682	-	8,434,682
Total revenue	<u>918,441</u>	<u>8,540,589</u>	<u>294</u>	<u>9,459,324</u>
<b>Expenditures</b>				
Support services:				
Salaries	972,754	4,601,766	-	5,574,520
Employee benefits	561,329	2,506,107	-	3,067,436
Purchased services	294,364	4,318,643	-	4,613,007
Supplies and materials	8,458	685,128	-	693,586
Other	4,250	8,702	-	12,952
Capital outlay	-	183,992	405,363	589,355
Interdistrict payments	972,735	482,006	-	1,454,741
Total expenditures	<u>2,813,890</u>	<u>12,786,344</u>	<u>405,363</u>	<u>16,005,597</u>
<b>Excess of Expenditures Under Revenue</b>	(1,895,449)	(4,245,755)	(405,069)	(6,546,273)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	213,750	213,750
Transfers in	1,985,106	5,077,614	500,000	7,562,720
Transfers out	(89,657)	(3,821)	-	(93,478)
Total other financing sources	<u>1,895,449</u>	<u>5,073,793</u>	<u>713,750</u>	<u>7,682,992</u>
<b>Net Change in Fund Balances</b>	-	828,038	308,681	1,136,719
<b>Fund Balances - Beginning of year</b>	<u>-</u>	<u>482,907</u>	<u>180,241</u>	<u>663,148</u>
<b>Fund Balances - End of year</b>	<u>\$ -</u>	<u>\$ 1,310,945</u>	<u>\$ 488,922</u>	<u>\$ 1,799,867</u>