

# CAFR

**Comprehensive Annual  
Financial Report**

**FISCAL YEAR**

**July 1, 2017 -  
June 30, 2018**

**Walled Lake Consolidated  
School District**

Educational Services Center  
850 Ladd Road - Bldg. D  
Walled Lake, MI 48390

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## Walled Lake Consolidated School District



***Mary Helen Guest Students  
Study the World!***

***Every Child, Every Day!***



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# Walled Lake Consolidated School District

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**Comprehensive Annual Financial Report  
with Supplemental Information  
June 30, 2018**

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Issued Under  
Separate  
Cover



# Walled Lake Consolidated Schools

Educational Services Center  
850 Ladd Road, Building D  
Walled Lake, MI 48390  
Phone: 248/956-2000  
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September 25, 2018

Dear Citizens and Board Members:

The Comprehensive Annual Financial Report of Walled Lake Consolidated School District (the "School District") for the fiscal year ended June 30, 2018 is hereby submitted. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District as measured by the School District's government-wide financial activity and the activity of its various funds, with all disclosures necessary to enable the reader to gain an understanding of the School District's financial activities.

## **Reporting Entity and Services**

Walled Lake Consolidated School District is an independent reporting entity fully meeting the criteria established by the Governmental Accounting Standards Board. All funds of the School District are included in this report. The School District does not have component units.

The financial section reports separately the government-wide activities, the governmental fund types, and the fiduciary fund type administered by the board.

## **Report Organization**

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

### **Introductory Section**

This section introduces the reader to Walled Lake Consolidated School District and to this report. Included are facts about the School District, this transmittal letter, and the School District's organizational chart. This letter of transmittal is designed to complement the management's discussion and analysis and should be read in conjunction with it. The management's discussion and analysis can be found in the financial section of this document.

## **Financial Section**

The independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, and notes to the financial statements are included in this section. These are the School District's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of the report. In addition to the basic financial statements, this section includes required and other supplemental information.

The management of the board is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

The basic financial statements and supplemental information presented in the financial section of this report present fairly and with full disclosure the financial position and results of the financial operation of the funds in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The required and other supplemental information contain a more detailed analysis of revenue and expenditures that are compared to the 2017-2018 budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds. In addition, there are combining schedules shown by fund type with totals that agree with those reflected in the basic financial statements section.

## **Statistical Section**

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

## **About Walled Lake Consolidated School District**

### **The Community**

The School District, located in southwestern Oakland County, encompasses more than 55 square miles and includes all or part of nine governmental units: the Cities of Farmington Hills, Novi, Orchard Lake, Walled Lake, and Wixom, the Townships of Commerce, West Bloomfield, and White Lake, and the Village of Wolverine Lake.

Residents may take advantage of many recreational and cultural opportunities. In 45 minutes or less, one can visit the city of Detroit with its fine museums, restaurants, and entertainment. Cranbrook Institute, Greenfield Village, the University of Michigan, Oakland University, Eastern Michigan University, Michigan State University, Wayne State University, and the University of Detroit Mercy are within approximately an hour's drive. More than 40 lakes and several riding stables, golf courses, tennis clubs, and ski areas serve the immediate area.

### **The Educational Program**

The School District has 12 elementary schools (K-5), four middle schools (6-8), three high schools (9-12), an educational services center, a maintenance/transportation building, and an outdoor education center.

The School District has a comprehensive educational program for students of all ages. This includes both an early intervention preschool program and a reading recovery program in our Title One buildings. In addition to a solid, basic core academic curriculum of language arts, math, science, and social studies, students also have a variety of extended programs such as K-12 fine arts, physical education, and advanced technology programs. World languages and technical education begin at the middle school, as well as extracurricular offerings, including athletics and various clubs. A fee-based before-and-after-school activities program, After School Adventures, provided enrichment for 1,693 elementary students who participated in a variety of classes including Spanish, music, arts, crafts, Suzuki strings, science, and engineering. A full range of courses is also available to high school students, including advanced placement curriculum and International Baccalaureate Programme.

Business partnerships, job placement, enrichment classes, and assistance to non-English-speaking students are areas of emphasis throughout our K-12 program, as well as our continuing adult education program. The School District's division of continuing education consists of an adult education and recreation/enrichment department directed at meeting the comprehensive needs of the community. Some programs and services offered include the following: basic skills (reading/math) improvement, E.L.L. (English language learners) classes, classes for pre-schoolers in grant-funded and tuition-funding programs, GED testing/preparation, sports leagues/tournaments (youth and adult), leisure/hobby programs, informational seminars/classes, swimming (instructional and recreational), trips and tours/special events, summer and winter day camps, youth sports camps, and senior citizen resource referral. These community programs and services start with preschool-age children and continue to senior citizen participation with over 18,300 registrations processed each year.

The School District's educational program is built upon a foundation of sound practices designed to promote continuous improvement. The core curriculum of Walled Lake Consolidated School District provides learning experiences in all areas of language arts (reading, writing, speaking, listening, and literature), mathematics, social studies, science, health, physical education, art, vocal and instrumental music, computer instruction (including preparation for Novel and Cisco certification at the high school level), technology education, family life education, business, and world language instruction. The goal of education is to provide all learners with a solid foundation of skills and knowledge, which is necessary for continued growth and success as students within the school setting and as adults in society. As a result of a sound K-12 education based on well-defined benchmarks and related assessments, a Walled Lake Consolidated School District graduate will be "...a caring, knowledgeable, responsible citizen" as defined in the School District's mission statement. Walled Lake Consolidated School District's parents value and support education. Walled Lake Consolidated School District enjoys the active support and participation of parents in PTA groups, booster clubs, and building- and district-level committees. Parent attendance at parent/teacher conferences is high, as is the level of parent volunteerism for activities and programs. The high level of parent involvement contributes greatly to the overall quality of the School District's programs.

## **Accomplishments**

### **Initiatives**

In November 2013, the Walled Lake Consolidated School District community approved a \$67.5 million Safety, Security, and Technology Bond. The sale of the bond took place in January 2014 and project plans began. Projects are nearly complete and have included:

- Comprehensive video surveillance systems
- Entrance and office modifications in all School District school buildings
- Keyless entry throughout the School District
- Upgraded fire alarms and mass notification systems
- Emergency backup generators and emergency lighting upgrades
- Emergency responder signage
- Replacement of the School District's phone system and master clock systems
- Essential technology upgrades in all of the schools and classrooms
- Buses
- Other much-needed specific repair and renovation projects

This bond has enabled the School District to significantly enhance the safety and security of every building and ensure that every classroom is well equipped technologically.

## BOARD GOALS

The Board of Education has adopted the following goals:

**Student Success:** Ensure that every student is able to reach his/her potential by focusing on:

- ✓ Academic and personal success
- ✓ Ensuring instructional strategies and practices are research-based and meet the needs of all learners
- ✓ Collaboration and innovation among all members of our school community
- ✓ The needs of all learners, and developing action plans to help support those needs
- ✓ Using data as a means to help drive instruction and planning
- ✓ Supporting best practices, proven interventions, and the professional development of our teachers and administrators

**Fiscal Responsibility:** Ensure long-term fiscal health of the School District while maximizing dollars available for the classroom and encouraging innovation and the implementation of proven strategies and programs by:

- ✓ Developing budgets that are focused and centered on student achievement goals
- ✓ Continuing efficiency and collaboration efforts

**Community Outreach:** In partnership with parents and the community, students and staff continually demonstrate they are caring, responsible, and knowledgeable citizens by:

- ✓ Including the community in school and School District events, activities, and efforts
- ✓ Involving parents and the community in decisions that affect and benefit the Walled Lake Consolidated School District
- ✓ Communicating information to the community to build awareness of Walled Lake Consolidated School District
- ✓ Providing opportunities for our community to be involved in the School District
- ✓ Building partnerships with diverse organizations to mutually strengthen the School District and the communities we serve

**Positive District Culture:** Ensure that students are able to thrive in a culture that is safe and positive for them, for staff, for parents, and for our community by:

- ✓ Creating a culture of safety and social well-being
- ✓ Promoting “no tolerance” standards for bullying, harassment, and other unacceptable behaviors
- ✓ Ensuring that schools and facilities are maintained to the highest degree
- ✓ Expecting students, staff, and the entire school community to demonstrate respect for one another
- ✓ Expecting students, staff, and the entire school community to communicate, model, and reinforce standards of ethical conduct and responsible global citizenship
- ✓ Continuing to ensure our schools are safe learning environments by annually reviewing Safety Plans, collaborating with local law enforcement officials, and cultivating an overall culture of “safety first”

## **Professional Development**

The ongoing educational needs of the staff of the Walled Lake Consolidated School District are an important focus throughout the School District. Most of these needs are addressed now in a “job-embedded” fashion in which workshops, seminars, and training sessions include topics of immediate interest to teachers, administrators, and support staff.

Such sessions are conducted throughout the year and most often provide participants multiple opportunities to return to important topics to build their skills over time. Topics include Business and Human Resource office initiatives and current technology topics, as well as safety issues, cultural awareness, and numerous instructional ideas.

Professional development in the School District may be organized by teacher leaders, by administrators, by members of the curriculum department, or by colleagues within departments for whom the activities are designed. Topics are current and relevant to procedures and practices and are scheduled with an eye to “on-time delivery.” Planning is collaborative between planners and participants. Responsibilities for content, format, and schedules are now widely assumed by many staff members.

The purpose of all professional development, however, remains constant:

- To support teachers and administrators in the implementation of the School District’s curricular and assessment programs
- To support the analysis of student achievement data
- To promote excellent instruction in every classroom
- To ensure that all employees are sufficiently literate in technology
- To provide specialized training for employees, especially in areas such as special education assignments, transportation, food service, etc.

## **Economic Outlook**

Since the passage of Proposal A in 1994, it has become apparent that School District revenue will not keep pace with inflation, nor with School District expenditures as we know them. Proposal A substantially shifted funding responsibility from the local level to the state level and from property taxes as the major revenue source. Now, the School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level.

Enrollment declines have added to the challenge. Walled Lake Consolidated Schools has experienced declining enrollment in all but one of the last ten years. An extended recession meant that many families left the State. While that trend has not continued and houses are again being built in our communities, we continue to experience declines due to shrinking classes. Incoming kindergarten classes are simply smaller than graduating seniors. Enrollment studies performed indicate that this will be the case for the next several years.

Michigan’s economy suffered for several years but has been recovering for almost a decade since the last recession. Oakland County is no exception. According to the Oakland County Economic Outlook report, the County’s average annual job growth between 2010 and 2017 has outpaced both the Nation’s and the State’s. The unemployment rate for the County has declined each year since it peaked in 2009 at 13%. In 2017, the reported unemployment rate was only 3.5%.

During this period of recovery, funding increases have been limited by the State and then further impacted by the decline in enrollment. As a result, it has been imperative over the last several years that the School District prioritize and limit expenditures. In addition to restructuring many of our departments, privatizing our custodial and transportation departments, making cuts in all possible areas, and using a large portion of the School District's fund balance, the School District has had to make significant reductions in staff. All employee groups have also agreed to significant wage and benefit concessions over six of the last seven years.

### **Financial Information - Accounting Controls**

Management is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the School District are protected from loss, theft, or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Controls**

The School District maintains budgetary controls to ensure that budgets are in compliance with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. Formal budgetary integration is employed as a management control device throughout the year for the General Fund, special revenue funds, debt service funds, and capital projects funds. Under the guidelines of the State of Michigan's School Accounting Manual (Bulletin 1022), detailed line-item budget information is provided and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The controls are integrated into the School District's computerized accounting system, which prohibits expenditures exceeding appropriations. An encumbrance system is utilized to measure the uncommitted budget amount available at any given point in time during the year. The budget is amended at least twice during the year to appropriately address variances that occur in enrollment, revenue, and expenditures.

Management believes that the existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they would be detected within a timely manner. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

### **Financial Condition at June 30, 2018**

Please refer to the management's discussion and analysis section for a summary of the financial condition of the School District at June 30, 2018.

### **Capital Projects Funding**

The capital projects funds are used to account for the financial resources to be used for the acquisition, construction, or major renovation of facilities. These funds are financed by bond issues or the support of the General Fund. Two funds are currently active, the 2014 Bond Fund and the Sinking Fund.

## **Federal Funding**

As a recipient of federal, state, and county financial assistance, the School District is responsible for ensuring that an adequate internal and administrative control structure is in place to document compliance with applicable laws and regulations related to those programs. Tests are made by the School District's auditors to determine the adequacy of the internal and administrative control structure.

## **Independent Audit**

The State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was appointed by the Walled Lake Consolidated School District Board of Education to perform this service for the 2017-2018 fiscal year. In addition, the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), requires governmental recipients of federal assistance to have organization-wide financial and compliance audits on an annual basis. Both of these requirements have been met, and the auditor's report on the basic financial statements is included herein.

## **Fund Balance Policy**

Annually, the superintendent recommends, and the board approves, as part of the budget process, a desired fund equity level.

Fund equity may be used to supplement possible shortfalls in state, federal, and local revenues, used as a reserve for possible emergency expenditures or for other reasons deemed necessary by the board. Emergency expenditures may not be taken from the fund equity unless possible surpluses in the existing school budget have been appraised. Emergency expenditures may be recommended by the superintendent and approved by the board. Fund equity funds may not be transferred to expenditure accounts without board approval.

## **Other Information**

### **Enrollment**

Five-year projections of enrollment are done annually using data from the county, city, and School District. Such information as live births, building permits, cohort survival ratios, and workforce/economic statistics are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for our planning purposes. 2007/2008 represented the first time since 1986 where enrollment declined in the School District. Enrollment has declined each year for the last six years. Current enrollment is 13,998 students, and enrollment is projected to decline by 198 students to 13,800 for 2018/2019. Enrollment just five years ago was 15,012.

The extended recession certainly had an impact on Michigan residents. Job losses caused many families to leave Michigan. In addition, our incoming kindergarten classes are smaller than our graduating seniors as mentioned earlier. These two factors, supported by enrollment studies performed, lead us to believe that the School District will continue to experience declining enrollment for the next several years.

## **Certificate of Excellence**

This report has been prepared following the guidelines recommended by the Association of School Business Officials International (ASBO). The ASBO awarded a certificate of excellence in financial reporting to the Walled Lake Consolidated School District for its Comprehensive Annual Financial Report for each of the fiscal years ended June 30, 1994 through June 30, 2017. In order to be awarded a certificate of excellence, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A certificate of excellence is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the certificate of excellence program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

## **Meritorious Budget Award**

The ASBO has awarded a meritorious budget award to Walled Lake Consolidated School District for its budget documents created for each of the fiscal years ended June 30, 2005 through June 30, 2018. We have submitted our budget document for June 30, 2019 and anticipate receiving the certificate. The program was designed to encourage school districts to achieve a very high standard of excellence in budget presentation. In order to be awarded the meritorious budget award, a school district must meet minimum presentation standards for a school system's annual budget document.

## **Acknowledgments**

The preparation of this report was accomplished through the commitment and dedication of the entire business office staff. We would also like to express our appreciation to other departmental individuals who assisted in the preparation of this report.

The School District is highly committed to a program of excellence. A highly dedicated Board of Education has adopted sound policies that facilitate the continued growth and improvement of the total school program. In addition, there is a wide, all-encompassing array of support provided by parents, students, employees, citizens, civic organizations, and hundreds of volunteers that enables the School District to achieve high goals.

Sincerely,



Teri L. Les  
Assistant Superintendent of Business Services



Kenneth Gutman  
Superintendent of Schools  
Board of Education

# **Walled Lake Consolidated School District**

## **District Officials**

### **Administration**

**Kenneth Gutman**

Superintendent of Schools

**Christopher J. Delgado**

Deputy Superintendent of Schools

**Teri L. Les**

Assistant Supt. of Business Services

**Michael Lonze**

Assist. Supt. of Human Resources

**Mark A. Hess**

Exec. Dir. of Instruction, Technology  
and Assessment

**William Chatfield**

Director of Operations

**Judy Evola**

Director of Community Relations and Marketing

### **Board of Education**

**Kathy Lyall**

President

**Peggy Casagrande**

Vice President

**Denise Dunn**

Secretary

**Greg Janicki**

Treasurer

**Nancy van Leuwen**

Trustee

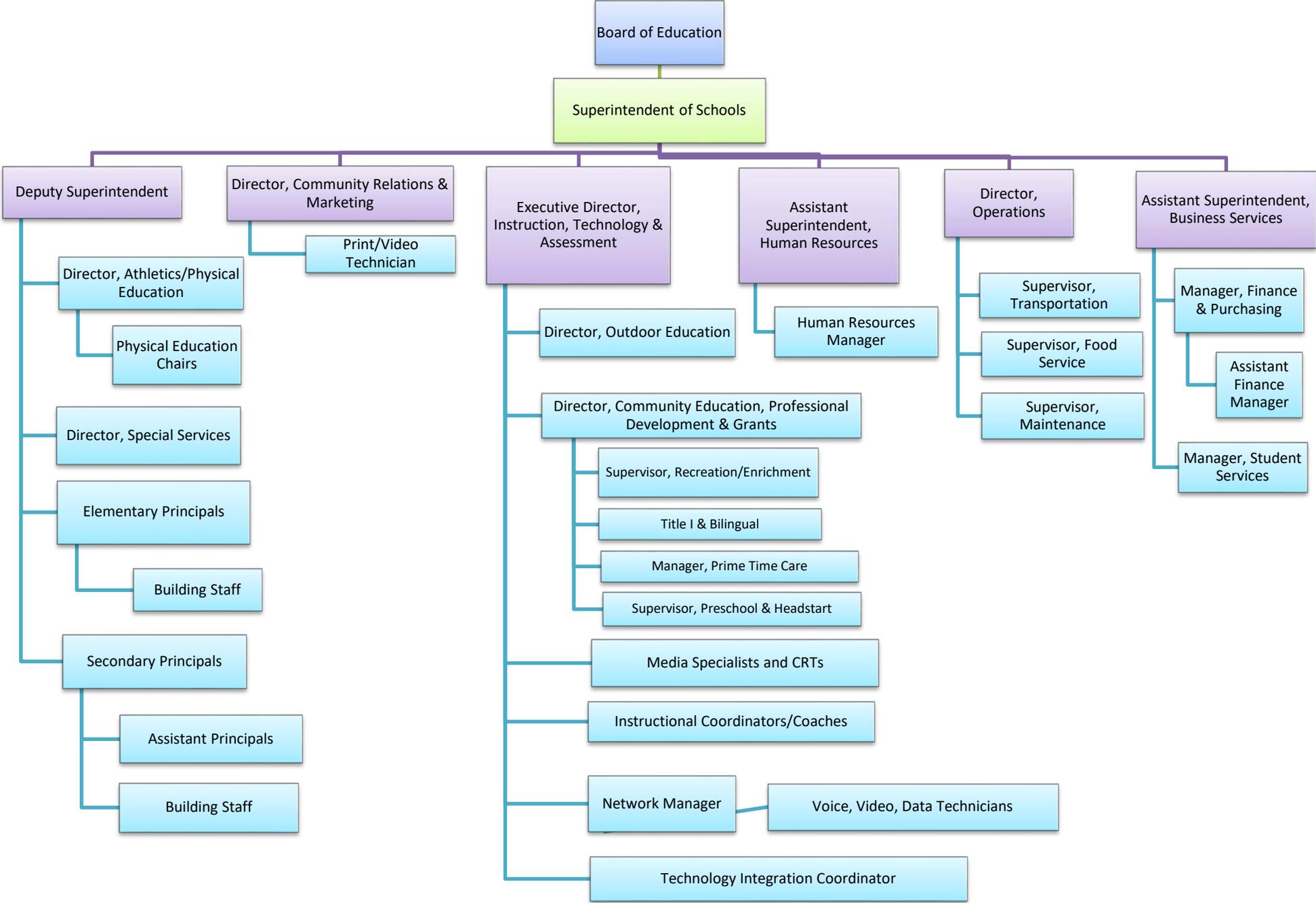
**Marc Siegler**

Trustee

**Christopher Titus**

Trustee

# Walled Lake Consolidated School District 2017/2018





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Walled Lake Consolidated School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



*Charles E. Peterson, Jr.*

Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

*John D. Musso*

John D. Musso, CAE  
Executive Director

## **Independent Auditor's Report**

To the Board of Education  
Walled Lake Consolidated School District

### **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 Walled Lake Consolidated School District as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Walled Lake Consolidated School District's basic financial statements, as listed in the table of contents.

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

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

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

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

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

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

#### ***Opinion***

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 information of Walled Lake Consolidated School District as of June 30, 2018 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.

#### ***Emphasis of Matter***

As discussed in Note 2 to the basic financial statements, as of July 1, 2017, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The School District's unrestricted net position has been restated as of July 1, 2017 as a result of this change in accounting principle. Our opinion is not modified with respect to this matter.

To the Board of Education  
Walled Lake Consolidated School District

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system schedules of funding progress and employer contributions, and the major fund budgetary comparison schedule, as listed 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 Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Walled Lake Consolidated School District's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018 on our consideration of Walled Lake Consolidated School District'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 Walled Lake Consolidated School District's internal control over financial reporting and compliance.



September 25, 2018

# Walled Lake Consolidated School District

## Management's Discussion and Analysis

This section of Walled Lake Consolidated School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Walled Lake Consolidated School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and 2014 Bond Issue Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

##### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

##### **Required Supplemental Information**

Budgetary Information for General Fund

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

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

##### **Other Supplemental Information**

##### **Statistical Section**

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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.

## Walled Lake Consolidated School District

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

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

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

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

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Cafeteria and Enrichment/Prime Time Care Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

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

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

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

## Walled Lake Consolidated School District

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

#### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2018 and 2017:

	Governmental Activities	
	2018	2017
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 48.8	\$ 48.2
Capital assets	235.5	249.7
Total assets	284.3	297.9
<b>Deferred Outflows of Resources</b>	56.7	31.7
<b>Liabilities</b>		
Current liabilities	25.4	23.9
Noncurrent liabilities	122.0	137.1
Net pension liability	253.6	248.1
Net OPEB liability	86.6	-
Total liabilities	487.6	409.1
<b>Deferred Inflows of Resources</b>	32.9	13.8
<b>Net Position</b>		
Net investment in capital assets	124.5	126.9
Restricted	4.5	2.8
Unrestricted	(308.5)	(223.0)
Total net position	<u>\$ (179.5)</u>	<u>\$ (93.3)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(179.5) million at June 30, 2018. Net investment in capital assets totaling \$124.5 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(308.5) million) was unrestricted.

The \$(308.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

## Walled Lake Consolidated School District

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

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2018 and 2017.

	Governmental Activities	
	2018	2017
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 8.2	\$ 8.5
Operating grants	41.9	37.0
General revenue:		
Property taxes	54.4	52.4
State aid not restricted to specific purposes	83.5	86.4
Other	(5.3)	1.8
Total revenue	182.7	186.1
<b>Expenses</b>		
Instruction	111.8	115.6
Support services	54.4	45.9
Athletics	2.1	2.0
Cafeteria	4.5	4.6
Community services	2.6	2.4
Debt service	5.2	6.4
Depreciation expense (unallocated), excluding direct depreciation allocated to programs	0.6	0.5
Total expenses	181.2	177.4
<b>Change in Net Position</b>	1.5	8.7
<b>Net Position</b> - Beginning of year, as previously reported	(93.3)	(102.0)
<b>Cumulative Effect of Change in Accounting</b>	(87.7)	-
<b>Net Position</b> - Beginning of year	(181.0)	(102.0)
<b>Net Position</b> - End of year	<u>\$ (179.5)</u>	<u>\$ (93.3)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$181.2 million. Certain activities were partially funded from those who benefited from the programs (\$8.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$41.9 million). We paid for the remaining "public benefit" portion of our governmental activities with \$54.4 million in taxes, \$83.5 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 75. This standard required the inclusion of the School District's proportionate share of the Michigan Public School Employees' Retiree Health Care Plan within the School District's financial statements, effective July 1, 2017. The effect of the adoption was to decrease July 1, 2017 beginning net position by \$87.7 million and to include the net OPEB obligation and related deferred inflows and outflows of resources in the June 30, 2018 financial statements. All governments participating in the plan were required to adopt this new standard.

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

# Walled Lake Consolidated School District

## Management's Discussion and Analysis (Continued)

### **The School District's Funds**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$24.0 million, which is a decrease of \$0.8 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased \$0.4 million to \$12.0 million. The School District budgeted an increase of approximately \$385,000.

In 2014, the School District issued \$65.8 million in voter-approved bonds. These bonds were issued in accordance with state law and will be used for security enhancements to school buildings and other facilities, to upgrade technology infrastructure throughout the School District, and to purchase school buses. The 2014 Bond Issue Fund has a fund balance of \$5.2 million at June 30, 2018.

The other nonmajor government funds have a combined fund balance of \$6.7 million, which represents an increase of \$1.5 million. The increase is primarily related to the debt service funds and Sinking Fund.

### **General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2018. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were no significant amendments to the 2017-2018 General Fund budget during the year. Additionally, there were no significant variances between the final budget and actual amounts.

There were no significant budget amendments to the special revenue funds or the debt service funds during the year.

The capital projects funds budget was adjusted to account for the costs of bond funded projects.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

As of June 30, 2018, the School District had \$235.5 million invested in a broad range of capital assets, including land, buildings, vehicles, and furniture and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$14.2 million, or 5.7 percent, from last year. The majority of the decrease relates to the impairment of the District Community Education Center building, which has been emptied and is being prepared for demolition. The School District intends to then sell the land.

	2018	2017
Land	\$ 12,729,972	\$ 12,729,972
Construction in progress	5,287,060	3,963,184
Buildings and improvements	322,959,792	330,831,829
Furniture and equipment	36,001,050	35,855,643
Buses and other vehicles	9,392,694	9,392,694
Total capital assets	386,370,568	392,773,322
Less accumulated depreciation	150,822,649	143,032,971
Total capital assets - Net of accumulated depreciation	<u>\$ 235,547,919</u>	<u>\$ 249,740,351</u>

## Walled Lake Consolidated School District

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

This year's additions (net of adjustments between classifications) of \$4.7 million included equipment, security enhancements to school buildings, technology infrastructure upgrades, and building and site improvements completed during the 2018 fiscal year, as well as site improvements that began during the 2018 fiscal year. The School District passed a 0.50 mill Building and Site Improvement Fund, or Sinking Fund, during 2004. In November 2012, the community passed a 10-year renewal of the Sinking Fund. These funds have allowed the School District to proceed with several projects and capital additions. In 2014, the School District issued \$65.8 million in voter-approved bonds. The majority of the planned projects are now complete or are wrapping up. We present more detailed information about our capital assets in the notes to the financial statements.

#### **Debt**

At the end of this year, the School District had \$112.0 million in bonds outstanding versus \$125.8 million in the previous year - a change of 11.0 percent.

The School District's general obligation bond rating is "AA-" from Standard & Poor's and "A1" from Moody's Investors Service. The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District does not have any outstanding unqualified general obligation debt.

Other obligations include debt premiums, compensated absences, and other amounts. We present more detailed information about our long-term liabilities in the notes to the financial statements.

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

Our elected officials and administration consider many factors when setting the School District's 2018- 2019 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2018-2019 budget was adopted in June 2018 based on an estimate of students who will enroll in September 2018. Approximately 75.0 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the state's ability to fund local school operations. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The School Aid Act for the 2018-2019 school year included a \$120 per pupil increase for all school districts and up to an additional \$120 (\$240 in total) for the lowest funded school districts. The total foundation grant for Walled Lake Consolidated School District will be \$8,549 for 2018-2019. This includes \$6 that is provided under a special allocation that has been provided to a few districts that, under current law, would not have been eligible for per pupil increases enjoyed by most districts across the state. It is not technically part of the foundation grant. Additional funding will continue to assist districts with increasing retirement costs.

Also included in the state budget for 2018-2019 are two items that will impact Walled Lake Consolidated School District. Walled Lake Consolidated School District will continue to be eligible for At-Risk Funding. A change in the eligibility requirements allowed our School District to be eligible for this funding for the first time in 2017-2018. Newly eligible districts receive 30 percent of the standard allocation. These funds will assist us with addressing the many needs of this population.

The second item was also introduced in 2017-2018 and will continue for 2018-2019, which is an allocation of \$25 for every high school student enrolled. The State is providing this funding in recognition that the cost to educate at the high school level is higher.

We are currently projecting fund balance to be approximately \$11.4 million at the end of 2018-2019. The superintendent annually recommends, and the Board of Education approves, a target minimum fund balance level. Administration will need to continue to monitor funding and reduce expenditures as necessary to maintain this approved level, which is currently \$10 million.

## **Walled Lake Consolidated School District**

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

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#### **Contacting the School District's Management**

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact 850 Ladd Road, Building D, Walled Lake, Michigan 48390.

# Walled Lake Consolidated School District

## Statement of Net Position

June 30, 2018

	Governmental Activities
<b>Assets</b>	
Cash and investments (Note 4)	\$ 14,844,663
Accounts receivable:	
Accounts receivable	865,154
Due from other governmental units	21,884,229
Inventories	80,380
Prepaid costs	989,524
Restricted assets (Notes 4 and 10)	10,075,305
Capital assets:	
Capital assets not being depreciated (Note 5)	18,017,032
Capital assets - Less accumulated depreciation of \$150,822,649 (Note 5)	<u>217,530,887</u>
Total assets	284,287,174
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 9)	1,206,356
Deferred pension costs (Note 12)	50,826,906
Deferred OPEB costs (Note 12)	<u>4,690,045</u>
Total deferred outflows of resources	56,723,307
<b>Liabilities</b>	
Accounts payable	2,927,218
Accrued payroll-related liabilities	21,231,669
Unearned revenue (Note 7)	1,222,707
Noncurrent liabilities: (Note 9)	
Due within one year	15,267,283
Due in more than one year	106,726,957
Net pension liability (Note 12)	253,646,407
Net OPEB liability (Note 12)	<u>86,555,073</u>
Total liabilities	487,577,314
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	9,992,052
Deferred pension cost reductions (Note 12)	19,995,814
Deferred OPEB cost reductions (Note 12)	<u>2,926,193</u>
Total deferred inflows of resources	<u>32,914,059</u>
<b>Net Position</b>	
Net investment in capital assets	124,505,071
Restricted:	
Debt service	2,062,276
Capital projects	2,437,029
Unrestricted	<u>(308,485,268)</u>
Total net position	<u><u>\$ (179,480,892)</u></u>

# Walled Lake Consolidated School District

## Statement of Activities

Year Ended June 30, 2018

	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
Instruction	\$ 111,754,110	\$ 1,020,587	\$ 37,756,120	\$ (72,977,403)
Support services	54,414,049	-	2,212,304	(52,201,745)
Athletics	2,100,821	1,059,498	-	(1,041,323)
Food services	4,521,253	2,723,955	1,930,257	132,959
Community services	2,561,153	3,361,419	-	800,266
Interest	5,160,726	-	-	(5,160,726)
Other	52,480	-	-	(52,480)
Depreciation expense (unallocated), excluding direct depreciation allocated to programs	596,453	-	-	(596,453)
<b>Total primary government</b>	<b>\$ 181,161,045</b>	<b>\$ 8,165,459</b>	<b>\$ 41,898,681</b>	<b>(131,096,905)</b>
General revenue:				
Taxes:				
Property taxes, levied for general purposes				31,569,600
Property taxes, levied for debt service				20,615,800
Property taxes, levied for sinking fund				2,251,899
State aid not restricted to specific purposes				83,541,005
Federal grants and contributions not restricted to specific purposes				19,422
Interest and investment earnings				168,547
Loss on sale of capital assets				(56,674)
Impairment of capital assets (Note 5)				(5,957,668)
Other				505,457
<b>Total general revenue</b>				<b>132,657,388</b>
<b>Change in Net Position</b>				<b>1,560,483</b>
<b>Net Position - Beginning of year, as previously reported</b>				<b>(93,337,508)</b>
<b>Cumulative Effect of Change in Accounting</b>				<b>(87,703,867)</b>
<b>Net Position - Beginning of year</b>				<b>(181,041,375)</b>
<b>Net Position - End of year</b>				<b><u><u>\$ (179,480,892)</u></u></b>

# Walled Lake Consolidated School District

## Governmental Funds Balance Sheet

June 30, 2018

	General Fund	2014 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 4)	\$ 14,345,787	\$ -	\$ 498,876	\$ 14,844,663
Accounts receivable:				
Accounts receivable	865,154	-	-	865,154
Due from other governmental units	21,774,900	-	109,329	21,884,229
Due from other funds (Note 6)	-	108,961	1,543,369	1,652,330
Inventories	17,401	-	62,979	80,380
Prepaid costs	989,524	-	-	989,524
Restricted assets (Notes 4 and 10)	-	5,211,398	4,863,907	10,075,305
	<u>\$ 37,992,766</u>	<u>\$ 5,320,359</u>	<u>\$ 7,078,460</u>	<u>\$ 50,391,585</u>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 2,581,507	\$ 85,608	\$ 244,708	\$ 2,911,823
Due to other funds (Note 6)	1,667,725	-	-	1,667,725
Accrued payroll-related liabilities	20,342,937	-	-	20,342,937
Unearned revenue (Note 7)	1,133,691	-	89,016	1,222,707
	<u>25,725,860</u>	<u>85,608</u>	<u>333,724</u>	<u>26,145,192</u>
Total liabilities				
<b>Deferred Inflows of Resources</b> - Unavailable revenue (Note 7)	291,095	-	-	291,095
<b>Fund Balances</b>				
Nonspendable:				
Inventories	17,401	-	62,979	80,380
Prepaid costs	989,524	-	-	989,524
Restricted:				
Debt service	-	-	2,951,008	2,951,008
Capital projects	-	5,234,751	1,879,475	7,114,226
Special revenue funds - Cafeteria	-	-	763,525	763,525
Committed:				
Community Education	-	-	227,187	227,187
Enrichment/Prime Time Care	-	-	588,556	588,556
Preschool	-	-	272,006	272,006
Assigned - Subsequent year's budget	578,887	-	-	578,887
Unassigned - General Fund	10,389,999	-	-	10,389,999
	<u>11,975,811</u>	<u>5,234,751</u>	<u>6,744,736</u>	<u>23,955,298</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,992,766</u>	<u>\$ 5,320,359</u>	<u>\$ 7,078,460</u>	<u>\$ 50,391,585</u>

## Walled Lake Consolidated School District

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

June 30, 2018

<b>Fund Balances Reported in Governmental Funds</b>	\$ 23,955,298
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	386,370,568
Accumulated depreciation	<u>(150,822,649)</u>
Net capital assets used in governmental activities	235,547,919
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	291,095
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,206,356
Bonds payable, including premiums, are not due and payable in the current period and are not reported in the governmental funds	(116,926,401)
Accrued interest is not due and payable in the current period and is not reported in the funds	(888,732)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences and longevity	(5,067,839)
Net pension liability and related deferred inflows and outflows	(222,815,315)
Net OPEB liability and related deferred inflows and outflows	(84,791,221)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(9,992,052)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (179,480,892)</u></u></b>

# Walled Lake Consolidated School District

## Governmental Funds

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

**Year Ended June 30, 2018**

	General Fund	2014 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 34,519,424	\$ 88,876	\$ 28,833,884	\$ 63,442,184
State sources	107,089,774	-	159,425	107,249,199
Federal sources	5,840,817	-	1,770,800	7,611,617
Interdistrict sources	10,149,170	-	-	10,149,170
Total revenue	157,599,185	88,876	30,764,109	188,452,170
<b>Expenditures</b>				
Current:				
Instruction	104,346,498	-	389,674	104,736,172
Support services	50,711,374	-	37,548	50,748,922
Athletics	2,111,724	-	-	2,111,724
Food services	-	-	4,546,085	4,546,085
Community services	212,357	-	2,336,839	2,549,196
Debt service:				
Principal	-	-	13,840,000	13,840,000
Interest	-	-	5,923,494	5,923,494
Other	-	-	52,480	52,480
Capital outlay	373,935	2,687,700	1,767,110	4,828,745
Total expenditures	157,755,888	2,687,700	28,893,230	189,336,818
<b>Excess of Revenue (Under) Over Expenditures</b>	(156,703)	(2,598,824)	1,870,879	(884,648)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	125,980	-	-	125,980
Transfers in (Note 6)	400,000	-	-	400,000
Transfers out (Note 6)	-	-	(400,000)	(400,000)
Total other financing sources (uses)	525,980	-	(400,000)	125,980
<b>Net Change in Fund Balances</b>	369,277	(2,598,824)	1,470,879	(758,668)
<b>Fund Balances - Beginning of year</b>	11,606,534	7,833,575	5,273,857	24,713,966
<b>Fund Balances - End of year</b>	<b>\$ 11,975,811</b>	<b>\$ 5,234,751</b>	<b>\$ 6,744,736</b>	<b>\$ 23,955,298</b>

## Walled Lake Consolidated School District

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

Year Ended June 30, 2018

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (758,668)</b>
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	(11,929,051)
Capitalized capital outlay	3,876,941
Net book value of assets impaired or disposed of	<u>(6,140,322)</u>
Total	(14,192,432)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(140,796)
Revenue in support of pension contributions made subsequent to the measurement date	(2,400,472)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	14,504,251
Interest expense is recognized in the government-wide statements as it accrues	98,517
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>4,450,083</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 1,560,483</u></u></b>

## Walled Lake Consolidated School District

### Statement of Fiduciary Assets and Liabilities

June 30, 2018

Agency Funds

#### Assets

Cash and investments (Note 4)	\$ 1,877,977
Accounts receivable	4,062
Due from other funds (Note 6)	15,395
Total assets	<u>\$ 1,897,434</u>

#### Liabilities

Accounts payable	\$ 26,874
Due to student groups	1,870,560
Total liabilities	<u>\$ 1,897,434</u>

**Note 1 - Nature of Business**

Walled Lake Consolidated School District (the "School District") is a school district in the state of Michigan that provides educational services to students.

**Note 2 - Significant Accounting Policies**

***Accounting and Reporting Principles***

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

***Reporting Entity***

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

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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 or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

June 30, 2018

### Note 2 - Significant Accounting Policies (Continued)

#### ***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

#### **Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2014 Bond Issue Capital Project Fund is used to record bond proceeds or other revenue and disbursements of invoices specifically designated for security enhancements to school buildings and other facilities, to upgrade technology infrastructure, and to purchase school buses. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds include the Cafeteria Fund, the Community Education Fund, the Preschool Fund, and the Enrichment/Prime Time Care Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Cafeteria Fund accounts for all monies generated from the cafeteria operations throughout the various buildings of the School District. Revenue sources for the Cafeteria Fund include the sales to customers and dedicated grants from state and federal sources.
- The Community Education Fund is used to account for all monies originating from educational programs run by the School District, other than preschool and kindergarten through 12th grade programs. Revenue sources for the Community Education Fund consist of tuition and fees charged to users.
- The Preschool Fund accounts for all monies originating from the preschool programs run by the School District. Revenue sources for the Preschool Fund consist of tuition charged to users.
- The Enrichment/Prime Time Care Fund accounts for all monies originating from the School District's Enrichment and Prime Time Care programs. Revenue sources for the Enrichment/Primetime Care Fund consist of tuition and fees charged to users.
- The Sinking Fund Capital Projects Fund is used to record related tax revenue and the disbursement of invoices specifically designated for approved Sinking Fund projects. The fund operates until the purpose for which it was created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The School District currently has five debt service funds: The 2011 Debt Retirement Fund, the 2012 Debt Retirement Fund, the 2014 Debt Retirement Fund, the 2015 Debt Retirement Fund, and the 2016 Debt Retirement Fund.

**Note 2 - Significant Accounting Policies (Continued)**

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a student activity agency fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

**Interfund Activity**

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

The fiduciary fund uses the economic resources measurement focus and the full 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.

**Specific Balances and Transactions**

**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for investments in MILAF, which are valued at amortized cost. Pooled investment income from the debt service funds are generally allocated to each fund using a weighted average of balance for the principal.

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable. The School District uses the consumption method to report prepaid costs in governmental funds.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and building additions	20 to 50
Furniture and other equipment	5 to 10
Buses and other vehicles	5 to 10

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as an "other financing source" and bond discounts as "other financing uses". The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

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 future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

**Note 2 - Significant Accounting Policies (Continued)**

The School District reports deferred outflows related to deferred pensions, OPEB costs, and deferred charges related to bond refundings.

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 future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

**Net Position**

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

**Note 2 - Significant Accounting Policies (Continued)**

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

On an annual basis, the superintendent recommends and the Board of Education approves a fund balance policy. The fund balance policy prescribed a minimum fund balance for 2017-2018 of \$10 million in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

**Property Tax Revenue**

Property taxes are levied on each July 1 for taxes due September 15; the tax is based on the taxable valuation of property as of the preceding December 31. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1 of the following year, at which time they are considered delinquent and added to county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

The School District receives federal, state, and local grants as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Pension and Other Postemployment Benefit (OPEB) Plans**

For the purpose of measuring the net pension liability and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the 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 expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

**Compensated Absences (Vacation and Sick Leave) and Longevity**

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. The liability for longevity payments is a future benefit that consists of amounts due to eligible employees based on their respective contracts. All of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

June 30, 2018

### Note 2 - 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.

#### **Adoption of New Accounting Pronouncement**

As of June 30, 2018, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the Michigan Public School Employees' Retirement System (MPSERS). The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

In accordance with the statement, the School District has reported a net OPEB liability of \$91,296,427, deferred outflows of financial resources for OPEB contributions of \$6,417,528 made subsequent to the measurement date, and deferred inflows of financial resources for revenue received from state aid in support of OPEB contributions of \$2,824,968 that was received subsequent to the measurement date as the effects of these changes in accounting principles on the School District's net position as of July 1, 2017.

#### **Upcoming Accounting Pronouncements**

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

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

June 30, 2018

### Note 3 - 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, capital projects funds, and debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. 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 School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year, other than in the capital projects funds to adjust for the costs of bond funded projects.

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

#### *Excess of Expenditures Over Appropriations in Budgeted Funds*

The School District did not have significant expenditure budget variances.

#### *Capital Projects Fund Compliance*

The 2014 Bond Issue Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital project, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

The Sinking Fund Capital Projects Fund records capital project activities funded with the Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the State of Michigan School Code and the State of Michigan Department of Treasury Letter No. 01-95.

### Note 4 - Deposits and Investments

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

The School District has designated 13 financial institutions and utilized two for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above.

There are no limitations or restrictions on participant withdrawals for the 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.

**Note 4 - Deposits and Investments (Continued)**

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

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated, and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$21,696,246 had \$21,446,246 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2018, the School District does not have investments with custodial credit risk.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Michigan Liquid Asset Fund Cash Management Money Market Fund	\$ 31,438	AAAm	S&P
Michigan Liquid Asset Fund MAX Class Money Market	5,179,960	AAAm	S&P
Total	<u>\$ 5,211,398</u>		

June 30, 2018

**Note 4 - Deposits and Investments (Continued)**

**Concentration of Credit Risk**

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The School District does not have any investments subject to concentration of credit risk.

**Foreign Currency Risk**

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

**Note 5 - Capital Assets**

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

	Balance July 1, 2017	Reclassifications	Additions and Adjustments	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 12,729,972	\$ -	\$ -	\$ -	\$ 12,729,972
Construction in progress	3,963,184	(830,822)	2,337,352	(182,654)	5,287,060
Subtotal	16,693,156	(830,822)	2,337,352	(182,654)	18,017,032
Capital assets being depreciated:					
Buildings and improvements	330,831,829	830,822	1,394,182	(10,097,041)	322,959,792
Furniture and equipment	35,855,643	-	145,407	-	36,001,050
Buses and other vehicles	9,392,694	-	-	-	9,392,694
Subtotal	376,080,166	830,822	1,539,589	(10,097,041)	368,353,536
Accumulated depreciation:					
Buildings and improvements	121,094,532	-	7,391,021	(4,139,373)	124,346,180
Furniture and equipment	16,723,639	-	3,887,818	-	20,611,457
Buses and other vehicles	5,214,800	-	650,212	-	5,865,012
Subtotal	143,032,971	-	11,929,051	(4,139,373)	150,822,649
Net capital assets being depreciated	233,047,195	830,822	(10,389,462)	(5,957,668)	217,530,887
Net governmental activities capital assets	\$ 249,740,351	\$ -	\$ (8,052,110)	\$ (6,140,322)	\$ 235,547,919

The governmental funds statement of activities includes an asset impairment loss of approximately \$5,958,000 related to a School District building closure and planned demolition for the School District's Community Education Center. The impaired building has no remaining carrying value at June 30, 2018.

Depreciation expense was charged to activities of the School District as follows:

Governmental activities:	
Instruction	\$ 7,515,302
Support services	3,817,296
Unallocated	596,453
Total governmental activities	\$ 11,929,051

June 30, 2018

**Note 5 - Capital Assets (Continued)**

**Construction Commitments**

The School District has active construction projects at year end related to the 2014 Bond Issue. At June 30, 2018, the School District's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2014 Bond Issue Fund	\$ 11,000,266	\$ 606,227

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

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From General Fund</u>
2014 Bond Issue Fund	\$ 108,961
Nonmajor funds	1,543,369
Fiduciary fund	<u>15,395</u>
Total	<u>\$ 1,667,725</u>

Interfund balances due from the General Fund represent routine deposits received by the General Fund that will be transferred to other funds' investment accounts. Interfund balances due to the debt service funds and the sinking fund are due to the timing of property tax receipts originally received in the General Fund.

**Interfund Transfers**

The Enrichment/Prime Time Care Fund transferred excess fund balance to the General Fund in the amount of \$400,000.

**Note 7 - 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 report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2018, the various components of unearned and unavailable revenue were as follows:

	<u>Governmental Funds</u>	
	<u>Deferred Inflow - Unavailable</u>	<u>Liability - Unearned</u>
Tuition and fees received in advance	\$ -	\$ 115,156
Grant receivables unavailable for use in the current period	291,095	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	<u>1,107,551</u>
Total	<u>\$ 291,095</u>	<u>\$ 1,222,707</u>

# Walled Lake Consolidated School District

## Notes to Financial Statements

June 30, 2018

### Note 8 - Line of Credit

Under a line of credit agreement with a bank, the School District has available borrowings of approximately \$5,000,000. Interest is payable monthly at a rate of 0.35 percent below the bank's prime rate (an effective rate of 4.65 percent at June 30, 2018). There was no outstanding balance on the line of credit at June 30, 2018.

Subsequent to year end, on July 31, 2018, the School District renewed the line of credit agreement with an available borrowing limit of \$5,000,000 through July 31, 2019. Interest is payable monthly at a rate of 0.80 percent below the bank's prime rate.

### Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligations	\$ 125,810,000	\$ -	\$ (13,840,000)	\$ 111,970,000	\$ 11,915,000
Unamortized bond premiums	6,048,893	-	(1,092,492)	4,956,401	1,092,492
Total bonds payable	131,858,893	-	(14,932,492)	116,926,401	13,007,492
Compensated absences and longevity					
Early termination obligation	4,907,374	2,157,465	(1,997,000)	5,067,839	2,259,791
	370,000	-	(370,000)	-	-
Total governmental activities long-term debt	<u>\$ 137,136,267</u>	<u>\$ 2,157,465</u>	<u>\$ (17,299,492)</u>	<u>\$ 121,994,240</u>	<u>\$ 15,267,283</u>

The School District had deferred outflows of \$1,206,356 related to deferred charges on bond refundings at June 30, 2018.

#### General Obligation Bonds and Contracts

The School District issues general obligation bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Qualified bonds are fully guaranteed by the State of Michigan. General obligations outstanding at June 30, 2018 are as follows:

Purpose	Year Issued	Interest Rates	Maturing May 1	Outstanding
\$49,485,000 General Obligation (2011 Refunding)	2011	5.0	2022	\$ 19,670,000
\$7,225,000 General Obligation (2012 Refunding)	2012	3.0	2019	590,000
\$65,760,000 General Obligation (2014 Refunding)	2014	2.0 to 5.0	2043	63,935,000
\$37,280,000 General Obligation (2005 Refunding)	2015	5.0	2022	19,100,000
\$8,675,000 General Obligation (2006 Refunding)	2016	4.0	2024	8,675,000
Total governmental activities				<u>\$ 111,970,000</u>

**Note 9 - Long-term Debt (Continued)**

**Other Long-term Liabilities**

The compensated absences obligation as of June 30, 2018 in the amount of \$5,067,839 will be liquidated primarily by the General Fund. The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and longevity benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 11,915,000	\$ 6,342,394	\$ 18,257,394
2020	12,450,000	6,368,194	18,818,194
2021	13,045,000	5,754,494	18,799,494
2022	13,070,000	5,112,094	18,182,094
2023	3,190,000	4,472,269	7,662,269
2024-2028	11,415,000	14,520,694	25,935,694
2029-2033	12,415,000	9,289,881	21,704,881
2034-2038	15,325,000	7,153,750	22,478,750
2039-2043	19,145,000	2,954,000	22,099,000
Total	<u>\$ 111,970,000</u>	<u>\$ 61,967,770</u>	<u>\$ 173,937,770</u>

**Note 10 - Restricted Assets**

At June 30, 2018, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 5,211,398
Unspent sinking fund property taxes levied	2,078,755
Unspent debt service property taxes levied	2,785,152
Total	<u>\$ 10,075,305</u>

**Note 11 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) as well as medical benefits provided to employees. The School District has purchased commercial insurance for property and general liability claims and participates in the SET SEG risk pool for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District 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.

June 30, 2018

### Note 12 - Michigan Public School Employees' Retirement System

#### *Plan Description*

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

The System is administered by the Office of Retirement Services (ORS). 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.

#### *Benefits Provided*

Benefit provisions of the defined benefit (DB) pension plan and the postemployment healthcare 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 pension plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services 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 to 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.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

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

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

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

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

**Contributions**

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

Under the OPEB plan, 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. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2018 were \$26,792,152, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$9,992,052 in revenue received from the State of Michigan, and remitted to the System, to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018. For the year ended June 30, 2018, the contributions also include a one-time payment to the School District received under Section 147c(2) of the State Aid Act, which the School District then remitted as a contribution to the plan.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2018 totaled \$6,040,994, which includes the School District's contributions required for those members with a defined contribution benefit.

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

***Net Pension Liability***

At June 30, 2018, the School District reported a liability of \$253,646,407 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the School District's proportion was 0.98% and 0.99%, respectively.

***Net OPEB Liability***

At June 30, 2018, the School District reported a liability of \$86,555,073 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2018 was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the School District's proportion was 0.98%.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2018, the School District recognized pension expense of \$23,487,071, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,204,360	\$ (1,244,590)
Changes in assumptions	27,788,979	-
Net difference between projected and actual earnings on pension plan investments	-	(12,125,967)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	386	(6,625,257)
The School District's contributions to the plan subsequent to the measurement date	20,833,181	-
Total	<u>\$ 50,826,906</u>	<u>\$ (19,995,814)</u>

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

The \$9,992,052 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2019. 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	Amount
2019	\$ 1,817,049
2020	6,461,283
2021	2,677,681
2022	(958,102)
Total	<u>\$ 9,997,911</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.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2018, the School District recognized OPEB expense of \$5,792,261.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (921,557)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,004,636)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	12,540	-
Employer contributions to the plan subsequent to the measurement date	<u>4,677,505</u>	<u>-</u>
Total	<u>\$ 4,690,045</u>	<u>\$ (2,926,193)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2019	\$ (704,319)
2020	(704,319)
2021	(704,319)
2022	(704,319)
2023	(96,377)
Total	<u>\$ (2,913,653)</u>

June 30, 2018

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2017 is based on the results of an actuarial valuation as of September 30, 2016 and rolled forward. The total pension and OPEB liability was determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	7.00% - 7.50%	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.50%	Net of investment expenses based on the groups
Salary increases	3.50% - 12.30%	Including wage inflation of 3.50 percent
Healthcare cost trend rate	7.50%	Year 1 graded to 3.5 percent year 12
Mortality basis		RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2007 to 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00 - 7.50 percent as of September 30, 2017 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.50 percent as of September 30, 2017. 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 district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB 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 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.60 %
Private equity pools	18.00	8.70
International equity pools	16.00	7.20
Fixed-income pools	10.50	(0.10)
Real estate and infrastructure pools	10.00	4.20
Real return, opportunistic, and absolute pool	15.50	5.00
Short-term investment pools	2.00	(0.90)
Total	100.00 %	

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

MPSERS approved a decrease in the discount rate for the September 30, 2017 annual actuarial valuation for the pension plan and the OPEB plan to 7.05 percent and 7.15 percent, respectively. As a result, the actuarial computed employer contributions, the net pension liability, and net OPEB liability will increase for the measurement year ending September 30, 2018.

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

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.00 - 6.50%)	Current Discount Rate (7.00 - 7.50%)	1 Percent Increase (8.00 - 8.50%)
Net pension liability of the School District	\$ 330,416,903	\$ 253,646,407	\$ 189,010,539

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 101,381,008	\$ 86,555,073	\$ 73,972,498

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the School District, calculated using the current healthcare cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 73,300,512	\$ 86,555,073	\$ 101,604,704

***Pension Plan and OPEB Plan Fiduciary Net Position***

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

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2018, the School District reported a payable of \$5,287,815 and \$1,105,391 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018.

**Note 13 - Leases**

***Operating Leases***

The School District leases computer equipment under noncancelable operating leases that expire at various dates through June 2023. Total costs for such leases were \$1,449,109 for the current year. The future minimum lease payments for these leases are as follows:

<u>Years Ending</u>	<u>Amount</u>
2019	\$ 1,158,434
2020	886,294
2021	404,984
2022	64,692
2023	13,783
Total	<u>\$ 2,528,187</u>

**Note 14 - Tax Abatements**

The School District receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2018, the School District's property tax revenue was reduced by approximately \$408,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately \$303,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages.

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## Required Supplemental Information

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## Walled Lake Consolidated School District

### Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 35,235,718	\$ 34,737,439	\$ 34,519,424	\$ (218,015)
State sources	104,884,047	107,273,936	107,089,774	(184,162)
Federal sources	5,960,267	6,160,642	5,840,817	(319,825)
Interdistrict sources	9,817,704	10,174,455	10,149,170	(25,285)
Total revenue	155,897,736	158,346,472	157,599,185	(747,287)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	82,169,568	82,483,828	82,232,731	(251,097)
Added needs	21,372,424	22,023,687	22,064,879	41,192
Adult/Continuing education	138,487	128,062	77,322	(50,740)
Support services:				
Pupil	13,806,369	13,734,406	13,538,137	(196,269)
Instructional staff	5,146,234	5,108,784	4,966,957	(141,827)
General administration	789,948	892,080	964,285	72,205
School administration	9,378,861	9,419,147	9,276,580	(142,567)
Business services	1,993,574	1,984,049	1,982,653	(1,396)
Operations and maintenance	10,320,507	9,943,721	9,946,555	2,834
Pupil transportation services	6,095,971	6,038,458	6,138,591	100,133
Central	4,390,323	4,314,115	4,166,565	(147,550)
Athletics	1,947,469	2,153,280	2,157,536	4,256
Community services	215,720	263,845	243,097	(20,748)
Total expenditures	157,765,455	158,487,462	157,755,888	(731,574)
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	125,980	125,980	-
Transfers in	400,000	400,000	400,000	-
Total other financing sources	400,000	525,980	525,980	-
<b>Net Change in Fund Balance</b>	(1,467,719)	384,990	369,277	(15,713)
<b>Fund Balance - Beginning of year</b>	11,606,534	11,606,534	11,606,534	-
<b>Fund Balance - End of year</b>	<u>\$ 10,138,815</u>	<u>\$ 11,991,524</u>	<u>\$ 11,975,811</u>	<u>\$ (15,713)</u>

## Walled Lake Consolidated School District

### Required Supplemental Information Schedule of the School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Four Plan Years			
	Plan Years Ended September 30			
	2017	2016	2015	2014
School District's proportion of the net pension liability	0.97879 %	0.99427 %	1.00410 %	1.03039 %
School District's proportionate share of the net pension liability	\$ 253,646,407	\$ 248,061,578	\$ 245,250,568	\$ 226,958,421
School District's covered employee payroll	\$ 81,254,055	\$ 82,445,987	\$ 83,313,023	\$ 85,713,988
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	312.16 %	300.88 %	294.37 %	264.79 %
Plan fiduciary net position as a percentage of total pension liability	63.96 %	63.01 %	62.92 %	66.20 %

## Walled Lake Consolidated School District

### Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Four Fiscal Years Years Ended June 30			
	2018	2017	2016	2015
Statutorily required contribution	\$ 24,682,460	\$ 22,786,357	\$ 23,331,814	\$ 16,002,538
Contributions in relation to the statutorily required contribution	24,682,460	22,786,357	23,331,814	16,002,538
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Employee Payroll</b>	<b>\$ 81,392,149</b>	<b>\$ 80,028,634</b>	<b>\$ 83,599,827</b>	<b>\$ 82,801,723</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>30.33 %</b>	<b>28.47 %</b>	<b>27.91 %</b>	<b>19.33 %</b>

## Walled Lake Consolidated School District

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### Required Supplemental Information Schedule of the School District's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

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	<b>Last Plan Year</b>
	<b>Plan Year Ended September 30</b>
	<u>2017</u>
School District's proportion of the net OPEB liability	0.97742 %
School District's proportionate share of the net OPEB liability	\$ 86,555,073
School District's covered employee payroll	\$ 81,254,055
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	106.52 %
Plan fiduciary net position as a percentage of total OPEB liability	36.53 %

## Walled Lake Consolidated School District

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### Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

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	<b>Last Fiscal Year</b>
	<b>Year Ended June 30</b>
	<u>2018</u>
Statutorily required contribution	\$ 5,878,731
Contributions in relation to the statutorily required contribution	<u>5,878,731</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>
<b>School District's Covered Employee Payroll</b>	<b>\$ 81,392,149</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>7.22 %</b>

# Walled Lake Consolidated School District

## Notes to Required Supplemental Information

June 30, 2018

### ***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, capital projects funds, and debt service funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. 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 individual function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits school districts to amend their budgets during the year. During the year, the budgets were amended in a legally permissible manner. For budgeting purposes, capital outlay is classified within the related function and proceeds from the sale of capital assets, and transfers are classified within local revenue. There were no significant amendments during the year.

Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

### ***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant expenditure budget variances.

### ***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

### **Benefit Changes**

There were no changes of benefit terms in 2017.

### **Changes in Assumptions**

On February 23, 2017, MPERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent to 7.00 - 7.50 percent based on the group.

### **Covered Payroll**

The employers' covered payroll to be reported in the required supplemental information is defined by GASB No. 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For the School District, covered payroll represents payroll on which contributions to both plans are based.

## Walled Lake Consolidated School District

### Notes to Required Supplemental Information (Continued)

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June 30, 2018

#### ***OPEB Information***

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

#### **Benefit Changes**

There were no changes of benefit terms in 2017.

#### **Changes in Assumptions**

There were no changes of benefit assumptions in 2017.

#### **Covered Payroll**

The employers' covered payroll to be reported in the required supplemental information is defined by GASB No. 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For the School District, covered payroll represents payroll on which contributions to both plans are based.

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## Other Supplemental Information

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## Walled Lake Consolidated School District

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	Special Revenue Funds				Debt Service Funds	
	Cafeteria Fund	Community Education	Enrichment/ Prime Time Care	Preschool	2011 Debt Retirement Fund	2012 Debt Retirement Fund
<b>Assets</b>						
Cash and investments	\$ 493,475	\$ -	\$ 5,167	\$ 234	\$ -	\$ -
Receivables - Due from other governmental units	109,329	-	-	-	-	-
Due from other funds	164,054	293,626	607,478	293,483	52,577	14,562
Inventories	62,979	-	-	-	-	-
Restricted assets	-	-	-	-	879,332	246,668
Total assets	<b><u>\$ 829,837</u></b>	<b><u>\$ 293,626</u></b>	<b><u>\$ 612,645</u></b>	<b><u>\$ 293,717</u></b>	<b><u>\$ 931,909</u></b>	<b><u>\$ 261,230</u></b>
<b>Liabilities</b>						
Accounts payable	\$ 3,333	\$ 10,000	\$ 13,223	\$ -	\$ -	\$ -
Unearned revenue	-	56,439	10,866	21,711	-	-
Total liabilities	3,333	66,439	24,089	21,711	-	-
<b>Fund Balances</b>						
Nonspendable - Inventories	62,979	-	-	-	-	-
Restricted:						
Debt service	-	-	-	-	931,909	261,230
Capital projects	-	-	-	-	-	-
Special revenue funds - Cafeteria	763,525	-	-	-	-	-
Committed:						
Community Education	-	227,187	-	-	-	-
Enrichment/Prime Time Care	-	-	588,556	-	-	-
Preschool	-	-	-	272,006	-	-
Total fund balances	826,504	227,187	588,556	272,006	931,909	261,230
Total liabilities and fund balances	<b><u>\$ 829,837</u></b>	<b><u>\$ 293,626</u></b>	<b><u>\$ 612,645</u></b>	<b><u>\$ 293,717</u></b>	<b><u>\$ 931,909</u></b>	<b><u>\$ 261,230</u></b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2018

Debt Service Funds			Capital Projects Fund	
2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	Sinking Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 498,876
-	-	-	-	109,329
34,713	61,018	2,986	18,872	1,543,369
-	-	-	-	62,979
584,106	1,017,489	57,557	2,078,755	4,863,907
<b><u>\$ 618,819</u></b>	<b><u>\$ 1,078,507</u></b>	<b><u>\$ 60,543</u></b>	<b><u>\$ 2,097,627</u></b>	<b><u>\$ 7,078,460</u></b>
\$ -	\$ -	\$ -	\$ 218,152	\$ 244,708
-	-	-	-	89,016
-	-	-	218,152	333,724
-	-	-	-	62,979
618,819	1,078,507	60,543	-	2,951,008
-	-	-	1,879,475	1,879,475
-	-	-	-	763,525
-	-	-	-	227,187
-	-	-	-	588,556
-	-	-	-	272,006
618,819	1,078,507	60,543	1,879,475	6,744,736
<b><u>\$ 618,819</u></b>	<b><u>\$ 1,078,507</u></b>	<b><u>\$ 60,543</u></b>	<b><u>\$ 2,097,627</u></b>	<b><u>\$ 7,078,460</u></b>

## Walled Lake Consolidated School District

	Special Revenue Funds				Debt Service Funds	
	Cafeteria Fund	Community Education	Enrichment/ Prime Time Care	Preschool	2011 Debt Retirement Fund	2012 Debt Retirement Fund
<b>Revenue</b>						
Local sources	\$ 2,723,988	\$ 768,752	\$ 1,866,932	\$ 397,949	\$ 6,600,777	\$ 1,825,879
State sources	159,425	-	-	-	-	-
Federal sources	1,770,800	-	-	-	-	-
Total revenue	4,654,213	768,752	1,866,932	397,949	6,600,777	1,825,879
<b>Expenditures</b>						
Current:						
Instruction	-	-	45,766	343,908	-	-
Support services	-	-	-	37,548	-	-
Food services	4,546,085	-	-	-	-	-
Community services	-	729,122	1,607,717	-	-	-
Debt service:						
Principal	-	-	-	-	5,075,000	1,670,000
Interest	-	-	-	-	1,202,000	67,800
Other	-	-	-	-	16,453	4,548
Capital outlay	15,980	-	-	-	-	-
Total expenditures	4,562,065	729,122	1,653,483	381,456	6,293,453	1,742,348
<b>Excess of Revenue Over Expenditures</b>	92,148	39,630	213,449	16,493	307,324	83,531
<b>Other Financing Uses - Transfers out</b>	-	-	(400,000)	-	-	-
<b>Net Change in Fund Balances</b>	92,148	39,630	(186,551)	16,493	307,324	83,531
<b>Fund Balances - Beginning of year</b>	734,356	187,557	775,107	255,513	624,585	177,699
<b>Fund Balances - End of year</b>	<b>\$ 826,504</b>	<b>\$ 227,187</b>	<b>\$ 588,556</b>	<b>\$ 272,006</b>	<b>\$ 931,909</b>	<b>\$ 261,230</b>

Other Supplemental Information

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

Nonmajor Governmental Funds

**Year Ended June 30, 2018**

Debt Service Funds			Capital Project Fund	
2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	Sinking Fund	Total
\$ 4,357,453	\$ 7,657,433	\$ 374,219	\$ 2,260,502	\$28,833,884
-	-	-	-	159,425
-	-	-	-	1,770,800
4,357,453	7,657,433	374,219	2,260,502	30,764,109
-	-	-	-	389,674
-	-	-	-	37,548
-	-	-	-	4,546,085
-	-	-	-	2,336,839
1,075,000	6,020,000	-	-	13,840,000
3,050,694	1,256,000	347,000	-	5,923,494
10,868	18,971	1,640	-	52,480
-	-	-	1,751,130	1,767,110
4,136,562	7,294,971	348,640	1,751,130	28,893,230
220,891	362,462	25,579	509,372	1,870,879
-	-	-	-	(400,000)
220,891	362,462	25,579	509,372	1,470,879
397,928	716,045	34,964	1,370,103	5,273,857
<b>\$ 618,819</b>	<b>\$ 1,078,507</b>	<b>\$ 60,543</b>	<b>\$ 1,879,475</b>	<b>\$ 6,744,736</b>

## Walled Lake Consolidated School District

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds Special Revenue Fund - Cafeteria Fund

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Under) Over Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 2,845,000	\$ 2,830,000	\$ 2,723,988	\$ (106,012)
State sources	175,000	162,200	159,425	(2,775)
Federal sources	<u>1,690,000</u>	<u>1,700,000</u>	<u>1,770,800</u>	<u>70,800</u>
Total revenue	4,710,000	4,692,200	4,654,213	(37,987)
<b>Expenditures - Food services</b>	<u>4,678,885</u>	<u>4,614,904</u>	<u>4,562,065</u>	<u>(52,839)</u>
<b>Net Change in Fund Balance</b>	31,115	77,296	92,148	14,852
<b>Fund Balance - Beginning of year</b>	<u>734,356</u>	<u>734,356</u>	<u>734,356</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 765,471</b></u>	<u><b>\$ 811,652</b></u>	<u><b>\$ 826,504</b></u>	<u><b>\$ 14,852</b></u>

## Walled Lake Consolidated School District

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Debt Service Funds

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Under) Over Final Budget
<b>Revenue - Local</b>				
Property taxes	\$ 20,817,558	\$ 20,776,291	\$ 20,770,492	\$ (5,799)
Interest and other	11,500	26,175	45,269	19,094
Total revenue	20,829,058	20,802,466	20,815,761	13,295
<b>Expenditures</b>				
Debt service:				
Principal	13,840,000	13,840,000	13,840,000	-
Interest	5,923,494	5,923,494	5,923,494	-
Other	33,750	52,530	52,480	(50)
Total expenditures	19,797,244	19,816,024	19,815,974	(50)
<b>Net Change in Fund Balance</b>	1,031,814	986,442	999,787	13,345
<b>Fund Balance - Beginning of year</b>	1,951,221	1,951,221	1,951,221	-
<b>Fund Balance - End of year</b>	<u>\$ 2,983,035</u>	<u>\$ 2,937,663</u>	<u>\$ 2,951,008</u>	<u>\$ 13,345</u>

## Walled Lake Consolidated School District

### Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Capital Projects Funds - 2014 Bond Issue and Sinking Fund

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Under) Over <u>Final Budget</u>
<b>Revenue - Local</b>				
Property taxes	\$ 2,237,000	\$ 2,252,541	\$ 2,251,899	\$ (642)
Interest income	53,000	92,000	97,479	5,479
Total revenue	<u>2,290,000</u>	<u>2,344,541</u>	<u>2,349,378</u>	<u>4,837</u>
<b>Expenditures</b>				
Capital outlay:				
Sinking Fund	1,530,000	2,002,657	1,751,130	(251,527)
2014 Bond Issue Fund	2,665,600	2,552,104	2,687,700	135,596
Total expenditures	<u>4,195,600</u>	<u>4,554,761</u>	<u>4,438,830</u>	<u>(115,931)</u>
<b>Net Change in Fund Balance</b>	<u>(1,905,600)</u>	<u>(2,210,220)</u>	<u>(2,089,452)</u>	<u>120,768</u>
<b>Fund Balance - Beginning of year</b>	<u>9,203,678</u>	<u>9,203,678</u>	<u>9,203,678</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 7,298,078</u></u>	<u><u>\$ 6,993,458</u></u>	<u><u>\$ 7,114,226</u></u>	<u><u>\$ 120,768</u></u>

## Walled Lake Consolidated School District

Other Supplemental Information  
Budgetary Comparison Schedules - Nonmajor Governmental Funds  
(Continued)  
Other Special Revenue Funds - Community Education, Enrichment/Prime  
Time Care and Preschool

**Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue - Local</b>	\$ 2,905,550	\$ 3,027,260	\$ 3,033,633	\$ 6,373
<b>Expenditures</b>				
Community Education	728,178	726,001	729,122	3,121
Enrichment/Prime Time Care	1,464,198	1,621,333	1,653,483	32,150
Preschool	335,346	369,266	381,456	12,190
Total expenditures	2,527,722	2,716,600	2,764,061	47,461
<b>Other Financing Uses - Transfers out</b>	(400,000)	(400,000)	(400,000)	-
<b>Net Change in Fund Balance</b>	(22,172)	(89,340)	(130,428)	(41,088)
<b>Fund Balance - Beginning of year</b>	1,218,177	1,218,177	1,218,177	-
<b>Fund Balance - End of year</b>	<u>\$ 1,196,005</u>	<u>\$ 1,128,837</u>	<u>\$ 1,087,749</u>	<u>\$ (41,088)</u>

## Walled Lake Consolidated School District

### Other Supplemental Information Statement of Changes in Fiduciary Assets and Liabilities Student Activities (Agency) Fund

Year Ended June 30, 2018

	Agency Funds			
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets</b>				
Cash and investments	\$ 1,480,645	\$ 2,869,365	\$ (2,472,033)	\$ 1,877,977
Accounts receivable	3,735	327	-	4,062
Due from other funds	480,154	1,986,302	(2,451,061)	15,395
Total assets	<b>\$ 1,964,534</b>	<b>\$ 4,855,994</b>	<b>\$ (4,923,094)</b>	<b>\$ 1,897,434</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 2,230,450	\$ (2,203,576)	\$ 26,874
Due to student groups	1,964,534	1,861,136	(1,955,110)	1,870,560
Due to other funds	-	2,797,737	(2,797,737)	-
Total liabilities	<b>\$ 1,964,534</b>	<b>\$ 6,889,323</b>	<b>\$ (6,956,423)</b>	<b>\$ 1,897,434</b>

# Walled Lake Consolidated School District

## Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2018

June 30	2011 Debt Retirement Fund	2012 Debt Retirement Fund	2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund
	Principal	Principal	Principal	Principal	Principal
2019	\$ 5,000,000	\$ 590,000	\$ 1,155,000	\$ 4,160,000	\$ 1,010,000
2020	4,935,000	-	1,305,000	4,635,000	1,575,000
2021	4,890,000	-	1,430,000	5,170,000	1,555,000
2022	4,845,000	-	1,555,000	5,135,000	1,535,000
2023	-	-	1,680,000	-	1,510,000
2024	-	-	1,805,000	-	1,490,000
2025	-	-	1,890,000	-	-
2026	-	-	1,980,000	-	-
2027	-	-	2,075,000	-	-
2028	-	-	2,175,000	-	-
2029	-	-	2,280,000	-	-
2030	-	-	2,385,000	-	-
2031	-	-	2,480,000	-	-
2032	-	-	2,580,000	-	-
2033	-	-	2,690,000	-	-
2034	-	-	2,800,000	-	-
2035	-	-	2,925,000	-	-
2036	-	-	3,050,000	-	-
2037	-	-	3,200,000	-	-
2038	-	-	3,350,000	-	-
2039	-	-	3,500,000	-	-
2040	-	-	3,670,000	-	-
2041	-	-	3,820,000	-	-
2042	-	-	3,995,000	-	-
2043	-	-	4,160,000	-	-
<b>Total remaining payments</b>	<b>\$ 19,670,000</b>	<b>\$ 590,000</b>	<b>\$ 63,935,000</b>	<b>\$ 19,100,000</b>	<b>\$ 8,675,000</b>
Principal payments due	May 1				
Interest payments due	November 1 and May 1				
Interest rate	5.0%	3.0%	2.0% to 5.0%	5.0%	4.0%
<b>Original issue</b>	<b>\$ 49,485,000</b>	<b>\$ 7,225,000</b>	<b>\$ 65,760,000</b>	<b>\$ 37,280,000</b>	<b>\$ 8,675,000</b>

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## Statistical Section

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# Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health

The statistical section is organized into the following main categories:

## Financial trends

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

## Revenue capacity

*These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.*

## Debt capacity

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

## Demographic and economic information

*These schedules help the reader understand the environment within which the government's financial activities take place.*

## Operating information

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

## Walled Lake Consolidated School District

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	As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities:</b>				
Net investment in capital assets	\$70,436,461	\$78,597,866	\$ 86,969,472	\$ 88,054,915
Restricted	7,870,816	7,816,605	9,722,571	6,177,408
Unrestricted (deficit)	<u>15,587,457</u>	<u>7,480,444</u>	<u>9,123,027</u>	<u>11,741,528</u>
Total net position	<b><u>\$93,894,734</u></b>	<b><u>\$93,894,915</u></b>	<b><u>\$ 105,815,070</u></b>	<b><u>\$ 105,973,851</u></b>

Source: Walled Lake Consolidated School District audited financial reports

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## Net Position (Deficit) by Component

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Last Ten Fiscal Years

June 30, 2018

As of June 30,

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<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 96,189,270	\$ 101,263,607	\$ 112,593,950	\$ 119,986,715	\$ 126,880,952	\$ 124,505,071
3,154,756	2,959,142	4,275,460	3,639,543	2,802,753	4,499,305
<u>6,286,257</u>	<u>4,318,342</u>	<u>(225,046,502)</u>	<u>(225,633,550)</u>	<u>(223,021,213)</u>	<u>(308,485,268)</u>
<b><u>\$ 105,630,283</u></b>	<b><u>\$ 108,541,091</u></b>	<b><u>\$ (108,177,092)</u></b>	<b><u>\$ (102,007,292)</u></b>	<b><u>\$ (93,337,508)</u></b>	<b><u>\$(179,480,892)</u></b>

## Walled Lake Consolidated School District

	As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 104,535,249	\$ 105,018,664	\$ 100,163,446	\$ 101,594,912
Support services	62,119,063	60,620,168	52,854,685	49,697,572
Food services	3,960,706	4,290,084	4,249,872	4,916,724
Athletics	2,241,657	2,216,454	2,278,273	2,035,880
Community services	2,651,671	2,523,598	2,463,324	2,509,976
Interest on long-term debt	8,741,446	8,238,805	7,143,803	6,734,473
Bond issue costs	46,488	46,488	-	-
Depreciation (unallocated)	<u>5,051,827</u>	<u>5,041,823</u>	<u>5,109,730</u>	<u>5,121,973</u>
Total governmental activities	189,348,107	187,996,084	174,263,133	172,611,510
<b>Program revenue</b>				
Charges for services:				
Instruction	1,393,707	1,474,493	1,248,008	1,237,856
Food services	2,779,498	2,678,838	2,683,055	2,785,577
Athletics	609,164	624,473	1,025,578	975,719
Community services	2,782,575	2,524,658	2,730,580	2,956,392
Operating grants and contributions	30,221,946	27,736,092	27,186,624	24,665,309
Total program revenue	<u>37,786,890</u>	<u>35,038,554</u>	<u>34,873,845</u>	<u>32,620,853</u>
Net expense	(151,561,217)	(152,957,530)	(139,389,288)	(139,990,657)
<b>General Revenue</b>				
Property taxes	61,288,223	58,671,069	52,777,238	49,690,052
State aid not restricted to specific purposes	95,789,282	88,522,345	93,476,653	95,420,636
Federal sources - unrestricted	-	4,405,614	3,081,354	521,706
Investment earnings	462,413	141,429	218,178	91,112
Impairment loss on capital assets	-	-	-	(6,817,429)
Total general revenue	<u>157,539,918</u>	<u>151,740,457</u>	<u>149,553,423</u>	<u>138,906,077</u>
Other/Transfers	1,218,896	1,217,254	1,756,020	1,243,361
<b>Special Item</b>	<u>5,608</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u><b>\$ 7,203,205</b></u>	<u><b>\$ 181</b></u>	<u><b>\$ 11,920,155</b></u>	<u><b>\$ 158,781</b></u>

Source: Walled Lake Consolidated School District audited financial reports

# Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 104,389,365	\$ 107,010,793	\$ 106,521,966	\$ 107,603,402	\$ 115,616,026	\$ 111,754,110
51,537,413	51,105,237	47,940,978	51,722,421	45,884,136	54,414,049
4,764,522	4,548,076	4,578,375	4,439,903	2,024,932	4,521,253
2,072,852	2,062,931	2,080,438	1,963,754	4,551,780	2,100,821
2,784,067	2,732,534	2,913,475	2,276,017	2,465,524	2,561,153
6,049,847	6,778,907	7,081,855	7,182,909	6,422,279	5,213,206
-	-	333,462	159,092	-	-
4,802,801	4,729,612	4,786,616	423,764	507,285	596,453
<u>176,400,867</u>	<u>178,968,090</u>	<u>176,237,165</u>	<u>175,771,262</u>	<u>177,471,962</u>	<u>181,161,045</u>
1,309,159	1,079,131	1,081,330	1,146,573	1,157,423	1,020,587
2,586,801	2,550,535	2,551,247	2,802,258	2,795,956	2,723,955
1,014,774	983,085	1,121,312	1,094,055	1,059,620	1,059,498
3,095,110	3,107,912	3,259,891	3,376,808	3,454,063	3,361,419
26,784,732	28,869,010	34,650,059	29,713,750	37,016,056	41,898,681
<u>34,790,576</u>	<u>36,589,673</u>	<u>42,663,839</u>	<u>38,133,444</u>	<u>45,483,118</u>	<u>50,064,140</u>
(141,610,291)	(142,378,417)	(133,573,326)	(137,637,818)	(131,988,844)	(131,096,905)
46,170,202	49,929,153	52,608,644	52,398,995	52,396,812	54,437,299
94,070,693	94,001,551	90,391,265	87,522,822	86,388,154	83,541,005
82,661	-	-	-	-	19,422
61,028	145,773	3,224,279	1,316,493	1,011,197	168,547
-	-	-	-	-	(6,014,342)
<u>140,384,584</u>	<u>144,076,477</u>	<u>146,224,188</u>	<u>141,238,310</u>	<u>139,796,163</u>	<u>132,151,931</u>
882,139	1,212,748	815,942	2,569,308	862,465	505,457
-	-	-	-	-	-
<b><u>\$ (343,568)</u></b>	<b><u>\$ 2,910,808</u></b>	<b><u>\$ 13,466,804</u></b>	<b><u>\$ 6,169,800</u></b>	<b><u>\$ 8,669,784</u></b>	<b><u>\$ 1,560,483</u></b>

## Walled Lake Consolidated School District

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	As of June 30,			
	2009	2010	2011	2012
General Fund:				
Reserved	\$ 1,652,623	\$ 854,323	\$ -	\$ -
Unreserved	13,771,883	7,494,023	-	-
Nonspendable:				
Inventories	-	-	267,650	288,778
Prepaid costs	-	-	989,659	440,906
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	5,364,337	6,301,054
Unassigned	-	-	6,191,991	9,000,621
Total general fund	<b>15,424,506</b>	<b>8,348,346</b>	<b>12,813,637</b>	<b>16,031,359</b>
All other governmental funds:				
Reserved	\$ 11,457,831	\$ 12,227,110	\$ -	\$ -
Unreserved - Reported in:				
Special revenue funds	1,755,523	1,584,360	-	-
Capital project funds	4,683,819	195,266	-	-
Debt service funds	-	-	-	-
Nonspendable - Inventories	-	-	43,855	47,923
Restricted:				
Capital projects	-	-	3,764,976	3,299,187
Debt service	-	-	5,690,820	2,679,701
Special revenue funds - Cafeteria	-	-	1,190,635	955,198
Committed:				
Community Education	-	-	105,563	106,283
Enrichment/Prime Time Care	-	-	400,785	472,155
Preschool	-	-	162,157	183,338
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total of all other governmental funds	<b>\$ 17,897,173</b>	<b>\$ 14,006,736</b>	<b>\$ 11,358,791</b>	<b>\$ 7,743,785</b>

Source: Walled Lake Consolidated School District audited financial reports

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
169,573	21,785	26,522	33,071	20,294	17,401
331,430	217,377	492,919	260,946	800,278	989,524
-	-	-	-	-	-
-	-	-	-	-	-
3,548,618	-	-	-	-	578,887
<u>7,168,551</u>	<u>8,144,167</u>	<u>8,953,451</u>	<u>9,448,029</u>	<u>10,785,962</u>	<u>10,389,999</u>
<b><u>11,218,172</u></b>	<b><u>8,383,329</u></b>	<b><u>9,472,892</u></b>	<b><u>9,742,046</u></b>	<b><u>11,606,534</u></b>	<b><u>11,975,811</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
51,715	50,765	57,140	57,225	56,438	62,979
2,518,036	63,052,921	41,960,481	21,008,858	9,203,678	7,114,226
25,001	1,660,836	2,344,845	2,194,367	1,951,221	2,951,008
585,005	464,075	329,886	540,502	677,918	763,525
158,053	213,615	148,101	160,128	187,557	227,187
635,038	418,754	452,572	682,285	775,107	588,556
185,648	225,400	282,784	256,665	255,513	272,006
-	-	-	-	-	-
-	-	-	-	-	-
<b><u>\$ 4,158,496</u></b>	<b><u>\$ 66,086,366</u></b>	<b><u>\$ 45,575,809</u></b>	<b><u>\$ 24,900,030</u></b>	<b><u>\$ 13,107,432</u></b>	<b><u>\$ 11,979,487</u></b>

## Walled Lake Consolidated School District

	As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenue</b>				
Local revenue	\$ 70,196,046	\$ 67,272,273	\$ 62,339,100	\$ 58,638,432
State revenue	104,401,044	96,885,961	102,745,056	103,794,824
Federal revenue	11,761,004	13,557,430	11,229,618	8,159,222
Interdistrict revenue	<u>9,647,722</u>	<u>9,949,328</u>	<u>9,103,625</u>	<u>8,972,263</u>
Total revenue	196,005,816	187,664,992	185,417,399	179,564,741
<b>Expenditures</b>				
Current:				
Instruction	101,548,563	102,985,379	99,073,307	99,444,924
Support services	60,758,296	60,298,536	52,718,235	49,216,638
Community services	2,651,671	2,523,598	2,463,324	2,509,976
Food services	3,960,706	4,290,084	4,249,872	4,916,724
Athletics	2,241,657	2,216,454	2,278,273	2,035,880
Debt service:				
Principal	11,585,000	11,820,000	12,205,000	12,655,000
Interest and other	8,824,319	8,323,398	7,139,061	6,672,352
Capital Outlay	<u>2,954,805</u>	<u>6,203,098</u>	<u>3,005,187</u>	<u>2,510,531</u>
Total expenditures	<u>194,525,017</u>	<u>198,660,547</u>	<u>183,132,259</u>	<u>179,962,025</u>
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	1,480,799	(10,995,555)	2,285,140	(397,284)
<b>Other Financing Sources (Uses)</b>				
Debt issuance	-	-	-	-
Debt premium or discount	-	-	2,557,866	-
Sale of capital assets	15,768	28,958	30,324	-
Transfers in	1,956,815	91,138	1,863,000	1,936,374
Transfers out	(1,956,815)	(91,138)	(1,863,000)	(1,936,374)
Proceeds of refunding bond	-	-	49,485,000	-
Payment to refunded bond escrow agent	-	-	(52,540,984)	-
Total other financing sources (uses)	<u>15,768</u>	<u>28,958</u>	<u>(467,794)</u>	<u>-</u>
<b>Net change in fund balances</b>	1,496,567	(10,966,597)	1,817,346	(397,284)
<b>Fund Balances - Beginning of year</b>	<u>31,825,112</u>	<u>33,321,679</u>	<u>22,355,082</u>	<u>24,172,428</u>
<b>Fund Balances - End of year</b>	<b><u>\$ 33,321,679</u></b>	<b><u>\$ 22,355,082</u></b>	<b><u>\$ 24,172,428</u></b>	<b><u>\$ 23,775,144</u></b>
<b>Debt service as a percentage of noncapital expenditures</b>	10.65%	10.45%	10.74%	10.89%

# Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
2013	2014	2015	2016	2017	2018
\$ 55,099,205	\$ 58,146,973	\$ 61,724,713	\$ 61,937,817	\$ 62,206,709	\$ 63,442,184
106,149,289	107,558,674	108,024,710	107,142,867	107,585,736	107,249,199
7,144,990	7,230,850	7,206,584	6,871,553	7,134,815	7,611,617
7,529,134	7,812,806	9,553,161	9,560,384	9,509,147	10,149,170
175,922,618	180,749,303	186,509,168	185,512,621	186,436,407	188,452,170
102,680,760	104,928,273	104,408,146	105,031,324	103,169,910	104,736,172
50,314,478	49,313,437	48,271,232	49,858,318	49,129,485	50,748,922
2,784,067	2,732,534	2,077,919	2,329,028	2,473,098	2,549,196
4,633,140	4,548,076	4,570,626	4,512,121	4,528,504	4,546,085
2,072,852	2,062,931	2,914,069	1,991,553	2,018,161	2,111,724
12,510,000	11,800,000	12,385,000	13,145,000	13,660,000	13,840,000
5,914,608	6,655,570	7,603,976	7,116,994	6,513,187	5,975,974
3,383,211	8,037,341	23,733,715	23,984,524	14,911,867	4,828,745
184,293,116	190,078,162	205,964,683	207,968,862	196,404,212	189,336,818
(8,370,498)	(9,328,859)	(19,455,515)	(22,456,241)	(9,967,805)	(884,648)
-	65,760,000	-	-	-	-
461,790	2,000,346	4,288,643	1,031,829	-	-
72,030	661,540	233,633	2,017,530	39,695	125,980
1,608,127	1,995,377	2,235,998	412,409	300,000	400,000
(1,608,127)	(1,995,377)	(2,235,998)	(412,409)	(300,000)	(400,000)
7,225,000	-	37,280,000	8,675,000	-	-
(7,786,798)	-	(41,767,755)	(9,674,743)	-	-
(27,978)	68,421,886	34,521	2,049,616	39,695	125,980
(8,398,476)	59,093,027	(19,420,994)	(20,406,625)	(9,928,110)	(758,668)
23,775,144	15,376,668	74,469,695	55,048,701	34,642,076	24,713,966
<b>\$ 15,376,668</b>	<b>\$ 74,469,695</b>	<b>\$ 55,048,701</b>	<b>\$ 34,642,076</b>	<b>\$ 24,713,966</b>	<b>\$ 23,955,298</b>

10.14%

10.05%

11.02%

10.95%

11.05%

10.47%

**Walled Lake Consolidated School District**

**Taxable Value and Estimated Actual Value of Taxable Property**

**June 30, 2018**

Taxable Value by Property Type

Real Property

Tax Year	Fiscal year	Residential	Commercial	Industrial	Agricultural & other	Personal property	Total Value	Tax rate (mills) Homestead	Tax rate (mills) Nonhomestead	Estimated Actual Value	Taxable Value as a % of Actual
2008	2009	3,937,865,040	730,829,590	433,742,160	625,740	280,308,810	5,383,371,340	6.5722	22.7900	10,766,742,680	50.00%
2009	2010	3,629,338,350	769,454,490	438,273,050	653,260	277,218,300	5,114,937,450	6.4793	22.5000	10,229,874,900	50.00%
2010	2011	3,114,970,060	720,211,930	384,339,710	651,290	265,377,510	4,485,550,500	6.7508	22.5000	8,971,101,000	50.00%
2011	2012	2,903,284,640	874,551,470	137,896,900	662,340	266,973,210	4,183,368,560	6.8812	22.5000	8,366,737,120	50.00%
2012	2013	2,845,641,240	804,757,380	119,051,070	680,210	277,019,440	4,047,149,340	7.0254	22.5600	8,094,298,680	50.00%
2013	2014	2,891,374,620	764,670,870	110,121,080	586,590	298,882,180	4,065,635,340	7.4730	23.1445	8,131,270,680	50.00%
2014	2015	2,980,696,150	777,318,350	106,436,100	507,170	283,208,710	4,148,166,480	7.6843	23.4872	8,296,332,960	50.00%
2015	2016	3,099,243,530	800,578,120	105,386,790	516,780	301,417,450	4,307,142,670	7.2841	23.1180	8,614,285,340	50.00%
2016	2017	3,187,085,000	816,328,300	107,643,910	548,320	265,916,310	4,374,861,000	7.0150	22.9279	8,749,722,000	50.00%
2017	2018	3,313,730,180	852,564,870	115,433,980	553,240	273,276,400	4,552,897,830	6.9458	22.7592	9,105,795,660	50.00%

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: Michigan Department of Treasury L-4029

## Walled Lake Consolidated School District

Millage rates - direct school district taxes											
Operating							Total school district direct taxes				
Homestead											
Tax Year	Commercial Personal	Industrial Personal	Other**	Non-Homestead	Debt*	Sinking Fund*	Commercial Personal	Industrial Personal	Other**	Non-Homestead	County
2008	7.7822	1.7822	1.7822	18.0000	4.2900	0.5000	12.5722	6.5722	6.5722	22.7900	4.1900
2009	7.9793	1.9793	1.9793	18.0000	4.0000	0.5000	12.4793	6.4793	6.4793	22.5000	4.1900
2010	8.2508	2.2508	2.2508	18.0000	4.0000	0.5000	12.7508	6.7508	6.7508	22.5000	4.1900
2011	8.3812	2.3812	2.3812	18.0000	4.0000	0.5000	12.8812	6.8812	6.8812	22.5000	4.1900
2012	8.4654	2.4654	2.4654	18.0000	4.0600	0.5000	13.0254	7.0254	7.0254	22.5600	4.1900
2013	8.3285	2.3285	2.3285	18.0000	4.6445	0.5000	13.4730	7.4730	7.4730	23.1445	4.1900
2014	8.1971	2.1971	2.1971	18.0000	4.9872	0.5000	13.6843	7.6843	7.6843	23.4872	4.1900
2015	8.0869	2.1265	2.1265	17.9604	4.6591	0.4985	13.2445	7.2841	7.2841	23.1180	4.0900
2016	7.8965	1.9918	1.9918	17.9047	4.5279	0.4953	12.9197	7.0150	7.0150	22.9279	4.0400
2017	7.6700	1.9283	1.9283	17.7417	4.5279	0.4896	12.6875	6.9458	6.9458	22.7592	4.0400

\* Debt and sinking fund millages apply to homestead and nonhomestead property

\*\* Beginning in 2008/2009, classification of property by the State was changed. Other homestead for tax years 1999 through 2007 include the traditional homestead millage prior to the change. For all tax years beginning with 2008, other homestead includes principal residences, qualified agricultural, and qualified forest properties.

Source: Walled Lake Consolidated School District's books and records

## Direct and Overlapping Property Tax Rates

**June 30, 2018**

### Overlapping taxes

Community college	Intermediate school district	State Education	City of Walled Lake	City of Farmington Hills	City of Novi	City of Orchard Lake	City of Wixom	Village of Wolverine Lake	Township of Commerce	Township of West Bloomfield	Township of White Lake
1.5844	3.3690	6.0000	17.8991	11.6072	10.5416	8.4950	11.6314	9.5730	4.5306	8.9994	6.5876
1.5844	3.3690	6.0000	17.8991	11.6072	10.5416	8.4450	11.9314	9.5730	4.5306	8.9774	6.5876
1.5844	3.3690	6.0000	17.7347	11.6072	10.5416	9.4830	12.7423	9.5730	4.5306	9.0074	9.1116
1.5844	3.3690	6.0000	17.7347	12.2036	10.5416	10.2300	12.7423	9.5730	4.5306	11.9347	8.8116
1.5844	3.3690	6.0000	17.7347	13.9362	10.2000	8.8200	13.3259	9.5730	3.4873	12.2537	8.8590
1.5844	3.3690	6.0000	17.7347	13.9394	10.2000	7.3600	16.7929	9.5730	3.4873	12.2550	8.8590
1.5844	3.3690	6.0000	17.7347	13.9662	10.2000	7.8600	15.9229	9.5730	3.0934	12.2380	9.8590
1.5819	3.3633	6.0000	21.5024	15.9764	10.2000	7.8600	15.3629	9.5730	3.0871	12.2112	9.8133
1.5707	3.3398	6.0000	21.2227	15.9054	9.9500	7.8332	15.3189	9.5730	3.0873	12.1665	9.7216
1.5550	3.3079	6.0000	20.8277	16.2213	10.5376	7.8270	15.2429	9.5730	3.0752	12.0487	9.5209

## Walled Lake Consolidated School District

## Principal Property Taxpayers

Current and Nine Years Ago

June 30, 2018

	2018 Taxable	% of		2009 Taxable	% of	2009
Taxpayer	Value	total	Taxpayer	Value	total	Rank
1 Redwood-ERC Novi LLC	\$ 52,878,510	1.16%	Fox Run Village	\$ 51,671,170	0.96%	1
2 DTE Electric Company	37,293,260	0.82%	Singh/Singh of Brandywine	45,191,380	0.84%	2
3 VHS Huron Valley-Sinai Hospital	30,480,980	0.67%	Allerion Associates	30,526,180	0.57%	3
4 Allerion Associated	23,446,610	0.51%	Occidental Development	29,305,810	0.54%	4
5 Occidental Development	21,432,920	0.47%	Detroit Edison Company	29,034,710	0.54%	5
6 Silverbrooke Villa	17,761,950	0.39%	Haggerty Corridor Prtnrshp	27,795,040	0.52%	6
7 ITC Transmission	17,397,480	0.38%	Oakland Management Co.	18,505,940	0.34%	7
8 Oakland Management Co.	16,021,250	0.35%	MI Developments America	18,037,360	0.34%	8
9 Williams International Co. LLC	12,791,140	0.28%	Silverbrooke Villa	17,232,660	0.32%	9
10 Edward Rose & Sons	12,427,410	0.27%	Williams International Corp	13,411,160	0.25%	10
Total	<u>\$ 241,931,510</u>	5.31%		\$ 280,711,410	5.21%	
Total School District Taxable Value	<u>\$ 4,552,897,830</u>			<u>\$5,383,371,340</u>		

**Walled Lake Consolidated School District**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years  
June 30, 2018**

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2008	2009	\$ 61,630,269	\$ 61,445,043	99.70%	\$ 29,057	\$ 61,474,100	99.75%
2009	2010	59,458,458	59,271,854	99.69%	24,640	59,296,494	99.73%
2010	2011	53,763,428	53,612,828	99.72%	14,786	53,627,614	99.75%
2011	2012	50,254,873	50,081,701	99.66%	44,023	50,125,724	99.74%
2012	2013	48,270,412	47,622,746	98.66%	48,625	47,671,371	98.76%
2013	2014	50,792,720	50,219,982	98.87%	7,284	50,227,266	98.89%
2014	2015	52,886,331	52,530,515	99.33%	53,511	52,584,026	99.43%
2015	2016	53,077,410	52,535,714	98.98%	10,127	52,545,841	99.00%
2016	2017	53,428,462	52,529,848	98.32%	9,185	52,539,033	98.34%
2017	2018	54,741,738	54,326,851	99.24%	-	54,326,851	99.24%

(1) Represents collections through the final distribution of taxes, including delinquent real taxes purchased by the county

(2) Represents all collections after the final distribution date, through the current date

Source: Walled Lake Consolidated School District's books and records

## Walled Lake Consolidated School District

### Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2018

Fiscal Year	General obligation bonds	Less: pledged debt service funds	Other general obligation debt	Net general bonded debt	Taxable value	Net general bonded debt as a percentage of taxable value	Population	Net general bonded debt per capita
2009	166,105,000	7,870,816	11,251,268	169,485,452	5,383,371,340	3.15%	88,669	1,911
2010	154,285,000	7,826,647	9,945,496	156,403,849	5,114,937,450	3.06%	88,669	1,764
2011	140,345,000	5,690,820	9,223,304	143,877,484	4,485,550,500	3.21%	89,871	1,601
2012	127,690,000	2,679,701	8,997,820	134,008,119	4,183,368,560	3.20%	89,871	1,491
2013	115,325,000	25,001	8,490,501	123,790,500	4,047,149,340	3.06%	99,771	1,241
2014	169,285,000	1,660,836	10,990,207	178,614,371	4,065,635,340	4.39%	93,591	1,908
2015	153,430,000	2,344,845	10,232,708	161,317,863	4,148,166,480	3.89%	93,591	1,724
2016	139,470,000	2,194,367	10,823,714	148,099,347	4,307,142,670	3.44%	99,771	1,484
2017	125,810,000	1,951,221	9,691,670	133,550,449	4,374,861,000	3.05%	101,707	1,313
2018	111,970,000	2,951,008	8,817,884	117,836,876	4,552,897,830	2.59%	101,872	1,157

## Walled Lake Consolidated School District

### Direct and Overlapping Governmental Activities Debt

June 30, 2018

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Walled Lake	\$ 945,000	100.00%	\$ 945,000
City of Farmington Hills	51,567,710	4.49%	2,315,390
City of Novi	20,975,000	17.82%	3,737,745
City of Orchard Lake	1,133,120	11.08%	125,550
City of Wixom	6,882,000	93.83%	6,457,381
Total	81,502,830		13,581,066
Township of Commerce	103,595,000	83.39%	86,387,871
Township of West Bloomfield	50,688,532	30.44%	15,429,589
Township of White Lake	10,993,200	25.33%	2,784,578
Total	165,276,732		104,602,038
Village of Wolverine Lake	1,170,000	100.00%	1,170,000
Oakland County	340,795,795	8.32%	28,354,210
Oakland County Intermediate Schools	44,695,000	8.36%	3,736,502
Oakland Community College	-	-	-
Total	385,490,795		32,090,712
Total overlapping debt	<b>633,440,357</b>		151,443,816
Direct district debt			111,970,000
Total direct and overlapping debt			<b>\$ 263,413,816</b>

Source: Municipal Advisory Council of Michigan

## Walled Lake Consolidated School District

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	As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Calculation of debt limit</b>				
State equalized valuation (SEV)	\$ 6,061,220,590	\$ 5,484,970,235	\$ 4,672,882,380	\$ 4,295,081,710
15% of SEV*	909,183,089	822,745,535	700,932,357	644,262,257
<b>Calculation of debt subject to limit</b>				
Total debt	166,105,000	154,285,000	140,345,000	127,690,000
Less debt not subject to limit:				
State qualified debt issuance	<u>(166,105,000)</u>	<u>(154,285,000)</u>	<u>(140,345,000)</u>	<u>(127,690,000)</u>
Net debt subject to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	909,183,089	822,745,535	700,932,357	644,262,257
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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## Legal Debt Margin

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June 30, 2018

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 4,138,835,390	\$ 4,207,438,690	\$ 4,513,154,700	\$ 5,010,486,270	\$ 5,368,178,010	\$ 5,739,114,020
620,825,309	631,115,804	676,973,205	751,572,941	805,226,702	860,867,103
115,325,000	169,285,000	153,430,000	139,470,000	125,810,000	111,970,000
<u>(115,325,000)</u>	<u>(169,285,000)</u>	<u>(153,430,000)</u>	<u>(139,470,000)</u>	<u>(125,810,000)</u>	<u>(111,970,000)</u>
-	-	-	-	-	-
620,825,309	631,115,804	676,973,205	751,572,941	805,226,702	860,867,103
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## Walled Lake Consolidated School District

# Demographic and Economic Statistics

June 30, 2018

Fiscal year	Population	Total Personal Income	Per Capita Personal Income	Unemployment rate
2009	88,669	61,907	36,318	14.40%
2010	88,669	61,907	36,318	13.00%
2011	89,871	62,626	32,534	10.90%
2012	89,871	66,390	36,138	8.80%
2013	99,771	66,390	36,138	9.00%
2014	93,591	66,390	36,138	7.80%
2015	93,591	65,637	36,458	6.80%
2016	99,771	66,436	37,089	5.10%
2017	101,707	69,281	39,127	3.80%
2018	101,872	71,768	40,130	4.80%

Source: U.S. Census Bureau/American Fact Finder/Forms B01003; B19301; & DP03  
Forms generated upon request by PFM Financial Advisors, LLC

## Walled Lake Consolidated School District

## Principal Employers

June 30, 2018

Employer	2018 Employees	Percentage of total	2009 Employees	Percentage of total	2009 rank
1 Walled Lake Consolidated Schools	1,346	2.51%	1,796	3.74%	1
2 Huron Valley-Sinai Hospital	1,000	1.87%	-	-	-
3 Mac Air Valves, Inc.	800	1.49%	800	1.67%	2
4 Moeller Mfg. Co., Inc.	500	0.93%	200	0.42%	8
5 Williams International	450	0.84%	450	0.94%	3
6 Alta Equipment Company	350	0.65%	200	0.42%	6
7 HoMedics, Incl	300	0.56%	300	0.62%	4
8 Wal-Mart	300	0.56%	-	-	-
9 Eagle Industries, Inc.	210	0.39%	-	-	-
10 Costco	200	0.37%	-	0.00%	-
American Plastic Toys, Inc.	-	-	150	0.31%	9
Bolton Conductive Systems, LLC	-	-	130	0.27%	10
Trijicon, Inc.	-	-	225	0.47%	5
Kiekert U.S.A., Inc.	-	-	200	0.42%	7
Total principal employers	<u>5,456</u>		<u>4,451</u>		
Total employment	<u>53,616</u>		<u>48,047</u>		

## Walled Lake Consolidated School District

### Full-Time Equivalent School District Employees

Last Ten Fiscal Years

June 30, 2018

Function/ program:	As of June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Instruction	1,293.84	1,281.21	1,185.32	1,166.18	1,195.66	1,146.71	1,143.61	1,128.85	1,154.81	1,071.39
Support services	276.40	267.45	181.35	170.25	184.27	58.29	58.70	58.08	59.08	55.96
Community service	81.60	74.91	50.24	51.09	57.89	77.88	71.45	70.15	77.85	52.80
Athletics	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Cafeteria	75.17	80.70	75.49	82.15	81.24	81.58	79.11	74.37	81.86	67.54
<b>Total</b>	<b><u>1,729.01</u></b>	<b><u>1,706.27</u></b>	<b><u>1,494.40</u></b>	<b><u>1,471.67</u></b>	<b><u>1,521.06</u></b>	<b><u>1,366.46</u></b>	<b><u>1,354.87</u></b>	<b><u>1,333.45</u></b>	<b><u>1,375.60</u></b>	<b><u>1,249.69</u></b>

Source: Insight FTE Report

## Walled Lake Consolidated School District

## Operating Indicators

Last Ten Fiscal Years

June 30, 2018

Year	Enrollment*	Operating expenditures	Cost per pupil	Operating revenue	Revenue per pupil	Total teaching staff	Percentage of students	Average teacher salary
							free/reduced meals**	
2009	15,711	\$164,278,455	\$ 10,456	\$ 163,331,316	\$ 10,396	847	16.0	\$ 75,803
2010	15,621	165,682,302	10,606	158,606,142	10,153	853	20.5	74,137
2011	15,485	154,206,433	9,958	158,671,724	10,246	793	24.3	78,991
2012	15,544	150,821,411	9,703	153,839,133	9,897	843	26.7	74,938
2013	15,266	155,797,269	10,206	150,912,052	9,886	833	27.2	81,167
2014	15,012	156,789,504	10,444	152,893,121	10,185	838	22.4	81,132
2015	14,807	155,298,930	10,488	155,829,860	10,524	821	22.0	77,723
2016	14,447	157,267,449	10,886	155,219,073	10,744	831	21.0	75,867
2017	14,252	154,705,332	10,855	156,230,125	10,962	821	21.0	73,904
2018	13,989	157,755,888	11,277	157,599,185	11,266	808	27.6	76,904

\* Student F.T.E.

\*\* Michigan Department of education School Lunch Program

**Walled Lake Consolidated School District**

**Capital Asset Information**

**Last Ten Fiscal Years**

**June 30, 2018**

Function/ program	As of June 30,				As of June 30,					
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Instructional buildings:</b>										
<b>Elementary:</b>										
Number of buildings	14	14	14	14	12	12	12	12	12	12
Square footage	751,421	757,021	757,021	757,021	671,435	671,435	671,435	671,435	671,435	671,435
Capacity	6,625	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765
Enrollment	6,872	6,789	6,675	6,715	6,476	6,440	6,272	6,138	6,035	5,916
<b>Middle:</b>										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Square footage	568,012	568,012	568,012	568,012	568,012	568,012	568,012	568,012	568,012	568,012
Capacity	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416
Enrollment	3,585	3,558	3,679	3,689	3,661	3,515	3,542	3,378	3,338	3,271
<b>High:</b>										
Number of buildings	3	3	3	3	3	3	3	3	3	3
Square footage	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002
Capacity	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829
Enrollment	4,957	4,919	4,985	5,054	5,003	4,945	4,774	4,682	4,596	4,701
<b>Other:</b>										
Number of buildings	4	4	4	4	4	4	4	4	4	3
Square footage	152,028	152,028	152,028	152,028	152,028	152,028	152,028	152,028	152,028	54,848
Capacity	200	200	200	200	200	200	200	200	200	200
Enrollment	232	230	69	60	65	170	283	163	286	132
<b>Total enrollment</b>	<b>15,646</b>	<b>15,496</b>	<b>15,408</b>	<b>15,518</b>	<b>15,205</b>	<b>15,070</b>	<b>14,871</b>	<b>14,361</b>	<b>14,255</b>	<b>14,020</b>
<b>Administrative:</b>										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Square footage	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200
<b>Transportation/Maintenance:</b>										
Number of garages	1	1	1	1	1	1	1	1	1	1
Buses	125	123	123	119	119	119	119	108	108	108
<b>Athletics:</b>										
Football fields	7	7	7	7	7	7	7	7	7	7
Soccer fields	7	7	7	7	7	7	7	7	7	7
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball	12	12	12	12	12	12	12	12	12	12
Swimming pools	3	3	3	3	3	3	3	3	3	3
Playgrounds	14	14	14	14	12	12	12	12	12	12

Source: Walled Lake Consolidated School District's books and records