

Waterford School District
Waterford, Michigan
Annual Financial Statements
and
Independent Auditors' Report
June 30, 2014

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Waterford School District
Members of the Board of Education and Administration
June 30, 2014

Members of the Board of Education

Joan Sutherland	President
Bob Piggott	Vice President
Heather Halls	Secretary
Robert Steeterlin	Treasurer
Robin McGregor	Trustee
Robert Petrusha, Jr.	Trustee
John Himmelspach	Trustee

Administration

John Silveri	Superintendent
Thomas W. Wiseman, CPA	Assistant Superintendent of Business and Operations
William D. Holbrook, CPA	Director of Business Services



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Independent Auditors' Report

Management and the Board of Education
Waterford 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 fund information of the Waterford School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Waterford School District, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterford School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Waterford School District's financial statements as of and for the year ended June 30, 2013, which are not presented with the accompanying financial statements. In our report dated October 14, 2013, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waterford School District's financial statements as a whole. The 2013 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 information in the comparative supplementary schedules are fairly stated in all material respects in relation to the financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2014 on our consideration of the Waterford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waterford School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

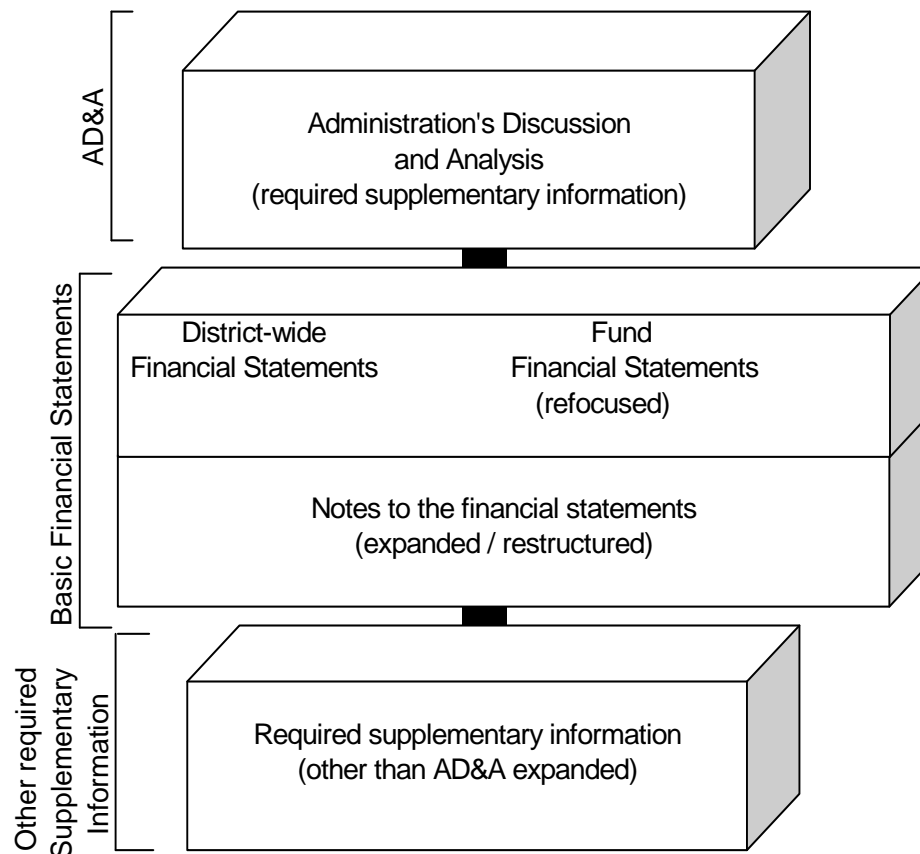
Saginaw, MI
October 9, 2014

ADMINISTRATION'S DISCUSSION AND ANALYSIS

**Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014**

Waterford School District's (the District) Administration discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Managements Discussion Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ending June 30, 2014.

The following is an illustration on how this financial report is presented.



Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014

As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: District Wide Financial Statements and Fund Financial Statements.

District Wide Financial Statements

The District wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District wide statements: the Statement of Net Position and the Statement of Activities.

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

Consistent with the full accrual basis method of accounting the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

Fund Financial Statements

The fund statements are similar to financial presentations of years past, with the focus on the District's major funds rather than fund types. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and currently available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures and Bond proceeds are recorded as revenue.

Fund types utilized by the District include the General Fund, Internal Service Fund, School Service Fund, Debt Retirement Fund, Capital Projects Fund, and Fiduciary Fund. The General Fund is used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions and grants and other intergovernmental revenues. The Internal Service Fund is to account for employee fringe benefit costs. The School Service Fund is comprised of Special Education Center Programs, Child Care, Senior Citizens, Pool & Fitness Centers, Performing Arts Centers, and Food Service. Food Service, Child Care and Senior Citizens are self-supporting programs. The Debt Fund is used to record the funding and payment of principal and interest on bonded debt. The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities and equipment. The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for various student groups and related activities.

Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014

Financial Analysis of the District as a Whole

Assets

	<u>2013-2014</u>	<u>2012-2013</u>	<u>Change</u>
Current assets	\$ 31,784,482	\$ 51,116,538	\$ (19,332,056)
Capital assets	242,466,452	236,837,841	5,628,611
Less: accumulated depreciation	<u>(102,660,194)</u>	<u>(100,104,614)</u>	<u>(2,555,580)</u>
Capital assets, net book value	<u>139,806,258</u>	<u>136,733,227</u>	<u>3,073,031</u>
Total assets	<u>171,590,740</u>	<u>187,849,765</u>	<u>(16,259,025)</u>

Liabilities

Current liabilities	38,723,143	41,403,206	(2,680,063)
Long-term liabilities	<u>76,045,899</u>	<u>87,050,366</u>	<u>(11,004,467)</u>
Total liabilities	114,769,042	128,453,572	(13,684,530)

Net Position

Invested in capital assets, net of related debt	54,346,164	55,056,310	(710,146)
Restricted	1,000,574	543,458	457,116
Unrestricted	<u>1,474,960</u>	<u>3,796,425</u>	<u>(2,321,465)</u>
Total net position	<u>\$ 56,821,698</u>	<u>\$ 59,396,193</u>	<u>\$ (2,574,495)</u>

Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014

As indicated by the statement above, total fiscal year 2013-2014 and 2012-2013 net position is \$56,821,698 and \$59,396,193, respectively. Net position can be separated into three categories: capital assets net of related debt, restricted net position, and unrestricted net position.

Net capital assets are a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation and related debt. The original cost of capital assets for fiscal year 2013-2014 and 2012-2013 is \$242,466,452 and \$236,837,841, respectively, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense year after year. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation for fiscal year 2013-2014 and 2012-2013 is \$102,660,194 and \$100,104,614, respectively. Most capital asset acquisitions are financed through long-term debt. Primarily, long-term debt is repaid as the debt service comes due through property taxes approved by the voters. Total long-term debt for fiscal year 2013-2014 and 2012-2013 was \$86,464,099 and \$98,153,413, respectively.

Restricted net position for fiscal year 2013-2014 consist of Food Service of \$648,891 and Debt Service of \$351,683 totaling \$1,000,574. The remaining net position of \$1,474,960 and \$3,796,425 for fiscal year 2013-2014 and 2012-2013, respectively, are unrestricted. The unrestricted net position is an accumulation of prior years' operating results. This balance is directly affected each year by the District's operating results.

Change in the Summary of Net Assets is a result of the following factors:

- Current assets decreased \$19,332,056 mainly due to the completion of capital projects related to the 2003 Series III bonds totaling \$15,239,276 through June 30, 2014.
- Net Capital assets increased \$3,073,031 as a result of new construction during the 2013-14 school year offset by scheduled depreciation.
- Current liabilities decreased by \$2,680,063 as compared to prior year due to a greater amount of short-term borrowing, and reduction of bond project payables at year end.
- Long-term liabilities decreased \$11,004,467 as compared to prior year as a result of scheduled repayment of debt and the refunding of the 2003 Series I bonds, which resulted in a reduction in outstanding debt of \$1,363,698.

Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014

	<u>2013-2014</u>	<u>2012-2013</u>	<u>Change</u>
Program revenue:			
Charges for services local and intermediate	\$ 6,398,299	\$ 7,471,295	\$ (1,072,996)
Operating grants - federal and state	32,424,933	32,453,650	(28,717)
Total revenue	<u>38,823,232</u>	<u>39,924,945</u>	<u>(1,101,713)</u>
General revenue:			
Property taxes, levied for general purposes	11,936,579	12,417,164	(480,585)
State of Michigan aid, unrestricted	63,195,879	66,509,534	(3,313,655)
State of Michigan aid, Durant	-	277,075	(277,075)
Total foundation allowance	<u>75,132,458</u>	<u>79,203,773</u>	<u>(4,071,315)</u>
Property taxes, levied for debt service	14,822,179	12,485,856	2,336,323
Interest and investment earnings	24,583	-	24,583
Other	140,375	179,729	(39,354)
	<u>14,987,137</u>	<u>12,665,585</u>	<u>2,321,552</u>
Total revenues	<u>128,942,827</u>	<u>131,794,303</u>	<u>(2,851,476)</u>
Expenses:			
Instruction	70,264,195	71,920,755	(1,656,560)
Support services	40,772,224	38,847,174	1,925,050
Food service	4,859,134	5,532,247	(673,113)
Pool & Fitness centers	1,207,611	1,086,616	120,995
Performing arts center	214,107	201,501	12,606
Childcare	1,362,958	1,404,142	(41,184)
Senior citizens	803,007	790,500	12,507
Special education center programs	5,057,411	5,538,464	(481,053)
Unallocated depreciation expense	1,902,039	1,350,620	551,419
Bond issuance cost	144,847	256,943	(112,096)
Tax tribunal refunds	299,116	1,117,684	(818,568)
Building and site	1,517,528	874,562	642,966
Interest on long-term debt	3,113,145	3,512,484	(399,339)
Total expenses	<u>131,517,322</u>	<u>132,433,692</u>	<u>(916,370)</u>
Change in net assets	<u>\$ (2,574,495)</u>	<u>\$ (639,389)</u>	<u>\$ (1,935,106)</u>

Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014

As indicated above, fiscal year 2013-2014 and 2012-2013, the change in net assets was (\$2,574,495) and (\$639,389), respectively.

The 2013-2014 decrease in net assets as compared to fiscal year 2012-2013 is due to the following factors:

Revenues:

- Local charges for services decrease \$1,072,996 due to the timing of receipt of eRate funds, reduced facility rentals and preschool tuition
- Property taxes for operations declined \$480,585 as a result of declining property values
- Unrestricted State aid decreased \$3,313,655 as a result of a decrease of 485 students and decline in Best Practice revenues offset by an increase in MPERS 174c (retirement) categorical funding
- State aid for Durant obligation was paid in full at June 30, 2013 resulting in a reduction of revenues of \$277,075

Expenses:

- Instructional expenses decreased \$1,656,560 from prior year as a result of reductions due to fewer students
- Support services increased by \$1,925,050 over last year due to bus repair costs, utilities with the harsh winter, MIS communication costs, and various operation and maintenance costs associated with the cost of capital improvements
- Food Service decreased \$673,113 from last year due to fewer staff and the kitchen renovations that were expensed and completed during 2012-2013
- Special Education Center Programs decreased \$481,053 as a result of a reclassification of social worker staffing and lower transportation costs due to fewer students transported
- Unallocated depreciation expense increased by \$551,419 due to bonded construction projects
- Tax tribunal refunds decreased \$818,568 due to an effort in the prior year by the state to settle tax tribunal appeals.
- Building and Site increased \$642,966 as a result of current bond construction projects not being capitalized
- Interest on long term debt decreased due to the savings on refunding the 2003 bonds

Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014

Capital Assets and Debt Administration

Capital Assets

At June 30, 2014, the District had \$139,806,258 invested in a broad range of capital assets, including land, buildings, furniture and equipment.

	<u>2014</u>	<u>2013</u>
Capital assets		
Land	\$ 1,177,339	\$ 1,177,339
Building & additions	231,667,987	224,465,485
Buses and other vehicles	5,264,019	3,798,537
Furniture and equipment	4,357,107	5,285,149
Construction in progress	<u>-</u>	<u>2,111,331</u>
Subtotal	242,466,452	236,837,841
Less: accumulated depreciation	<u>102,660,194</u>	<u>100,104,614</u>
Net capital assets	<u><u>\$ 139,806,258</u></u>	<u><u>\$ 136,733,227</u></u>

This is an increase in net capital assets of \$3,073,031 from last year. Depreciation expense for the year is \$6,939,935. The 2012-13 Construction in Progress of \$2,111,331 was completed in 2013-14. Additionally the District had an impairment adjustment for the Adams and Burt Elementary sites of a net \$3,708,782 as a result of school consolidation. During the fiscal year the District expended \$15,239,276 from the remaining capital improvement bonds from 2012-13. The District also has \$983,332 set aside for future capital projects plus an additional \$35 million available in voter approved future bond issuances.

Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014

Debt

At the end of this fiscal year, the District had \$80,295,000 in General Obligation Bonds outstanding. This is a decrease of \$12,725,000 compared to last year due to the refunding of the 2003 Series I bonds and the scheduled principal payments. The refunding reduced debt by \$1,363,698 resulting in an economic gain of \$1,242,136.

Governmental Fund Revenues

Sources of Revenues:

Local sources of revenues total \$33,416,438. This is an increase of \$772,031 as compared to prior year. Included in local revenues are General Fund, Internal Service Fund, Debt Fund, Special Education Center Programs Fund, Childcare Fund, Senior Citizen Fund, Pool & Fitness Fund, Performing Arts Centers Fund, Food Service Fund, and Capital Project Fund revenues. The General Fund revenues of \$14,032,427 decreased \$1,561,715 from prior year as a result of a decrease in property taxes, preschool, eRate (timing of receipt of funds), Food Service contribution, Childcare contribution, and Medicaid (prior year had one time only payments from multiple years). The Debt Fund local revenues of \$14,822,179 increased \$2,336,323 over prior year which was a result of an increased millage rate to 7.00 mills from the prior year rate of 5.85 mills offset by a decrease in property taxable values (homestead and non-homestead properties). Special Education Center Programs revenues of \$24,642 decreased \$14,709 from prior year. The Childcare Fund revenues of \$1,362,958 decreased \$41,184 from prior year. The Senior Citizen Fund revenues of \$613,985 increased \$96,632 over prior year. The Pool & Fitness Center Fund of \$807,903 decreased \$6,468. The Performing Arts Centers Fund had revenue of \$172,880 which was an increase of \$56,762 over prior year. The Food Service Fund revenues of \$1,554,881 decreased \$118,193 from prior year as a result of a decline in the student population.

State sources of revenue total \$75,771,708. This is a decrease of \$2,689,165 as compared to prior year. Included in State Sources of Funding are General Fund, Special Education Center Programs Fund, and Food Service Fund revenues. General Fund revenues of \$73,712,832 decreased \$2,390,640 from prior year. This decrease is from a decline of 485 students and a decrease in Best Practice Incentive funds, offset by an increase in MPERS 147c categorical funding. The Special Education Center Programs Fund of \$1,802,602 decreased \$39,283 from prior year due to a decrease in special education Headlee obligation. The prior year Debt Fund of \$277,075 (Durant Bonds) was paid in full during the 2012-13 fiscal year. The Food Service Fund of \$256,274 increased \$17,833 over prior year. Included in the state sources of revenue is the membership foundation allowance of \$61,978,177 in the General Fund, a decrease of \$2,263,026 from prior year as explained above in regards to fewer General Fund students. State sources of revenue make up 73.4% of General Fund revenues. This ties the District directly to the State's overall economy.

Federal sources of revenue total \$10,549,206, a decrease of \$1,310,581 from prior year. This was mainly due to 2012-13 being the final year for Safe Schools Healthy Students and Historians and Teachers Together grants.

**Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014**

Interdistrict sources of revenue total \$8,651,091, a decrease of \$178,145 from prior year mainly due to reduced special education funding thru PA-18 funds. The Interdistrict funding is primarily for special education.

Property Taxes

A significant portion of local revenue is provided from property taxes for the General Fund and Debt Retirement Fund. Property tax revenue totaled \$26,758,758, an increase of \$1,855,738 over prior year. This increase is due to an increase in the debt retirement millage rate to 7.00 mills as explained above offset by declines in property taxable values. Total property tax revenue is obtained through a voter approved 18-mill levy on the taxable value of non-homestead properties for the District's operations and a voter approved 7.00-mill levy (increased from the initial 3.67 mills) on the taxable value of all properties, homestead and non-homestead, for debt interest and principal payments.

Unrestricted State Aid Foundation Allowance

A significant portion of state funding to the District is through the foundation allowance. The foundation allowance is funding from the state for each student. The District's foundation allowance is \$7,232 for 2013-2014 and \$7,175 for 2012-2013 fiscal years. The number of students to be funded is calculated by student enrollment blended at 90% of the Fall count and 10% of the Supplemental Count (February). Total blended student enrollment for this fiscal year is 10,351, a decrease of 485 students from prior year. The overall funding is then reduced by the District's non-homestead tax levy based on 18-mills.

Governmental Fund Expenditures

Expenditures include Instruction, Support Services, Community Services, Internal Service Fund, School Service Funds, Federal Programs, Debt, and Capital Projects. Instruction expenses of \$54,347,307 decreased \$3,241,153, and Support Services expenditures of \$40,961,597 increased \$1,610,443. The changes in Instruction were primarily due to a decrease in direct instruction and instructional staff support due to the decline in students as explained above. Support Services increased in bus repair costs, utilities with the harsh winter, MIS communication costs, and various operation and maintenance costs associated with the cost of capital improvements. Federal Program expenditures of \$7,579,622 decreased \$1,224,855 from last year being the final year for Safe Schools Healthy Students and Historians and Teachers Together grants. School Service Fund expenses of \$13,436,846 decreased \$1,049,080 from prior year mainly from fewer Special Education Center based students being transported by the District and reclassifications of social workers, and a decrease in Food Service capital expenditures from kitchen renovations completed in the prior year and fewer staff. The Capital Projects fund of \$15,239,276 increased \$11,365,004 due to a full year of expenditures on capital projects from the 2003 Series III bonds. The Debt Service Fund with expenditures of \$14,065,627 increased \$198,475 mainly as a result of scheduled principal and interest payments.

**Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014**

Economic Factors and Next Year's Budgets and Rates

The Board of Education and administration consider many factors when setting the School District's 2015 fiscal year budget. Three major factors affecting the budget this year are the student count, State funding of the unrestricted foundation allowance, and contract settlements with all bargaining units.

As of the date of this report the state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2015 fiscal year is 90 percent and 10 percent of the Fall 2014 and Supplemental (February) 2015 student counts respectively. The 2015 budget was adopted in June 2014, based on an estimate of students that will be enrolled in September 2014 as well as State Aid funding. 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 is validated, state law requires the District to amend the budget if actual district resources are not sufficient to fund original appropriations. Since the District's revenue is heavily dependent upon state funding, actual funding depends on the state's ability to collect revenues to fund its appropriations to school districts.

The District has a contract with all bargaining groups except the WFSP group for 2014-15. The District is currently in negotiation with the WFSP, and all other contracts contain a wage reopener which is in current negotiations.

The 2013-2014 letter of agreement for benefits included employee contributions to health benefits for those who qualify. The contribution on a per pay basis is \$51 for single, \$113 for 2 person, and \$136 for full family coverage. For the 2014-15 fiscal year the contribution on a per pay basis is \$56 for single, \$124 for 2 person, and \$150 for full family coverage.

Original vs. Revised Budget

The Uniform Budget Act of the State of Michigan requires the local board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, the District amends its budget once during the school year unless significant factors require further amendments. For fiscal year 2013-2014, the budget was amended in March of 2014 to reflect the changes since the Original Budget adopted in June of 2013. The General Fund budget revenues for the final budget increased by 2.72% as compared to the original budget.

**Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014**

General Fund Revenues:

General Fund Revenues	
Total revenues final budget	\$ 103,887,133
Total revenues original budget	<u>101,132,068</u>
 Increase in budget revenues	 <u><u>\$ 2,755,065</u></u>

Increase in Revenue Budget:

Significant final budget adjustments for the year include:

- A decrease of an additional 285 students, (\$2,042,220)
- \$43 per student decrease in the MPSERS cost offset (147a), (\$445,330)
- \$310 per student increase in MPSERS UAAL Rate Stabilization (147c), \$3,205,434
- \$57 per student increase in the Foundation Allowance, \$590,321
- \$40 per student increase in Performance funding, \$414,260
- \$36 per student in Best Practice Incentive, \$372,834
- \$8 per student in Technology Infrastructure, \$82,852
- Title I and IDEA funding increase, \$312,216
- PA-18 reduction due to tax tribunals, (\$107,906)

Actual General Fund Revenues vs. Final Budget:

The District's actual general fund revenues were less than the final budget by \$3,446,796, a variance of 3.32%. This is a result of local revenues declining by \$1,011,301 mainly due to a decrease in delinquent taxes of \$179,017, preschool of \$250,419, eRate of \$193,287, Food Service contribution of \$116,611, Childcare of \$109,090, offset by an increase in Medicaid of \$337,460. State Sources declined by \$1,393,147 due to a decrease in Special Education membership of \$423,715 (mix of students in general education and in Center Program Fund), property tax refunds of \$487,521, At Risk of \$331,461 (deferred), and Special Education Non-Membership \$234,203 (students in Center Program fund), and Court Placed of \$133,230, offset by an increase in general education membership of \$198,626 (mix of special education students in general membership). Finally, a decrease in Federal Sources of \$1,022,069 that are deferred into the 2014-15 fiscal year.

**Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014**

General Fund Expenditures:

The District's budget for expenditures increased by 5.29% for the year ended June 30, 2014:

General Fund Expenditures	
Total expenditures final budget	\$ 106,719,244
Total expenditures original budget	<u>101,358,822</u>
Increase in budget expenditures	<u><u>\$ 5,360,422</u></u>

Increase in Expenditure Budget:

Some of the final budget adjustments for the year include:

- The change in teaching staff can be summarized:

2013-2014 General Fund	FTE Final Budget	FTE Original Budget	FTE Increase (Decrease)
Regular education teachers	460.64	463.12	(2.48)
Special education teachers	<u>148.57</u>	<u>138.37</u>	<u>10.20</u>
	<u><u>609.21</u></u>	<u><u>601.49</u></u>	<u><u>7.72</u></u>

- \$367 per student increase in employee fringe benefits including the MPSERS UAAL Rate Stabilization (retirement) 147c Categorical of \$3,205,434 and healthcare of \$600,000
- \$75 per student increase in staffing as noted above 7.72 additional teachers and increased programming mostly at the high schools
- Title I and IDEA increase, \$312,216

**Waterford School District
Administration's Discussion and Analysis
For the Year Ended June 30, 2014**

- Various midyear reductions in support staffing of \$266,571

Actual General Fund Expenditures vs. Final Budget:

The District's actual general fund expenditures were less than the final budget by 2.71%. This decrease of \$2,889,158 is a result of a decrease in direct instruction of \$1,442,845 due to the decline in students, decrease in instructional staff support of \$686,547 due to the same reason, deferral of Federal program expenditures of \$1,022,071 (carryover funds to follow expenditures) into the 2014-2015 fiscal year, and a decrease in employee benefits of \$1,396,124 as a result of the reductions notes above. These reductions were offset by an increase in bus repair costs, totaling \$785,781, utilities of \$400,332 with the harsh winter, MIS communication costs of \$150,234, transfer to School Service funds of \$237,971, and finally various operation and maintenance costs associated with the cost of capital improvements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Business Services, Finance and Budget at the Waterford School District, 501 North Cass Lake Road, Waterford, Michigan, 48328 or (248) 674-7800.

BASIC FINANCIAL STATEMENTS

Waterford School District
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 12,656,992
Accounts receivable	2,523,247
Due from other governmental units	16,569,365
Inventory	34,878
Capital assets not being depreciated	1,177,339
Capital assets - net of accumulated depreciation	<u>138,628,919</u>
Total assets	<u>171,590,740</u>
Liabilities	
Accounts payable	1,242,381
State aid anticipation note payable	14,440,000
Payroll deductions and withholdings	4,763,763
Accrued expenditures	1,114,739
Accrued salaries payable	6,420,447
Unearned revenue	323,613
Noncurrent liabilities	
Due within one year	10,418,200
Due in more than one year	<u>76,045,899</u>
Total liabilities	<u>114,769,042</u>
Net position	
Net investment in capital assets	54,346,164
Restricted	
Debt service	351,683
Food service	648,891
Unrestricted	<u>1,474,960</u>
Total net position	<u><u>\$ 56,821,698</u></u>

See Accompanying Notes to Financial Statements

Waterford School District
Statement of Activities
For the Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Governmental activities					
Instruction	\$ 70,264,195	\$ 1,861,050	\$ 18,357,368	\$ -	\$ (50,045,777)
Supporting services	40,772,224	-	5,503,470	-	(35,268,754)
Food services	4,859,134	1,554,881	3,409,686	-	105,433
Pool and fitness centers	1,207,611	807,903	-	-	(399,708)
Performing Arts Centers	214,107	172,880	-	-	(41,227)
Child care	1,362,958	1,362,958	-	-	-
Senior citizens	803,007	613,985	187,614	-	(1,408)
Special education center program	5,057,411	24,642	4,966,795	-	(65,974)
Unallocated depreciation expense	1,902,039	-	-	-	(1,902,039)
Bond issuance cost	144,847	-	-	-	(144,847)
Tax tribunals refunds	299,116	-	-	-	(299,116)
Building and site	1,517,528	-	-	-	(1,517,528)
Interest on long-term debt	3,113,145	-	-	-	(3,113,145)
Total governmental activities	<u>\$ 131,517,322</u>	<u>\$ 6,398,299</u>	<u>\$ 32,424,933</u>	<u>\$ -</u>	<u>(92,694,090)</u>
General revenues					
Property taxes, levied for general purposes					11,936,579
Property taxes, levied for debt service					14,822,179
State aid - unrestricted					63,195,879
Interest and investment earnings					24,583
Other					140,375
Total general revenues					<u>90,119,595</u>
Change in net position					(2,574,495)
Net position - beginning					<u>59,396,193</u>
Net position - ending					<u>\$ 56,821,698</u>

See Accompanying Notes to Financial Statements

Waterford School District
Governmental Funds
Balance Sheet
June 30, 2014

	General Fund	Capital Projects April 30, 2013 Series III	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,550,649	\$ 2,078,627	\$ 1,027,716	\$ 12,656,992
Accounts receivable	2,523,247	-	-	2,523,247
Due from other funds	927,683	-	478,194	1,405,877
Due from other governmental units	16,413,700	-	155,665	16,569,365
Inventory	-	-	34,878	34,878
Total assets	<u>\$ 29,415,279</u>	<u>\$ 2,078,627</u>	<u>\$ 1,696,453</u>	<u>\$ 33,190,359</u>
Liabilities, deferred inflows of resources and fund balance				
Liabilities				
Accounts payable	\$ 980,343	\$ 223,558	\$ 38,480	\$ 1,242,381
State aid anticipation note payable	14,440,000	-	-	14,440,000
Due to other funds	721,071	872,329	55,367	1,648,767
Payroll deductions and withholdings	4,763,763	-	-	4,763,763
Accrued expenditures	102,133	-	-	102,133
Accrued salaries payable	6,420,447	-	-	6,420,447
Unearned revenue	271,886	-	51,727	323,613
Total liabilities	<u>27,699,643</u>	<u>1,095,887</u>	<u>145,574</u>	<u>28,941,104</u>

See Accompanying Notes to Financial Statements

Waterford School District
Governmental Funds
Balance Sheet
June 30, 2014

	General Fund	Capital Projects April 30, 2013 Series III	Nonmajor Governmental Funds	Total Governmental Funds
Deferred inflows of resources				
Unavailable				
eRate refunds	\$ 480,384	\$ -	\$ -	\$ 480,384
Energy rebates	74,000	-	-	74,000
Total deferred inflows of resources	<u>554,384</u>	<u>-</u>	<u>-</u>	<u>554,384</u>
Fund balance				
Non-spendable				
Inventory	-	-	34,878	34,878
Restricted				
Debt service	-	-	901,399	901,399
Food service	-	-	614,013	614,013
Capital projects	-	982,740	-	982,740
Assigned				
Capital projects	-	-	589	589
Unassigned	<u>1,161,252</u>	<u>-</u>	<u>-</u>	<u>1,161,252</u>
Total fund balance	<u>1,161,252</u>	<u>982,740</u>	<u>1,550,879</u>	<u>3,694,871</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 29,415,279</u>	<u>\$ 2,078,627</u>	<u>\$ 1,696,453</u>	<u>\$ 33,190,359</u>

See Accompanying Notes to Financial Statements

Waterford School District
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Total fund balances for governmental funds	\$ 3,694,871
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Operating grants	554,384
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,177,339
Capital assets - net of accumulated depreciation	138,628,919
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(549,716)
Incurred but not reported benefit claims	(220,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(21,265)
Bonds payable	(86,365,179)
Capital lease payable	<u>(77,655)</u>
Net position of governmental activities	<u>\$ 56,821,698</u>

See Accompanying Notes to Financial Statements

Waterford School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	General Fund	Capital Projects April 30, 2013 Series III	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 14,032,427	\$ 24,583	\$ 19,359,428	\$ 33,416,438
State sources	73,712,832	-	2,058,876	75,771,708
Federal sources	7,208,180	-	3,341,026	10,549,206
Interdistrict sources	5,486,898	-	3,164,193	8,651,091
Total revenues	<u>100,440,337</u>	<u>24,583</u>	<u>27,923,523</u>	<u>128,388,443</u>
Expenditures				
Current				
Education				
Instruction	54,347,307	-	-	54,347,307
Supporting services	40,961,597	-	-	40,961,597
Federal programs	7,579,622	-	-	7,579,622
Food services	-	-	4,859,134	4,859,134
Pool and fitness centers	-	-	1,207,611	1,207,611
Performing Arts Centers	-	-	214,107	214,107
Child care	-	-	1,362,958	1,362,958
Senior citizens	-	-	801,599	801,599
Special education center program	-	-	4,991,437	4,991,437
Building and site	-	15,239,276	-	15,239,276
Debt service				
Principal	600,000	-	10,480,000	11,080,000
Interest and other expenditures	376,567	-	3,291,222	3,667,789
Bond issuance cost	-	-	144,847	144,847
Tax tribunals refunds	-	-	149,558	149,558
Total expenditures	<u>103,865,093</u>	<u>15,239,276</u>	<u>27,502,473</u>	<u>146,606,842</u>

See Accompanying Notes to Financial Statements

Waterford School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	General Fund	Capital Projects April 30, 2013 Series III	Nonmajor Governmental Funds	Total Governmental Funds
Deficiency of revenues under expenditures	\$ (3,424,756)	\$ (15,214,693)	\$ 421,050	\$ (18,218,399)
Other financing sources (uses)				
Proceeds from refunding bonds	-	-	15,244,847	15,244,847
Payment to bond refunding escrow agent	-	-	(15,100,000)	(15,100,000)
Transfers in	-	-	440,935	440,935
Transfers out	(440,935)	-	-	(440,935)
Total other financing sources (uses)	(440,935)	-	585,782	144,847
Net change in fund balance	(3,865,691)	(15,214,693)	1,006,832	(18,073,552)
Fund balance - beginning	5,026,943	16,197,433	544,047	21,768,423
Fund balance - ending	\$ 1,161,252	\$ 982,740	\$ 1,550,879	\$ 3,694,871

See Accompanying Notes to Financial Statements

Waterford School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - Total governmental funds	\$ (18,073,552)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	554,384
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(6,939,935)
Capitalized capital outlay	13,721,748
Disposal/impairment of capital assets (net book value)	(3,708,782)
Expenses are recorded when incurred in the statement of activities.	
Interest	81,328
Benefit claims	101,000
Compensated absences	257,798
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	11,080,000
Payment to bond refunding escrow agent	15,100,000
Proceeds from issuance of bonds	(15,244,847)
Repayment of capital lease	23,047
Amortization of premiums	<u>473,316</u>
Change in net position of governmental activities	<u>\$ (2,574,495)</u>

See Accompanying Notes to Financial Statements

Waterford School District
Proprietary Fund
Internal Service Fund
Statement of Assets and Liabilities
June 30, 2014

	<u>Internal Service Fund</u>
Assets	
Due from other funds	\$ <u>242,890</u>
Liabilities	
Workers' compensation	\$ 221,625
Compensated absences	<u>21,265</u>
Total liabilities	<u>\$ 242,890</u>

See Accompanying Notes to Financial Statements

Waterford School District
Proprietary Fund
Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2014

	<u>Internal Service Fund</u>
Revenues	
Employee contributions	\$ 2,728,389
Fee for service	<u>34,435,127</u>
Total revenues	<u>37,163,516</u>
Expenses	
Health, dental and vision	13,507,264
Retirement	18,807,913
Social security	4,564,882
Workers compensation	<u>283,457</u>
Total expenses	<u>37,163,516</u>
Net income	-
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

Waterford School District
Proprietary Fund
Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2014

	Internal Service Fund
Cash flows from operating activities	
Employee contributions	\$ 2,728,389
Fee for service	34,435,127
Health, dental and vision	(13,507,264)
Retirement	(18,807,913)
Social security	(4,564,882)
Workers' compensation	(283,457)
Net cash used by operating activities	-
Cash and cash equivalents - beginning of year	-
Cash and cash equivalents - end of year	\$ -

See Accompanying Notes to Financial Statements

Waterford School District
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2014

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 1,201,818</u>
Liabilities	
Due to student activities	<u>\$ 1,201,818</u>

See Accompanying Notes to Financial Statements

Waterford School District
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Waterford School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

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. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

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

Waterford School District
Notes to Financial Statements
June 30, 2014

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

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

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2013 Capital Projects Funds – Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and for remodeling and repairs. The funds are kept open until the purpose for which the funds were created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds/School Service Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service Fund, Special Education Center Programs, Child Care, Pool and Fitness Centers, Performing Arts Centers, and Senior Citizens Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Building Maintenance Capital Projects Funds – Capital Projects Funds are used to record bond proceeds or other revenue and

the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and for remodeling and repairs. The funds are kept open until the purpose for which the funds were created has been accomplished.

Internal Service Fund – The School District's Proprietary Fund is the Internal Service Fund. The purpose of the fund is to finance services provided to other funds of the School District on a cost-reimbursement basis. The Internal Service Fund maintained by the School District accounts for medical coverage, workers' compensation, and accrued vacation pay. It is funded through transfers primarily from the General Fund in amounts equal to normal estimated risk management and compensated absence claims.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Net Position Equity

Cash – 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 state at fair value.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2014, the rates are as follows per \$1,000 of assessed value.

Waterford School District
Notes to Financial Statements
June 30, 2014

General Fund	
Non principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	7.00000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 88% of the School District's tax roll lies within Waterford Township.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$10,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	7-50 years
Equipment and furniture	5-8 years
Buses and other vehicles	5-20 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Compensated Absences – Maintenance, operation, and warehouse workers employed by the District throughout the year (12 months) are allowed to carryover 5 days of vacation, at the supervisor's discretion. Vacation time for these groups is earned during the preceding fiscal year and available for use in the following fiscal year.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums

Waterford School District
Notes to Financial Statements
June 30, 2014

received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Upcoming Accounting and Reporting Changes

The Government Accounting Standards Board has issued Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability will be recorded on the government-wide statements. Statement 71 amends Statement 68 by employers and non-employer contributing entities. The District is evaluating the impact these standards will have on its financial reporting. Statements 68 and 71 are effective for the year ending June 30, 2015.

Waterford School District
Notes to Financial Statements
June 30, 2014

The GASB has also issued Statement 69, *Government Combinations and Disposals of Government Operations*. Statement 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and legal structure of the new or continuing entity. Statement 69 is effective for the year ending June 30, 2015.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Employee benefits	\$ 13,925,873	\$ 14,022,890	\$ 97,017
Pupil	7,810,698	8,056,270	245,572
School administration	4,603,208	4,658,118	54,910
Support			
Business	10,993,148	12,431,412	1,438,264
Central	2,896,209	3,413,795	517,586
Transfers out	202,964	440,935	237,971

Compliance Bond Proceeds

The Capital Projects April 30, 2013 Series III Fund includes capital project activities funded with bonds issued after June 9, 2003. For this capital project, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures from the inception of the funds through the current fiscal year:

Proceeds from issuance of bonds	\$ 20,000,000
Expenditures	19,017,260
	<u>\$ 982,740</u>

Waterford School District
Notes to Financial Statements
June 30, 2014

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 12,656,992	\$ 1,201,818	\$ 13,858,810

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 13,857,169
Petty cash and cash on hand	1,641
Total	\$ 13,858,810

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one month.

Credit risk – 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 an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The District's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the District's total investments.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, \$ 14,252,450 of the District's bank balance of \$15,727,599 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Waterford School District
Notes to Financial Statements
June 30, 2014

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Impairment Adjustment	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,177,339	\$ -	\$ -	\$ -	\$ 1,177,339
Construction in progress	<u>2,111,331</u>	<u>-</u>	<u>2,111,331</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,288,670</u>	<u>-</u>	<u>2,111,331</u>	<u>-</u>	<u>1,177,339</u>
Capital assets being depreciated					
Buildings and additions	224,465,485	15,274,509	-	8,072,007	231,667,987
Equipment and furniture	5,285,149	-	-	21,130	5,264,019
Buses and other vehicles	<u>3,798,537</u>	<u>558,570</u>	<u>-</u>	<u>-</u>	<u>4,357,107</u>
Total capital assets being depreciated	<u>233,549,171</u>	<u>15,833,079</u>	<u>-</u>	<u>8,093,137</u>	<u>241,289,113</u>
Less accumulated depreciation for					
Buildings and additions	92,763,768	6,572,771	-	4,376,195	94,960,344
Equipment and furniture	3,883,776	255,271	-	8,160	4,130,887
Buses and other vehicles	<u>3,457,070</u>	<u>111,893</u>	<u>-</u>	<u>-</u>	<u>3,568,963</u>
Total accumulated depreciation	<u>100,104,614</u>	<u>6,939,935</u>	<u>-</u>	<u>4,384,355</u>	<u>102,660,194</u>
Net capital assets being depreciated	<u>133,444,557</u>	<u>8,893,144</u>	<u>-</u>	<u>3,708,782</u>	<u>138,628,919</u>
Net capital assets	<u>\$ 136,733,227</u>	<u>\$ 8,893,144</u>	<u>\$ 2,111,331</u>	<u>\$ 3,708,782</u>	<u>\$ 139,806,258</u>

As of June 30, 2014, Adams and Burt Elementary were closed and torn down after year end. As a result these buildings were considered impaired at June 30, 2014.

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

Governmental activities	
Instruction	\$ 4,858,150
Support services	112,364
Senior citizens	1,408
Special education center program	65,974
Unallocated	<u>1,902,039</u>
Total governmental activities	<u>\$ 6,939,935</u>

Construction Contracts

As of year-end the School District had the following construction contracts in progress:

	Remaining Construction Commitment at Year End	Contract Payable at Year End
Capital Projects	<u>\$ 881,727</u>	<u>\$ 144,348</u>

Waterford School District
Notes to Financial Statements
June 30, 2014

Note 5 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
Capital Projects April 30, 2013 Series III	General	\$ 872,329
General	Non major governmental	478,181
Non major governmental	General Fund	55,367
General	Internal Service Fund	<u>242,890</u>
		<u>\$ 1,648,767</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	<u>Transfers Out</u>
	<u>General Fund</u>
Transfers in	
Nonmajor governmental funds	<u>\$ 440,935</u>

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenue are as follows:

	<u>Unearned</u>
Prepayment of student meals	\$ 51,727
Computer deposits	2,700
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>269,186</u>
Total	<u>\$ 323,613</u>

Note 7 - Deferred Inflows

Governmental funds report deferred inflows, which includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. At the end of the current fiscal year, the various deferred inflows are as follows:

	<u>Deferred Inflows</u>
E-rate	480,384
Energy Bonds Honeywell rebate	<u>74,000</u>
Total	<u>\$ 554,384</u>

Waterford School District
Notes to Financial Statements
June 30, 2014

Note 8 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

Activity for the state aid anticipation note was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 13,000,000	\$ 14,440,000	\$ 13,000,000	\$ 14,440,000

Note 9 - Tax Anticipation Note

The School District issued a tax anticipation notes in advance of tax collections, depositing the proceeds in the General Fund. This note was necessary for the School District to cover its cash flow from reduction in state aid.

Activity for the year for the tax anticipation note was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
Tax anticipation note	\$ -	\$ 1,900,000	\$ -	\$ 1,900,000

Note 10 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$93,020,000	\$13,455,000	\$26,180,000	\$80,295,000	\$10,390,000
Capital lease	100,702	-	23,047	77,655	28,200
Compensated absences	279,063	-	257,798	21,265	-
Premium on bonds	4,753,648	1,789,847	473,316	6,070,179	-
Total	\$98,153,413	\$15,244,847	\$26,934,161	\$86,464,099	\$10,418,200

Waterford School District
Notes to Financial Statements
June 30, 2014

General obligation bonds payable at year end, consists of the following:

\$22,680,000 serial bond due in annual installments ranging from \$250,000 to \$5,120,000 through 2017, interest ranging from 2.0% to 4.0%	\$ 15,460,000
\$26,150,000 serial bond due in annual installments ranging from \$1,530,000 to \$3,145,000 through 2023, interest ranging from 2.0% to 5.00%	24,620,000
\$13,455,000 serial bond due in annual installments ranging from \$1,280,000 to \$2,395,000 through 2022, interest ranging from 2.00% to 5.00%	13,455,000
\$20,000,000 serial bond due in annual installments ranging from \$1,000,000 to \$1,500,000 through 2027, interest ranging from 2.0% to 3.00%	18,500,000
\$11,950,000 serial bond (callable beginning 2016) due in annual installments ranging from \$525,000 to \$995,000 through 2022, interest of 4.40%	<u>8,260,000</u>
Total general obligation bonded debt	<u>\$ 80,295,000</u>

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2015	\$ 10,390,000	\$ 3,227,294	\$ 13,617,294
2016	10,920,000	2,947,790	13,867,790
2017	10,875,000	2,416,290	13,291,290
2018	6,790,000	1,973,630	8,763,630
2019	7,815,000	1,684,420	9,499,420
2020-2024	30,005,000	3,439,920	33,444,920
2025-2027	<u>3,500,000</u>	<u>191,250</u>	<u>3,691,250</u>
Total	<u>\$ 80,295,000</u>	<u>\$ 15,880,594</u>	<u>\$ 96,175,594</u>

The general obligation bonds are payable from the Debt Service Funds. As of year-end, the fund had a balance of \$901,399 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year were and \$3,291,222.

Refunding Bond

On April 15, 2014 the School District issued general obligation bonds of \$13,455,000 (par value) with interest rates from 2.00 – 5.00% to advance refund the 2003 Series I Bond with interest rates from 2.00 – 4.125% and combined principal and interest of \$19,943,375. The general obligation bonds were issued with a premium of \$1,789,847 and after paying issuance costs of \$144,847 and accrued interest of \$24,152, the bond proceeds were \$15,100,000. The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$1,363,698, which resulted in an economic gain of \$1,242,136.

Waterford School District
Notes to Financial Statements
June 30, 2014

Compensated Absences

Accrued compensated absences at year end, consists of \$21,265 of vacation hours earned and vested. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by vacation time earned for the year. Typically, the majority of the liability is liquidated in the General Fund.

Note 11 - Leases

Capital Lease

The School District has a capital lease for copy machines. The future lease payments are as follows:

Year ending June 30,	
2015	\$ 28,200
2016	28,200
2017	<u>28,288</u>
Total minimum lease payments	84,688
Less amount representing interest	<u>7,033</u>
Present value of minimum lease payments	<u>\$ 77,655</u>
Assets	
Equipment	\$ 122,500
Less accumulated depreciation	<u>48,196</u>
Total	<u>\$ 74,304</u>

Typically, the majority of the liability is liquidated in the General Fund.

Note 12 - Risk Management

The School District participates in a Municipal Risk Retention Pool Program through the Middle Cities Risk Management Trust. This program provides substantially all the insurance needs of the School District, including property, general liability, automobile and umbrella. The contributions made by the School District fund the program at rates predicated on expected losses, excess insurance premium contribution and administration costs, including appropriate state assessment. The possibility of additional claims exists but the amount of liability to the School District would be immaterial by the time the aggregate stop-loss coverage is triggered. There also is a possibility of a refund due the School District. Therefore, neither contingent liabilities nor assets have been recognized on the School District's financial statements.

The School District is self-insured under the Michigan Worker's Disability Compensation Act. Workers' compensation excess insurance has been retained for the aggregate claims exceeding \$350,000 for each annual policy period, to a maximum of \$1,000,000. This excess insurance also applies to individual occurrences exceeding \$300,000, with a statutory maximum for those individual occurrences. The expenditures for the year were:

	<u>2014</u>	<u>2013</u>
Estimated liability at the beginning of the year	\$ 321,025	\$ 289,500
Estimated claims incurred including changes in estimates	162,739	227,531
Claim payments	<u>(262,139)</u>	<u>(196,006)</u>
Estimated liability end of year	<u>\$ 221,625</u>	<u>\$ 321,025</u>

The School District is subject to Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School

Waterford School District
Notes to Financial Statements
June 30, 2014

District. The School District had \$58,502 in unemployment compensation expense for the year. No provision has been made for possible future claims.

Note 13 - Pension Plans and Post-Employment Benefits

Plan Description

The School District has a group of defined benefit and defined contribution retirement plans covering substantially all employees. The plans are operated by the State of Michigan's Public School Employees' Retirement System (MPSERS), which is a cost-sharing multiple-employer public employee retirement system (PERS).

The plans provide retirement, survivor and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and their beneficiaries who elect to receive benefits.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, under the authority established by the Michigan Public School Employees Retirement Act (Retirement Act), as enacted and amended by the Michigan Legislature. The Michigan Legislature has the authority to amend the Retirement Act. The Michigan Department of Technology, Management and Budget issues a publicly-available financial report that includes financial statements and required supplementary information for MPSERS. The report provides information for the plans as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671, calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

Full details on each of these plans are available on the MPSERS website at the address provided above.

Pension Benefits

Employer contributions to MPSERS result from the applying rules and applicable changes of the School Finance Reform Act. Accordingly, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. Depending on the plan selected, a plan member's contribution may range from 0% to 7% of their gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

For the period July 1, 2013 through September 30, 2013, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan							
employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

For the period October 1, 2013 through June 30, 2014, employees had the following plan options with the corresponding employer contribution rates:

Waterford School District
Notes to Financial Statements
June 30, 2014

	Basic MIP	Pension Plus	Pension Plus PHF (first worked September 4, 2012 or later)	Pension Plus to DC with PHF (first worked September 4, 2012 or later)	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

The School District's required and actual contributions to the plans for the years ended June 30, 2014, 2013, and 2012 were approximately \$13,374,767, \$10,496,679, and \$9,504,578, respectively. Contributions made by the participants of the plan for the year ended June 30, 2014 were \$4,865,727.

Post-Employment Benefits

In addition to the pension benefits described above, state law requires the School District to provide post-retirement healthcare benefits for eligible retirees and beneficiaries through the Michigan Public School Employees Retirement System (MPERS).

The 2012 Retirement Reform included changes to retiree healthcare benefits. New employees hired after the effective date who elect this benefit are enrolled in the defined contribution Personal Healthcare Fund. This establishes a portable tax-deferred account in which the participant contributes 2% of their salary, and receives a 2% employer match. These funds can be used to pay for healthcare expenses in retirement.

Employees working prior to the enactment of the 2012 Retirement Reform have two options: (a) the Personal Healthcare Fund, or (b) the defined benefit Premium Subsidy benefit.

Employees electing the defined benefit Premium Subsidy benefit contribute 3% of their compensation, and the employer contributes an actuarially determined percent of payroll for all participants. Upon retirement members receive a premium subsidy towards health, dental and vision insurance. The subsidy is a percent of the premium cost, with the percentage varying based on several factors.

For the periods July 1, 2013 through September 30, 2013, and October 1, 2013 through June 30, 2014, the employer contribution rate ranged from 8.18% to 9.11% and 5.52% to 6.45%, respectively. See above two tables for rates.

The District's actual contributions match the required contributions for the years ended June 30, 2014, 2013, and 2012 and were approximately \$5,237,860, \$5,352,149, and \$5,399,970, respectively.

Unfunded Accrued Actuarial Liability

During the year ended June 30, 2014, the District had contributions in the amount of \$3,222,212 to the Michigan Public School Employee Retirement System (MPERS). This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 4.56% for the year. These contributions are not included in the above tables.

Waterford School District
Notes to Financial Statements
June 30, 2014

Note 14 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2014.

Note 15 - Subsequent Event

Subsequent to year end, the School District repaid the state aid anticipation note of \$12,540,000 and the tax anticipation note of \$1,900,000 that were outstanding at the end of the year. In addition, the District borrowed \$14,440,000 in state aid anticipation notes that is due September 2015.

Subsequent to year end, four buildings were closed, of which two, Burt and Adams Elementary were torn down. These were included in the impairment in Note 4. The other two, Waterford Village and Sandburg Elementary will be used for other purposes and not deemed impaired.

Subsequent to year end, the Energy Bonds were refunded at interest rates ranging from 2.0% - 5.0%.

REQUIRED SUPPLEMENTARY INFORMATION

Waterford School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Local sources	\$ 15,034,067	\$ 15,043,728	\$ 14,032,427	\$ (1,011,301)
State sources	72,636,453	75,087,979	73,712,832	(1,375,147)
Federal sources	7,918,033	8,230,249	7,208,180	(1,022,069)
Interdistrict sources	5,543,515	5,525,177	5,486,898	(38,279)
 Total revenues	 101,132,068	 103,887,133	 100,440,337	 (3,446,796)
Expenditures				
Current				
Instruction				
Basic programs	28,393,059	28,812,858	28,442,375	(370,483)
Added needs	13,031,553	12,954,404	11,882,042	(1,072,362)
Employee benefits	11,596,511	13,925,873	14,022,890	97,017
Supporting services				
Pupil	7,743,012	7,810,698	8,056,270	245,572
Instructional staff	2,933,067	2,867,022	2,180,475	(686,547)
General administration	1,252,555	1,255,033	1,175,333	(79,700)
School administration	4,603,208	4,603,208	4,658,118	54,910
Business	10,449,599	10,993,148	12,431,412	1,438,264
Central	2,881,162	2,896,209	3,413,795	517,586
Athletics	1,473,771	1,458,786	1,184,932	(273,854)
Civil	123,997	123,997	70,487	(53,510)
Employee benefits	7,731,008	9,283,916	7,790,775	(1,493,141)

Waterford School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Federal programs	\$ 8,285,116	\$ 8,554,488	\$ 7,579,622	\$ (974,866)
Teacher retirement savings	(300,000)	-	-	-
Debt service				
Principal	600,000	600,000	600,000	-
Interest and fiscal charges	376,640	376,640	376,567	(73)
Total expenditures	<u>101,174,258</u>	<u>106,516,280</u>	<u>103,865,093</u>	<u>(2,651,187)</u>
Deficiency of revenues over expenditures	<u>(42,190)</u>	<u>(2,629,147)</u>	<u>(3,424,756)</u>	<u>(795,609)</u>
Other financing sources (uses)				
Transfers out	<u>(184,564)</u>	<u>(202,964)</u>	<u>(440,935)</u>	<u>(237,971)</u>
Net change in fund balance	(226,754)	(2,832,111)	(3,865,691)	(1,033,580)
Fund balance - beginning	<u>5,026,943</u>	<u>5,026,943</u>	<u>5,026,943</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,800,189</u>	<u>\$ 2,194,832</u>	<u>\$ 1,161,252</u>	<u>\$ (1,033,580)</u>

OTHER SUPPLEMENTARY INFORMATION

Waterford School District
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Special Revenue Funds/School Service Funds					
	Special Education Center Programs	Child Care	Senior Citizens	Pool and Fitness Centers	Performing Arts Centers	Food Service
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579,770
Due from other governmental units	-	-	-	-	-	155,665
Due from other funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	34,878
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 770,313</u>
Liabilities and fund balance						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,328
Due to other funds	-	-	-	-	-	55,367
Unearned revenue	-	-	-	-	-	51,727
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,422</u>
Fund balance						
Non-spendable						
Inventory	-	-	-	-	-	34,878
Restricted						
Debt retirement	-	-	-	-	-	-
Food service	-	-	-	-	-	614,013
Assigned						
Capital projects	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648,891</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 770,313</u>

**Waterford School District
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014**

	Debt Service Funds				Capital Projects		Total Non Major Funds
	1999 Series II & III Refunding	2003 Series I	2003 Series II	2013 Refunding	2014 Refunding	Building Maintenance	
Assets							
Cash and cash equivalents	\$ 137,987	\$ 99,987	\$ 93,153	\$ 116,230	\$ -	\$ 589	\$ 1,027,716
Due from other governmental units	-	-	-	-	-	-	155,665
Due from other funds	147,494	106,877	99,573	124,250	-	-	478,194
Inventory	-	-	-	-	-	-	34,878
Total assets	<u>\$ 285,481</u>	<u>\$ 206,864</u>	<u>\$ 192,726</u>	<u>\$ 240,480</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ 1,696,453</u>
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ -	\$ 24,152	\$ -	\$ -	\$ -	\$ -	\$ 38,480
Due to other funds	-	-	-	-	-	-	55,367
Unearned revenue	-	-	-	-	-	-	51,727
Total liabilities	<u>-</u>	<u>24,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,574</u>
Fund balance							
Non-spendable							
Inventory	-	-	-	-	-	-	34,878
Restricted							
Debt retirement	285,481	182,712	192,726	240,480	-	-	901,399
Food service	-	-	-	-	-	-	614,013
Assigned							
Capital projects	-	-	-	-	-	589	589
Total fund balance	<u>285,481</u>	<u>182,712</u>	<u>192,726</u>	<u>240,480</u>	<u>-</u>	<u>589</u>	<u>1,550,879</u>
Total liabilities and fund balance	<u>\$ 285,481</u>	<u>\$ 206,864</u>	<u>\$ 192,726</u>	<u>\$ 240,480</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ 1,696,453</u>

Waterford School District
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2014

	Special Revenue Funds/School Service Fund					
	Special Education Center Programs	Child Care	Senior Citizens	Pool and Fitness Centers	Performing Arts Centers	Food Service
Revenues						
Local sources	\$ 24,642	\$ 1,362,958	\$ 613,985	\$ 807,903	\$ 172,880	\$ 1,554,881
State sources	1,802,602	-	-	-	-	256,274
Federal sources	-	-	187,614	-	-	3,153,412
Interdistrict sources	3,164,193	-	-	-	-	-
Total revenues	<u>4,991,437</u>	<u>1,362,958</u>	<u>801,599</u>	<u>807,903</u>	<u>172,880</u>	<u>4,964,567</u>
Expenditures						
Current						
Instruction	2,526,748	-	-	-	-	-
Supporting services	2,464,689	1,362,958	613,985	1,207,611	214,107	1,705,722
Federal programs	-	-	187,614	-	-	3,153,412
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-
Tax tribunal refunds	-	-	-	-	-	-
Total expenditures	<u>4,991,437</u>	<u>1,362,958</u>	<u>801,599</u>	<u>1,207,611</u>	<u>214,107</u>	<u>4,859,134</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,708)</u>	<u>(41,227)</u>	<u>105,433</u>
Other financing sources (uses)						
Transfers in	-	-	-	399,708	41,227	-
Proceeds from refunding bonds	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,708</u>	<u>41,227</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,433</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,458</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648,891</u>

Waterford School District
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2014

	Debt Service Funds					Capital Projects		Total Non Major Funds
	1997 Refunding	1999 Series II & III Refunding	2003 Series I	2003 Series II	2013 Refunding	2014 Refunding	Building Maintenance	
Revenues								
Local sources	\$ 3,438,387	\$ 3,671,429	\$ 2,381,385	\$ 2,159,896	\$ 3,171,082	\$ -	\$ -	\$ 19,359,428
State sources	-	-	-	-	-	-	-	2,058,876
Federal sources	-	-	-	-	-	-	-	3,341,026
Interdistrict sources	-	-	-	-	-	-	-	3,164,193
Total revenues	<u>3,438,387</u>	<u>3,671,429</u>	<u>2,381,385</u>	<u>2,159,896</u>	<u>3,171,082</u>	<u>-</u>	<u>-</u>	<u>27,923,523</u>
Expenditures								
Current								
Instruction	-	-	-	-	-	-	-	2,526,748
Supporting services	-	-	-	-	-	-	-	7,569,072
Federal programs	-	-	-	-	-	-	-	3,341,026
Debt service								
Principal	3,250,000	2,700,000	1,500,000	1,500,000	1,530,000	-	-	10,480,000
Interest	162,500	647,800	671,750	442,500	1,366,672	-	-	3,291,222
Bond issuance cost	-	-	-	-	-	144,847	-	144,847
Tax tribunal refunds	25,887	38,148	26,923	24,670	33,930	-	-	149,558
Total expenditures	<u>3,438,387</u>	<u>3,385,948</u>	<u>2,198,673</u>	<u>1,967,170</u>	<u>2,930,602</u>	<u>144,847</u>	<u>-</u>	<u>27,502,473</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>285,481</u>	<u>182,712</u>	<u>192,726</u>	<u>240,480</u>	<u>(144,847)</u>	<u>-</u>	<u>421,050</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	440,935
Proceeds from refunding bonds	-	-	-	-	-	15,244,847	-	15,244,847
Payment to bond refunding escrow agent	-	-	-	-	-	(15,100,000)	-	(15,100,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,847</u>	<u>-</u>	<u>585,782</u>
Net change in fund balance	<u>-</u>	<u>285,481</u>	<u>182,712</u>	<u>192,726</u>	<u>240,480</u>	<u>-</u>	<u>-</u>	<u>1,006,832</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>589</u>	<u>544,047</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 285,481</u>	<u>\$ 182,712</u>	<u>\$ 192,726</u>	<u>\$ 240,480</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ 1,550,879</u>

Waterford School District
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2014

	2014	2013
Assets		
Cash and cash equivalents	\$ 9,550,649	\$ 10,043,663
Accounts receivable	2,523,247	2,471,404
Due from other funds	927,683	1,794,703
Due from other governmental units	16,413,700	18,082,619
Prepaid items	-	575
	<u>\$ 29,415,279</u>	<u>\$ 32,392,964</u>
Liabilities, deferred inflows of resources and fund balance		
Liabilities		
Accounts payable	\$ 980,343	\$ 2,465,706
State aid anticipation note payable	14,440,000	13,000,000
Due to other funds	721,071	729,739
Payroll deductions and withholdings	4,763,763	4,287,492
Accrued expenditures	102,133	102,133
Accrued salaries payable	6,420,447	6,760,177
Unearned revenue	271,886	20,774
	<u>27,699,643</u>	<u>27,366,021</u>
Deferred inflows of resources		
Unavailable		
e-Rate refunds	480,384	-
Energy rebates	74,000	-
	<u>554,384</u>	<u>-</u>
Fund balance		
Non-spendable		
Prepaid items	-	575
Unassigned	1,161,252	5,026,368
	<u>1,161,252</u>	<u>5,026,943</u>
Total fund balance	<u>\$ 29,415,279</u>	<u>\$ 32,392,964</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 29,415,279</u>	<u>\$ 32,392,964</u>

Waterford School District
General Fund
Statement of Revenues Compared to Budget
For the Year Ended June 30, 2014

	Final Budget	Actual	Actual Over (Under) Budget
Local sources			
Property Taxes	\$ 12,057,996	\$ 11,878,979	\$ (179,017)
Other Taxes & Penalties	85,000	57,600	(27,400)
Preschool	507,305	256,886	(250,419)
Outdoor Education	113,850	66,345	(47,505)
Summer Academy	107,514	40,527	(66,987)
Mail Services	49,200	7,321	(41,879)
Waterford Foundation	84,849	84,848	(1)
Cyber Academy	-	5,012	5,012
Credit recovery	-	19,365	19,365
Robotics - Best Buy Grant	5,650	5,650	-
Summer SLAM	3,220	3,925	705
eRate	200,000	6,713	(193,287)
Facility Use	175,000	97,294	(77,706)
Sale of Fixed Assets	25,000	-	(25,000)
University Stipends	-	100	100
Fingerprinting	3,500	-	(3,500)
Video Services	500	-	(500)
School & Community Services	88,000	58,850	(29,150)
Transportation	40,000	-	(40,000)

Waterford School District
General Fund
Statement of Revenues Compared to Budget
For the Year Ended June 30, 2014

	Final Budget	Actual	Actual Over (Under) Budget
Local sources (continued)			
Food Service Contribution	\$ 425,000	\$ 308,389	\$ (116,611)
Vending	30,000	25,862	(4,138)
Child Care Contribution	300,000	190,910	(109,090)
Senior Center Contribution	50,000	-	(50,000)
High school parking passes	15,000	15,505	505
Medicaid	400,000	737,460	337,460
Athletics	150,000	91,264	(58,736)
Hockey	50,344	30,641	(19,703)
Waterford Community Garden Grant	11,800	-	(11,800)
Miscellaneous	65,000	42,981	(22,019)
	<u>15,043,728</u>	<u>14,032,427</u>	<u>(1,011,301)</u>
Total local sources			

Waterford School District
General Fund
Statement of Revenues Compared to Budget
For the Year Ended June 30, 2014

	Final Budget	Actual	Actual Over (Under) Budget
State sources			
Membership	\$ 59,551,798	\$ 59,750,424	\$ 198,626
Membership-Special Education	2,651,468	2,227,753	(423,715)
Property Tax Refunds	682,641	195,120	(487,521)
Best Practice Incentive	538,586	567,732	29,146
MPSERS Cost Offset 147a	870,494	870,871	377
MPSERS UAAL Rate Stabilization 147c	3,204,032	3,222,212	18,180
Performance Based Funding	416,080	413,495	(2,585)
At-Risk	2,453,467	2,122,006	(331,461)
Special Education, Non-membership	2,305,400	2,071,197	(234,203)
Vocation Education	260,616	257,261	(3,355)
GSRP	623,820	589,624	(34,196)
Court Placed	1,155,812	1,022,582	(133,230)
Data Collection	257,191	256,103	(1,088)
Technology Infrastructure	103,574	124,452	20,878
First Robotics	13,000	22,000	9,000
Total state sources	75,087,979	73,712,832	(1,375,147)

Waterford School District
General Fund
Statement of Revenues Compared to Budget
For the Year Ended June 30, 2014

	Final Budget	Actual	Actual Over (Under) Budget
Interdistrict sources			
Oakland Schools	\$ 5,126,404	\$ 5,005,096	\$ (121,308)
Oakland Schools - PA 18 Transportation	-	60,900	60,900
Vocational Millage	148,773	166,903	18,130
C.V.S. Oakland County	250,000	253,999	3,999
Total interdistrict sources	5,525,177	5,486,898	(38,279)
Total revenue before federal sources	95,656,884	93,232,157	(2,424,727)
Federal sources	8,230,249	7,208,180	(1,022,069)
Total revenues	\$ 103,887,133	\$ 100,440,337	\$ (3,446,796)

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual			Final Budget	Actual Over (Under) Budget
	Salaries	Supplies and Expenses	Total		
Basic program - elementary					
General Ed	\$ 10,189,638	\$ 369,226	\$ 10,558,864	\$ 11,321,027	\$ (762,163)
Science	-	47,220	47,220	49,321	(2,101)
Phys Ed	529,128	6,238	535,366	528,330	7,036
Music-Fine Arts	518,588	13,724	532,312	543,458	(11,146)
Art-Fine Arts	422,037	33,733	455,770	457,467	(1,697)
31A	68,870	40,827	109,697	-	109,697
Youth Wellness Grant	-	143	143	-	143
Waterford Foundation Grant	-	244	244	-	244
Total elementary	<u>11,728,261</u>	<u>511,355</u>	<u>12,239,616</u>	<u>12,899,603</u>	<u>(659,987)</u>
Basic program - middle school					
General Ed	4,994,428	130,549	5,124,977	5,015,289	109,688
Music-Fine Arts	492,390	15,592	507,982	473,594	34,388
Art-Fine Arts	132,888	6,683	139,571	142,112	(2,541)
Physical Ed	255,566	5,019	260,585	260,690	(105)
31A	65,624	38,604	104,228	-	104,228
Outdoor Ed	10,584	56,869	67,453	113,850	(46,397)
Waterford Foundation Grant	-	28	28	-	28
Total middle school	<u>5,951,480</u>	<u>253,344</u>	<u>6,204,824</u>	<u>6,005,535</u>	<u>199,289</u>
Basic program - high school					
General Ed	5,414,550	532,933	5,947,483	5,988,556	(41,073)
Alt. H.S.-Durant	721,861	477,511	1,199,372	1,142,840	56,532
Cyber Academy	173,338	237,089	410,427	463,354	(52,927)
Robotics	-	-	-	13,000	(13,000)
Robotics - Best Buy Grant	-	4,150	4,150	5,650	(1,500)
Music-Fine Arts	476,453	12,200	488,653	439,063	49,590
Art-Fine Arts	329,152	15,981	345,133	354,548	(9,415)
Physical Ed	218,491	2,294	220,785	223,792	(3,007)
31A	98,001	79,433	177,434	-	177,434

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual			Final Budget	Actual Over (Under) Budget
	Salaries	Supplies and Expenses	Total		
Basic program - high school (continued)					
WAY Program - Oakland Schools	\$ -	\$ 112,840	\$ 112,840	\$ 20,100	\$ 92,740
Waterford Foundation	-	27,998	27,998	-	27,998
International Academy	41,595	198,685	240,280	239,111	1,169
Total high school	<u>7,473,441</u>	<u>1,701,114</u>	<u>9,174,555</u>	<u>8,890,014</u>	<u>284,541</u>
Basic program - summer school					
Summer Success - Lit & Math	-	1,526	1,526	3,220	(1,694)
Summer Academy	23,543	15,519	39,062	107,514	(68,452)
Total summer school	<u>23,543</u>	<u>17,045</u>	<u>40,588</u>	<u>110,734</u>	<u>(70,146)</u>
Basic program - Pre-K programs					
Preschool	184,923	92,007	276,930	413,365	(136,435)
GSRP	336,259	161,525	497,784	493,607	4,177
Great Parents	-	8,078	8,078	-	8,078
Total Pre-K programs	<u>521,182</u>	<u>261,610</u>	<u>782,792</u>	<u>906,972</u>	<u>(124,180)</u>
Added needs - special education programs					
Emot Impaired	121,751	68,861	190,612	189,043	1,569
Educ Ment Imp	98,558	64,061	162,619	154,986	7,633
CI - Local	349,331	186,674	536,005	516,581	19,424
CI (TMI)	284,842	173,930	458,772	463,296	(4,524)
AI	377,680	209,788	587,468	637,027	(49,559)
AI - Summer	6,057	2,860	8,917	54,855	(45,938)
AI - Pierce	169,595	101,945	271,540	279,066	(7,526)
AI - H.S.	148,509	74,733	223,242	235,698	(12,456)
SCI	81,254	45,626	126,880	152,930	(26,050)
Early Intervention - POHI	4,645	11,823	16,468	162,427	(145,959)
CVS Reg	570,838	367,565	938,403	976,068	(37,665)
CVS EI	644,607	424,969	1,069,576	1,044,341	25,235
CVS Summer School	35,118	25,078	60,196	59,232	964

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual				Actual
	Salaries	Supplies and Expenses	Total	Final Budget	Over (Under) Budget
Added needs - special education programs (continued)					
Sec Res Teacher	\$ 1,230,670	\$ 772,871	\$ 2,003,541	\$ 1,959,164	\$ 44,377
EI Teacher	677,745	373,134	1,050,879	1,013,694	37,185
EI Middle School	57,287	26,028	83,315	101,109	(17,794)
EI High School	107,333	57,014	164,347	163,078	1,269
Resource/Speech	13,183	4,827	18,010	18,360	(350)
IDEA local	405,117	256,884	662,001	678,561	(16,560)
SXI local	321,535	206,300	527,835	579,287	(51,452)
Visually Impaired	37,555	14,012	51,567	56,333	(4,766)
	<u>5,743,210</u>	<u>3,468,983</u>	<u>9,212,193</u>	<u>9,495,136</u>	<u>(282,943)</u>
Added needs - compensatory education					
31A	709,768	440,006	1,149,774	1,852,418	(702,644)
Northwest Evaluation Association	-	52,972	52,972	60,000	(7,028)
Ext School Yr -Secondary	-	-	-	26,577	(26,577)
English as a Second Language	203,947	113,230	317,177	298,648	18,529
	<u>913,715</u>	<u>606,208</u>	<u>1,519,923</u>	<u>2,237,643</u>	<u>(717,720)</u>
Added needs - vocational education					
Gen Voc Ed	1,051,788	52,447	1,104,235	1,192,049	(87,814)
Vocational Millage	-	3,545	3,545	2,504	1,041
Aviation	-	21,308	21,308	27,072	(5,764)
Robotics	3,000	17,838	20,838	-	20,838
	<u>1,054,788</u>	<u>95,138</u>	<u>1,149,926</u>	<u>1,221,625</u>	<u>(71,699)</u>
Total vocational education					
Total Instruction	<u>33,409,620</u>	<u>6,914,797</u>	<u>40,324,417</u>	<u>41,767,262</u>	<u>(1,442,845)</u>

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual			Final Budget	Actual Over (Under) Budget
	Salaries	Supplies and Expenses	Total		
Pupils					
Guidance-Mid	\$ 646,043	\$ 3,152	\$ 649,195	\$ 586,136	\$ 63,059
Guidance-HS	728,546	406	728,952	739,166	(10,214)
31A Counselor	78,264	40,033	118,297	125,530	(7,233)
Alt. H.S.-Durant - Hall Monitors	30,600	11,510	42,110	30,426	11,684
Alt. H.S.-Durant - Counselors	59,424	39,615	99,039	91,158	7,881
Other Pupil Serv	592,649	15,438	608,087	505,872	102,215
SXI Local - Nurse	27,464	33,053	60,517	54,664	5,853
SXI Local - Psych	10,543	6,047	16,590	17,189	(599)
SXI Local - Speech	16,161	9,002	25,163	23,016	2,147
SXI Local - Social Worker	10,431	6,522	16,953	17,040	(87)
SXI Local - Adaptive PE	12,640	5,174	17,814	16,823	991
CI Health	6,149	2,135	8,284	24,413	(16,129)
CI Speech	17,284	6,428	23,712	26,790	(3,078)
Gen Spec Ed	125,242	72,442	197,684	261,589	(63,905)
LD - Teacher Consultant	202,929	116,992	319,921	298,741	21,180
CI Local - O.T.	22,942	13,270	36,212	40,693	(4,481)
CI Local - Psych	24,894	13,706	38,600	38,283	317
CI Local - Speech	19,899	10,600	30,499	31,454	(955)
CI Local - Social Worker	22,784	15,743	38,527	35,315	3,212
CI Local - Adaptive P.E.	7,938	3,152	11,090	10,541	549
CI (TMI) - O.T.	6,840	3,432	10,272	27,731	(17,459)
CI (TMI) - Psych	4,348	3,334	7,682	6,741	941
CI (TMI) - Speech	6,601	4,278	10,879	10,232	647
CI (TMI) - Social Worker	12,209	7,838	20,047	18,924	1,123
CI (TMI) - Adaptive P.E.	45,192	19,028	64,220	75,741	(11,521)
AI - O.T.	48,515	20,395	68,910	86,688	(17,778)
AI - Psych	16,756	10,718	27,474	25,889	1,585
AI - Speech	15,045	9,203	24,248	23,320	928
AI - Social Worker	60,022	38,599	98,621	87,911	10,710
AI M.S. - O.T.	10,496	4,547	15,043	25,193	(10,150)
AI M.S. - Psych	7,435	4,831	12,266	11,552	714
AI M.S. - Speech	6,196	4,550	10,746	6,697	4,049
AI M.S. - Social Worker	25,742	15,626	41,368	39,900	1,468

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual			Final Budget	Actual Over (Under) Budget
	Salaries	Supplies and Expenses	Total		
Pupils (continued)					
AI H.S. - O.T.	\$ 16,260	\$ 7,201	\$ 23,461	\$ 33,883	\$ (10,422)
AI H.S. - Psych	7,435	4,934	12,369	11,552	817
AI H.S. - Speech	13,831	8,675	22,506	15,546	6,960
AI H.S. - Social Worker	22,666	11,812	34,478	35,076	(598)
SCI - O.T. & P.T.	5,669	3,218	8,887	25,860	(16,973)
SCI - Psych	4,957	3,220	8,177	8,029	148
SCI - Speech	5,820	3,652	9,472	9,407	65
SCI - Social Work	11,641	6,532	18,173	18,813	(640)
SCI - Adaptive P.E.	3,015	1,160	4,175	5,507	(1,332)
Early Intervention - O.T. & P.T.	63,392	70,762	134,154	146,898	(12,744)
Early Intervention - Psych	19,307	12,453	31,760	29,926	1,834
Early Intervention - Speech	24,729	9,447	34,176	34,595	(419)
Early Intervention - TC	122,870	62,137	185,007	-	185,007
CVS - EI, P.T. & O.T.	12,280	4,048	16,328	19,873	(3,545)
CVS - EI , Psychologist	31,540	24,108	55,648	50,584	5,064
CVS - EI , Speech	2,626	1,678	4,304	4,211	93
CVS - EI , Social Worker	29,102	23,711	52,813	46,674	6,139
CVS - EI	-	4,415	4,415	-	4,415
EI - Middle School, OT	2,640	1,667	4,307	8,709	(4,402)
EI - Middle School, PT	41,542	16,425	57,967	70,621	(12,654)
EI - Middle School, Speech	2,160	1,685	3,845	3,348	497
EI Middle School, Social Worker	43,209	32,910	76,119	66,974	9,145
Resource/Speech	101,411	59,098	160,509	130,537	29,972
Resource Room - Secondary	71,423	41,610	113,033	110,705	2,328
GSRP - Speech	-	411	411	31,779	(31,368)
GSRP - Social Worker	7,885	4,249	12,134	20,344	(8,210)
Sub Abuse Prevention	111,679	67,171	178,850	197,521	(18,671)
Speech Serv	744,911	425,332	1,170,243	1,132,192	38,051
Social Serv	686,033	432,829	1,118,862	1,153,691	(34,829)
Psychologist	283,351	172,279	455,630	425,113	30,517
31A Social Workers	294,707	167,874	462,581	475,519	(12,938)
Summer Academy	815	303	1,118	2,741	(1,623)
Local IDEA	12,510	4,559	17,069	-	17,069
Voc Ed Millage	43,731	20,536	64,267	63,112	1,155
Total pupils	5,773,370	2,282,900	8,056,270	7,810,698	245,572

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual			Final Budget	Actual Over (Under) Budget
	Salaries	Supplies and Expenses	Total		
Instructional staff					
Staff Development	\$ 382,925	\$ 44,925	\$ 427,850	\$ 630,105	\$ (202,255)
Cyber Academy	134,747	71,331	206,078	222,590	(16,512)
Math Categorical	-	19,811	19,811	19,835	(24)
Secondary Ed Curriculum	69,006	-	69,006	82,495	(13,489)
Voc Ed Millage	30,280	39,291	69,571	67,053	2,518
Voc Ed Millage Admin	1,755	13,583	15,338	16,104	(766)
Vocational	106,286	704	106,990	105,053	1,937
Music -Fine Arts Adm	41,085	19,375	60,460	61,872	(1,412)
Art-Fine Arts Adm	-	213	213	15,605	(15,392)
Sub Abuse Prevention	-	-	-	3,300	(3,300)
GSRP - Library Tech	-	-	-	8,409	(8,409)
GSRP - Instr Support	30,057	13,935	43,992	69,681	(25,689)
Adult Credit	-	17	17	-	17
Physical Ed - Adm	-	2,074	2,074	3,400	(1,326)
Special Ed Adm	210,244	133,894	344,138	500,695	(156,557)
CI (TMI)	-	5,089	5,089	30,200	(25,111)
Library-Elem	294,976	6,239	301,215	299,009	2,206
Library-Middle	51,725	14,649	66,374	84,504	(18,130)
Library-HS	44,098	10,078	54,176	64,466	(10,290)
Library Services	-	64,392	64,392	80,000	(15,608)
Wtfd Found Grant	-	81,236	81,236	84,849	(3,613)
Talent Development Program	7,875	19,045	26,920	45,288	(18,368)
North Central Association	79	51,396	51,475	70,000	(18,525)
Durant Foundation	57,434	106,317	163,751	295,000	(131,249)
Waterford Success - Local	-	309	309	5,134	(4,825)
SXI - Local	-	-	-	500	(500)
GSRP	-	-	-	1,575	(1,575)
Summer Success-Lit. & Math	-	-	-	300	(300)
Total instructional staff	1,462,572	717,903	2,180,475	2,867,022	(686,547)
General administration					
Board of Ed	72,208	186,710	258,918	337,988	(79,070)
Executive Adm	249,363	17,343	266,706	276,218	(9,512)
Instruction - Director	379,636	27,176	406,812	415,316	(8,504)
Instruction - Curriculum & Assessment	148,358	94,539	242,897	225,511	17,386
Total general administration	849,565	325,768	1,175,333	1,255,033	(79,700)

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual			Final Budget	Actual Over (Under) Budget
	Salaries	Supplies and Expenses	Total		
School administration					
Elem Principal	\$ 1,834,929	\$ 97,025	\$ 1,931,954	\$ 1,886,825	\$ 45,129
Mid Principal	655,578	159,066	814,644	762,893	51,751
HS Principal	1,154,758	37,259	1,192,017	1,203,955	(11,938)
Pre School Principal	42,992	24,194	67,186	93,940	(26,754)
CVS Principal	202,246	135,328	337,574	349,873	(12,299)
Alt. H.S.-Manley	170,585	102,714	273,299	290,400	(17,101)
GSRP Principal	19,666	10,003	29,669	-	29,669
Summer SLAM	-	-	-	700	(700)
Summer Academy	9,399	2,376	11,775	14,622	(2,847)
	<u>4,090,153</u>	<u>567,965</u>	<u>4,658,118</u>	<u>4,603,208</u>	<u>54,910</u>
Total school administration					
Business					
Fiscal Services	372,529	85,490	458,019	459,705	(1,686)
Great Start Readiness	-	-	-	3,260	(3,260)
Utilities	-	2,521,582	2,521,582	2,121,250	400,332
Operations	2,708,681	706,563	3,415,244	2,869,279	545,965
Maintenance	790,896	668,860	1,459,756	1,234,529	225,227
Facility Use	22,076	-	22,076	-	22,076
Transportation	2,116,225	1,750,781	3,867,006	3,081,225	785,781
Transportation - Athletics & Other	-	78,721	78,721	55,700	23,021
Transportation - SpEd Work Experience	-	8,754	8,754	58,804	(50,050)
Purchasing	19,936	4,694	24,630	24,388	242
Warehouse	-	-	-	41,123	(41,123)
Print & Copy	-	15,027	15,027	31,049	(16,022)
Mail Services	-	33,953	33,953	49,200	(15,247)
Other Services	-	240,498	240,498	740,000	(499,502)
Safety & Security	40,110	207,189	247,299	86,518	160,781
KMS Project	17,153	11,290	28,443	-	28,443
COPS grant	-	10,404	10,404	137,118	(126,714)
	<u>6,087,606</u>	<u>6,343,806</u>	<u>12,431,412</u>	<u>10,993,148</u>	<u>1,438,264</u>
Total business					

**Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014**

	Actual				Actual
	Salaries	Supplies and Expenses	Total	Final Budget	Over (Under) Budget
Central					
Computer Services	\$ 405,815	\$ 129,042	\$ 534,857	\$ 505,475	\$ 29,382
Central Enrollment/Pupil Accounting	164,389	3,867	168,256	154,186	14,070
Voc Ed	13,204	5,180	18,384	18,130	254
Research & Evaluation	129,793	154,622	284,415	204,958	79,457
School Community Services	102,714	105,547	208,261	204,080	4,181
Human Resources	224,134	76,596	300,730	295,834	4,896
M.I.S.	216,004	421,830	637,834	735,147	(97,313)
M.I.S. - Communication	-	893,383	893,383	743,149	150,234
Other Services	94,904	272,771	367,675	35,250	332,425
Employee Benefits	151,665	21,662,000	21,813,665	23,209,789	(1,396,124)
	<u>1,502,622</u>	<u>23,724,838</u>	<u>25,227,460</u>	<u>26,105,998</u>	<u>(878,538)</u>
Total central					
	<u>19,765,888</u>	<u>33,963,180</u>	<u>53,729,068</u>	<u>53,635,107</u>	<u>93,961</u>
Total supporting services					
	<u>53,175,508</u>	<u>40,877,977</u>	<u>94,053,485</u>	<u>95,402,369</u>	<u>(1,348,884)</u>
Total local share of expenditures					
Athletics					
Athletics	488,526	672,332	1,160,858	1,408,442	(247,584)
Hockey	3,694	20,380	24,074	50,344	(26,270)
	<u>492,220</u>	<u>692,712</u>	<u>1,184,932</u>	<u>1,458,786</u>	<u>(273,854)</u>
Total athletics					
Civic Activity					
Facility Use	656	3,587	4,243	65,739	(61,496)
Waterford Community Garden Grant	-	-	-	11,800	(11,800)
GSRP	-	502	502	-	502
Community Education	3,472	62,270	65,742	46,458	19,284
	<u>4,128</u>	<u>66,359</u>	<u>70,487</u>	<u>123,997</u>	<u>(53,510)</u>
Total civic activity					

Waterford School District
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended June 30, 2014

	Actual			Final Budget	Actual Over (Under) Budget
	Salaries	Supplies and Expenses	Total		
Federal programs	\$ 4,001,499	\$ 3,206,679	\$ 7,208,178	\$ 8,230,249	\$ (1,022,071)
Debt service					
Principal	-	600,000	600,000	600,000	-
Interest	-	376,567	376,567	376,640	(73)
Total debt service	-	976,567	976,567	976,640	(73)
Other local match					
Headstart	196,796	119,622	316,418	266,853	49,565
Medicaid	31,966	23,060	55,026	57,386	(2,360)
Total other local match	228,762	142,682	371,444	324,239	47,205
Interfund Transfers					
School service fund	-	440,935	440,935	202,964	237,971
Total expenditures	\$ 57,902,117	\$ 46,403,911	\$ 104,306,028	\$ 106,719,244	\$ (2,413,216)

Waterford School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2014

Year Ending June 30,	May 1, 2011 Series 2011	April 1, 2013 Refunding	April 15, 2014 Series 2014	April 30, 2013 Series III	Energy Bonds	Total
2015	\$ 5,160,000	\$ 1,560,000	\$ 1,295,000	\$ 1,500,000	\$ 875,000	\$ 10,390,000
2016	5,180,000	2,055,000	1,285,000	1,500,000	900,000	10,920,000
2017	5,120,000	2,050,000	1,280,000	1,500,000	925,000	10,875,000
2018	-	2,550,000	1,785,000	1,500,000	955,000	6,790,000
2019	-	3,550,000	1,790,000	1,500,000	975,000	7,815,000
2020	-	4,560,000	1,815,000	1,500,000	995,000	8,870,000
2021	-	2,575,000	1,810,000	1,500,000	995,000	6,880,000
2022	-	2,575,000	2,395,000	1,500,000	925,000	7,395,000
2023	-	3,145,000	-	1,500,000	715,000	5,360,000
2024	-	-	-	1,500,000	-	1,500,000
2025	-	-	-	1,500,000	-	1,500,000
2026	-	-	-	1,000,000	-	1,000,000
2027	-	-	-	1,000,000	-	1,000,000
Total	<u>\$ 15,460,000</u>	<u>\$ 24,620,000</u>	<u>\$ 13,455,000</u>	<u>\$ 18,500,000</u>	<u>\$ 8,260,000</u>	<u>\$ 80,295,000</u>
Principal payments due the first day of	May	May	May	May	August	
Interest payments due the first day of	May and November	May and November	May and November	May and November	August and February	
Interest rate	2.00% - 4.00%	2.00% - 5.00%	2.00% - 5.00%	2.00% - 3.00%	4.40%	
Original issue	<u>\$ 22,680,000</u>	<u>\$ 26,150,000</u>	<u>\$ 13,455,000</u>	<u>\$ 20,000,000</u>	<u>\$ 11,950,000</u>	

Waterford School District

Waterford, Michigan

Single Audit Report

June 30, 2014

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

Management and the Board of Education
Waterford School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waterford School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Waterford School District's basic financial statements, and have issued our report thereon dated October 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waterford School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Waterford School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Waterford School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterford School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Saginaw, Michigan
October 9, 2014

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditors' Report

Management and the Board of Education
Waterford School District

Report on Compliance for Each Major Federal Program

We have audited Waterford School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Waterford School District's major federal programs for the year ended June 30, 2014. Waterford School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Waterford School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Waterford School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Waterford School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Waterford School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Waterford School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Waterford School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Waterford School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waterford School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Waterford School District's basic financial statements. We issued our report thereon October 9, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Saginaw, Michigan
October 9, 2014

Waterford School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Award Amount	Accrued (Deferred) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2014
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Nutrition Cluster									
Non-cash assistance (commodities)									
Entitlement Commodities	10.555	N/A	\$ 201,416	\$ -	\$ -	\$ 201,416	\$ 201,416	\$ -	\$ -
Cash assistance									
National School Breakfast Program	10.553	131970	928,362	31,587	834,080	125,869	94,282	-	-
National School Breakfast Program		141970	772,440	-	-	723,902	772,440	-	48,538
				<u>31,587</u>	<u>834,080</u>	<u>849,771</u>	<u>866,722</u>	<u>-</u>	<u>48,538</u>
National School Lunch Program	10.555	131960	2,265,556	63,820	2,023,568	305,808	241,988	-	-
National School Lunch Program		141960	1,800,440	-	-	1,701,490	1,800,440	-	98,950
Farm to School		N/A	44,900	(13,536)	26,874	4,490	18,026	-	-
				<u>50,284</u>	<u>2,050,442</u>	<u>2,011,788</u>	<u>2,060,454</u>	<u>-</u>	<u>98,950</u>
Summer Food Service Program	10.559	130900	39,826	8,376	8,376	39,791	31,450	(35)	-
Summer Food Service Program		131900	4,130	910	910	4,130	3,220	-	-
Summer Food Service Program		140900	7,409	-	-	-	7,409	-	7,409
Summer Food Service Program		141900	768	-	-	-	768	-	768
				<u>9,286</u>	<u>9,286</u>	<u>43,921</u>	<u>42,847</u>	<u>(35)</u>	<u>8,177</u>
Total Nutrition Cluster				<u>91,157</u>	<u>2,893,808</u>	<u>3,106,896</u>	<u>3,171,439</u>	<u>(35)</u>	<u>155,665</u>
Total U.S. Department of Agriculture				<u>91,157</u>	<u>2,893,808</u>	<u>3,106,896</u>	<u>3,171,439</u>	<u>(35)</u>	<u>155,665</u>
U.S. Department of Justice									
Direct Program									
Mentoring Program	16.726	2013-JU-FX-0111	206,028	50,861	108,649	94,240	43,379	-	-
Site Based Mentoring Program		2011-JU-FX-0025	177,020	28,461	75,748	82,065	101,272	-	47,668
Total U.S. Department of Justice				<u>79,322</u>	<u>184,397</u>	<u>176,305</u>	<u>144,651</u>	<u>-</u>	<u>47,668</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Waterford School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Award Amount	Accrued (Deferred) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2014
U.S. Department of Labor									
Passed through Oakland County Department of Health									
Employment Services Cluster									
Wagner-Peyser Employment Service	17.207	PY-13	\$ 286,752	\$ 31,958	\$ 112,496	\$ 195,995	\$ 174,256	\$ -	\$ 10,219
Wagner-Peyser Employment Service		PY-12	160,372	11,120	131,142	29,608	29,230	-	10,742
				<u>43,078</u>	<u>243,638</u>	<u>225,603</u>	<u>203,486</u>	<u>-</u>	<u>20,961</u>
Passed through Oakland County Department of Health									
TGAAA	17.245	FY-14	109,792	-	29,225	40,470	80,567	-	40,097
TAA/EBT	17.245	FY-14	49,630	-	-	49,630	49,630	-	-
				<u>-</u>	<u>29,225</u>	<u>90,100</u>	<u>130,197</u>	<u>-</u>	<u>40,097</u>
Workforce Investment Act Cluster									
WIA Admin	17.258	PY-13	67,564	-	40,791	22,293	26,773	-	4,480
WIA Adult	17.258	PY-13	264,694	51,497	173,021	117,426	91,673	-	25,744
WIA Dislocated Worker	17.277	PY-13	492,606	38,270	274,432	201,414	218,174	-	55,030
WIA Youth Services	17.259	PY-13	380,926	39,118	235,534	154,767	145,392	-	29,743
WIA One Stop	17.258	PY-12	13,680	9,930	13,680	9,930	-	-	-
Total Workforce Investment Act Cluster				<u>138,815</u>	<u>737,458</u>	<u>505,830</u>	<u>482,012</u>	<u>-</u>	<u>114,997</u>
Passed through Oakland County Department of Health									
Temporary Assistance for Needy Families (JET)	93.558	FY-14	494,454	43,569	226,847	269,907	267,607	-	41,269
Total U.S. Department of Labor				<u>225,462</u>	<u>1,237,168</u>	<u>1,091,440</u>	<u>1,083,302</u>	<u>-</u>	<u>217,324</u>
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I - Part A	84.010	13 1530 1213	1,708,534	782,428	1,294,858	1,023,480	257,486	(16,434)	-
Title I - Part A		14 1530 1314	1,713,916	-	-	808,512	1,332,781	-	524,269
				<u>782,428</u>	<u>1,294,858</u>	<u>1,831,992</u>	<u>1,590,267</u>	<u>(16,434)</u>	<u>524,269</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Waterford School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Award Amount	Accrued (Deferred) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2014
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I - Part D	84.013	13 1700 1213	\$ 585,140	\$ 261,302	\$ 468,964	\$ 308,395	\$ 47,093	\$ -	\$ -
Title I - Part D		14 1700 1314	426,124	-	-	268,490	397,469	-	128,979
Title I - Part D CVS		12 1705 1112	221,922	-	64,370	146,586	137,376	-	(9,210)
				<u>261,302</u>	<u>533,334</u>	<u>723,471</u>	<u>581,938</u>	<u>-</u>	<u>119,769</u>
Special Education Cluster									
Passed through Oakland Schools									
IDEA Flowthrough	84.027A	120450	2,492,307	45,274	2,492,307	45,274	-	-	-
IDEA Flowthrough		130450	2,440,762	691,544	2,353,399	740,735	87,362	-	38,171
IDEA Flowthrough		140450	2,682,268	-	-	1,691,794	2,544,763	-	852,969
				<u>736,818</u>	<u>4,845,706</u>	<u>2,477,803</u>	<u>2,632,125</u>	<u>-</u>	<u>891,140</u>
Passed through Michigan Department of Education									
Preschool Incentive	84.173A	120460	84,689	14,583	84,689	14,583	-	-	-
		130460	72,098	34,054	67,665	38,487	4,433	-	-
Preschool Incentive		140460	73,932	-	-	37,594	61,238	-	23,644
				<u>48,637</u>	<u>152,354</u>	<u>90,664</u>	<u>65,671</u>	<u>-</u>	<u>23,644</u>
Total Special Education Cluster				<u>785,455</u>	<u>4,998,060</u>	<u>2,568,467</u>	<u>2,697,796</u>	<u>-</u>	<u>914,784</u>
U.S. Department of Education									
Direct Program									
Safe Schools/ Healthy Students	84.184	Q184L080310	915,638	322,625	762,000	322,625	-	-	-
Passed through Michigan Department of Education									
Historians & Teachers Together	84.215X	U215X090374	499,689	26,685	201,750	26,685	-	-	-
Title III - Immigrant Students									
Title III - English Language	84.365	1305801213	58,692	3,263	27,025	24,005	20,742	-	-
Title III - English Language		1405801314	70,248	-	-	32,451	49,310	-	16,859
				<u>3,263</u>	<u>27,025</u>	<u>56,456</u>	<u>70,052</u>	<u>-</u>	<u>16,859</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Waterford School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Award Amount	Accrued (Deferred) Revenue July 1, 2013	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2014
Passed through Michigan Department of Education Teacher/Principal Training & Recruiting	84.367	1305201213	\$ 327,625	\$ 315,993	\$ 315,993	\$ 323,021	\$ 7,028	\$ -	\$ -
Teacher/Principal Training & Recruiting		1405201314	317,647	-	-	160,540	242,180	-	81,640
				<u>315,993</u>	<u>315,993</u>	<u>483,561</u>	<u>249,208</u>	<u>-</u>	<u>81,640</u>
Total U.S. Department of Education				<u>2,497,751</u>	<u>8,133,020</u>	<u>6,013,257</u>	<u>5,189,261</u>	<u>(16,434)</u>	<u>1,657,321</u>
U.S. Department of Health and Human Services Passed through Regional Area of Aging:									
Title III - Nutrition	93.045	14-9052-03	271,739	16,844	271,739	16,844	-	-	-
Title III - Nutrition		13-9052-03	271,739	-	-	150,357	187,613	-	37,256
				<u>16,844</u>	<u>271,739</u>	<u>167,201</u>	<u>187,613</u>	<u>-</u>	<u>37,256</u>
U.S. Department of Health and Human Services Passed through Oakland Livingston Human Services Agency (OLHSA)									
O.E.O. Headstart	93.600	H5012-520	715,968	195,029	445,172	195,029	-	-	-
O.E.O. Headstart		H5013-520	715,968	-	-	249,317	694,489	-	445,172
Total Head Start				<u>195,029</u>	<u>445,172</u>	<u>444,346</u>	<u>694,489</u>	<u>-</u>	<u>445,172</u>
Passed through Oakland County Department of Health Success	93.959	N/A	85,527	-	-	73,235	78,451	-	5,216
Total U.S. Department of Health and Human Services				<u>211,873</u>	<u>716,911</u>	<u>684,782</u>	<u>960,553</u>	<u>-</u>	<u>487,644</u>
				<u>\$ 3,105,565</u>	<u>\$ 13,165,304</u>	<u>\$ 11,072,680</u>	<u>\$ 10,549,206</u>	<u>\$ (16,469)</u>	<u>\$ 2,565,622</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Waterford School District
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2014

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2014.
3. The federal amounts reported on the Grant Auditor Report (GAR) are in agreement with the Schedule of Expenditures of Federal Awards (SEFA), except for the following awards:

	Receipts per GAR	Receipts per SEFA	Difference
National School Breakfast Program 131970	\$ 94,282	\$ 125,869	\$ (31,587)
National School Lunch Program 131960	241,988	305,808	(63,820)
National School Breakfast Program 141970	820,978	772,440	48,538
National School Lunch Program 141960	1,899,390	1,800,440	98,950
Title I - Part D 141700	<u>296,918</u>	<u>268,490</u>	<u>28,428</u>
	<u>\$ 3,353,556</u>	<u>\$ 3,273,047</u>	<u>\$ 80,509</u>

Differences in the 131970 National School Breakfast and the 131960 National School Lunch Program are due to the payments on the GAR recorded in payments as of June 30, 2013; however, the school district received the amounts during the 2014 fiscal year. These amounts are properly included as receipts on the SEFA for the year ending June 30, 2014.

Differences in the 141970 National School Breakfast, the 141960 National School Lunch Program, and the Title I - Part D 141700 are due to the payments on the GAR recorded in payments as of June 30, 2014; however, the school district received the amounts after June 30, 2014. These amounts are properly excluded as receipts on the SEFA for the year ending June 30, 2014.

4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.
5. The Michigan Department of Education has determined that \$16,434 of Title I Part A were unallowable/questionable costs of the grants and have been recaptured through current cash draws.
6. The District over requested Title I Part D CVS funds by \$9,210. Upon review of the grant, the district discovered they had over-requested and modified the final expenditure report. The money was taken against a future cash request for the summer foods service program after June 30, 2014.
7. There was an adjustment for the 130900 Summer Food Service Program for \$35. This was due to the prior year receivable being under reported by \$35.

Waterford School District
Schedule of Findings and Questioned Costs
June 30, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.010	Title I – Part A
84.013	Title I – Part D
84.027 & 84.173A	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$316,476

Auditee qualified as low-risk auditee? X yes _____ no

Waterford School District
Schedule of Findings and Questioned Costs
June 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards for the year ended June 30, 2013.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2014.

Waterford School District
Summary Schedule of Prior Audit Findings
June 30, 2014

SECTION IV- PRIOR AUDIT FINDING

Finding 2013-001 – Noncompliance

Program information: Workforce Investment Act (WIA), U.S. Department of Labor, passed through Oakland County Department of Health CFDA #17.259

Specific requirement: The School District is required to report grant funds separately.

Condition: The WIA program includes all WIA funded activities.

Status: The WIA program properly reported the grant funds separately on the Schedule of Expenditures of Federal Awards. No longer a finding in the current year.