

Charlotte Public Schools

Charlotte, Michigan

Financial Statements

June 30, 2015

Table of Contents

<u>Section</u>		<u>Page</u>
1	Members of the Board of Education and Administration	1 – 1
2	Independent Auditors' Report	2 – 1
3	Management's Discussion and Analysis	3 – 1
4	Basic Financial Statements	
	District-wide Financial Statements	
	Statement of Net Position	4 – 1
	Statement of Activities	4 – 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 – 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 – 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 9
	Internal Service Fund	
	Statement of Net Position	4 – 10
	Statement of Revenues, Expenses, and Changes in Net Position	4 – 11
	Statement of Cash Flows	4 – 12
	Fiduciary Funds	
	Statement of Fiduciary Net Position	4 – 13
	Notes to the Financial Statements	4 – 14

<u>Section</u>		Page
5	Required Supplementary Information	
	Budgetary Comparison Schedule – General Fund	5 – 1
	Schedule of School District’s Proportionate Share of Net Pension Liability	5 – 3
	Schedule of School District’s Contributions	5 – 4
6	Other Supplementary Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 - 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balance	6 - 3
	General Fund	
	Schedule of Revenues Compared to Budget	6 - 5
	Schedule of Expenditures Compared to Budget	6 - 7
	Schedule of Outstanding Bonded Indebtedness	6 - 17

Charlotte Public Schools
Members of the Board of Education and Administration
June 30, 2015

Members of the Board of Education

Julie Kimmer	President
Mike Bruce	Vice-President
Eric Emery	Secretary
Ron Schultheiss	Treasurer
Gary King	Trustee
Shane Gonser	Trustee
Lee Wheaton	Trustee

Administration

Mark D. Rosekrans	Superintendent
Michelle Sine	Executive Director of Business, Operations, and Human Resources



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Independent Auditors' Report

To the Board of Education of
Charlotte Public Schools
Charlotte, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charlotte Public Schools, as of and for the year ended June 30, 2015, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charlotte Public Schools, as of June 30, 2015, 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.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2015, the School District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of school district's proportionate share of net pension liability, and schedule of school district's contributions as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Charlotte Public Schools' basic financial statements. The Administration and other supplementary information, as identified in the table of contents, is presented for purpose 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, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 on our consideration of the Charlotte Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charlotte Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Lansing, MI
October 19, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Charlotte Public Schools

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

This section of Charlotte Public Schools' annual report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2015. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Charlotte Public Schools' Management's discussion and analysis of the financial results for the fiscal year ended June 30, 2015.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Charlotte Public Schools financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and longer-term view of the finances. The *Governmental Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant fund - the General Fund individually, and the 2010 School Bonds Series A Capital Projects, 2011 School Bonds Series B Capital Projects, Special Revenue Funds, the Debt Service Funds, and the remaining Capital Project Fund, collectively as other non-major governmental funds. The *Proprietary Fund Financial Statements* present information about the District's internal service fund. The remaining statements, the statement of fiduciary net position, and the statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

District-Wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The Statement of Net position and the Statement of Activities, which appear first in the basic financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Please note that GASB 68 & 71 adopted effective July 1, 2014 are new standards for Accounting and Financial Reporting of Pensions. These new standards have had a significant impact on all districts across the state of Michigan.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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

The Statement of Net position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, transportation, and food service. Property taxes, unrestricted State Aid (foundation allowance revenue), State and Federal grants, and other local dollars finance most of these activities.

The district-wide financial statements are full accrual basis statements. They report all the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net position of the district-wide financial statements.

Fund Financial Statements

The governmental fund financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Funds, Capital Project Funds, and the Special Revenue (School Service) Funds which are comprised of: Food Service, Performing Arts, Childcare, Aquatic Center, and Playground and Recreation.

In the governmental fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

District Financial Activities:

The recent good health of the District's finances can be credited to the following innovative management approaches during a time of restricted state funding due to a weak economy and significant tax reductions at the state level:

- A board policy which requires a balanced budget with a fund balance goal of 15 percent of annual expenditures.
- The establishment of fund balance assignment at the fund financial statement level for future technology and bus replacement.
- Utilization of a total cost compensation approach for the negotiation of employee contracts with the District's employee groups and all other individual contracts. Currently all contracts are settled for two years (through 2016).
- Utilization of modern business management techniques such as the use of business plans and monthly monitoring of operational systems and financial reporting for district support functions.
- Due to ongoing efficiency innovations, the District has ranked in the top twenty-five percent of the state's school districts for low spending on business and administration as reported by the Michigan Department of Education Bulletin 1014 for several years in a row. This has allowed the District to direct the use of revenue to the classroom and direct instruction of students.
- New District Programs:
 - In an effort to continue to retain and recruit students, the District continues to implement an enhanced marketing plan with a focus on improving customer service and engaging the community.
 - The District is implementing several new programs to enhance our students' education and experiences. Examples include:
 - Fine Arts Conservatory
 - Project Lead the Way Courses
 - Ferris State University Partnership
 - Olivet College Partnership
 - Lansing Community College Partnership
 - Charlotte Early Middle College
 - Expanded Extracurricular Offerings
 - More opportunities for teachers to collaborate on a weekly basis with content area data specialists to examine student progress, teaching strategies and curriculum focus.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Summary of Net position:

The following summarizes the net position as of June 30, 2015.

	Governmental Activities 2015	Governmental Activities 2014
Assets		
Current and other assets	\$ 12,053,790	\$ 10,733,322
Capital assets	61,409,736	63,414,221
Total assets	73,463,526	74,147,543
Deferred Outflows of Resources		
Deferred amount of pension expense related to net pension liability	2,857,877	-
Deferred amount on debt refunding	841,290	-
Total assets and deferred outflows of resources	\$ 77,162,693	\$ 74,147,543
Liabilities		
Current liabilities	\$ 5,113,818	\$ 7,843,181
Noncurrent liabilities	104,812,384	70,601,550
Total liabilities	109,926,202	78,444,731
Deferred Inflows of Resources		
Deferred amount on net pension liability	3,453,062	-
Noncancellable lease	347,790	467,541
Total liabilities and deferred inflows of resources	113,727,054	78,912,272
Net Position		
Net investment in capital assets	(8,481,229)	(7,243,703)
Restricted	489,639	452,063
Unrestricted	(28,572,771)	2,026,911
Total net position	\$ (36,564,361)	\$ (4,764,729)

Analysis of Financial Position:

As detailed above, the District shows a total net position of \$(36,564,361) for the fiscal year ended June 30, 2015. This statement has been affected by the following:

- Net Pension Liability – New for the year ended June 30, 2015 is the requirement for Accounting and Financial Reporting of Pensions, GASB 68 and 71. These new statements require the district to report their proportionate share of the net pension liability and pension expense. Amounts previously unrecorded on the School District's statements.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Results of Operations:

For the fiscal year ended June 30, 2015 and 2014, the district-wide results of operations were:

	<u>Governmental Activities 2015</u>	<u>Governmental Activities 2014</u>
Revenues		
Program revenues		
Charges for services	\$ 1,522,788	\$ 1,522,170
Operating and capital grants	6,729,038	6,066,534
General revenues		
Property taxes	6,809,403	6,856,804
State school aid - unrestricted	15,897,919	15,357,915
Other	1,640,909	668,286
	<u>32,600,057</u>	<u>30,471,709</u>
Functions/ Program Expenses		
Instruction	14,412,197	14,837,859
Supporting services	9,377,429	9,125,519
Food service	1,077,593	1,098,947
Community services	620,198	753,157
Childcare	629,019	511,602
Playground and recreation	33,288	4,455
Interest and fees on long-term debt	4,320,797	4,066,617
Unallocated depreciation	2,406,964	3,595,792
	<u>32,877,485</u>	<u>33,993,948</u>
Change in Net Position	<u><u>\$ (277,428)</u></u>	<u><u>\$ (3,522,239)</u></u>

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

ANALYSIS OF RESULTS OF OPERATIONS:

During the fiscal year ended June 30, 2015, the District's net position decreased by \$ 277,428. Several factors which contributed to the decrease are discussed in the following sections.

Governmental Fund Operating Results

The District's revenues and other financing sources from governmental fund operations exceeded expenditures and other financing uses for governmental fund operations by \$1,067,641 for the fiscal year ended June 30, 2015 but there were net changes in capital assets, debt, and various other adjustments that resulted in \$1,345,069 in net reconciling items as presented in the statements that caused the change in net position at the government-wide level to be \$(277,428). Further discussion of the District's operating results is available in the section entitled "Results of 2014-2015 Operations" located on the following pages.

RESULTS OF 2014-2015 OPERATIONS

General Fund Operations

The General Fund is the main fund for the District and includes all the costs related to educating the students of the Charlotte Public Schools such as: Salaries and benefits for Teachers, Classroom Paraprofessionals, Administrators, Secretaries, Custodians, Maintenance staff, Librarians, Counselors, Bus Drivers and other miscellaneous positions; teaching supplies, employee training, utilities, building maintenance supplies and other.

The District's actual revenues and other financing sources from General Fund operations exceeded expenditures and other financing uses by \$1,182,369 for the fiscal year ended June 30, 2015. The General Fund as of June 30, 2015, had a fund balance of \$5,232,388 or 22% of expenditures for the 2014-2015 fiscal year. This fund balance exceeds the board policy of 15%. In addition, the District drew down less fund balance than originally anticipated.

Debt Service Fund Operations

The Debt Service Funds consist of eight separate debt funds as follows: 2005 Debt, 2006 Debt, 2010 Debt, 2011 Debt, 2010A Debt, and 2012 Debt. The Debt Service Funds (2005 Debt, 2006 Debt, 2010 Debt, 2011 Debt, 2010A Debt, and 2012 Debt) are set up to collect taxes and pay annual debt payments. At June 30, 2015, the Debt Service Funds had \$807,227 in fund equity available for future bond payments.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

The School District levies taxes to make debt payment obligations. If taxes levied were not sufficient the School District would borrow funds from the Michigan School Bond Loan Fund. During the current year the District borrowed \$1,103,402 from the Michigan School Bond Loan Fund. The District also had termination benefits outstanding at June 30, 2015, which totaled \$27,451. The District paid principal of \$3,280,000 on bonded debt during the fiscal year. A detailed presentation of the District's long-term debt is presented in Note 9 of the notes to the financial statements.

Special Revenue Funds

The Charlotte Public Schools also has special revenue funds that include the following: Food Service Fund, Performing Arts Fund, Childcare Fund, Aquatic Center Fund, and Playground and Recreation Fund.

The Food Service Fund is a fund that reports the food service program activities. In 2014-2015 the Food Service Fund had revenues of \$1,135,923 and expenditures and other financing uses of \$1,064,776. The Food Service Fund is self-supporting and reimburses the General Fund for all identified overhead costs associated with its operation. The Food Service Fund had a fund balance of \$330,529 at June 30, 2015. This represents 31% of annual expenditures.

The Performing Arts Fund is a fund that reports activities of the professional performances at the Charlotte Performing Arts Center, including facility rentals. In 2014-2015 the Performing Arts Fund generated revenues of \$101,972 and had expenditures and other financing uses of \$100,010. This is a significant change from prior years due to the hiatus from the professional series for 2014-2015. The professional series will return in 2015-2016 and result in both increased revenues and expenditures. At the conclusion of its eleventh year of operation in 2014-2015, the Performing Arts Center had a fund balance of \$74,994. This accumulated balance represents 75% of annual expenditures.

The Childcare Fund is a fund that reports the activities of the District's childcare program. In 2014-2015 the Childcare Fund generated revenues and other financing sources of \$630,402. Expenditures and other financing uses for the fund totaled \$633,271. The fund received net transfers to/from the General Fund totaling \$(4,634) as included in the above amounts, to end the year with a fund balance of \$ 91,287, or 14% of annual expenditures.

The Aquatic Center Fund is a fund that presents the activities related to the pool facilities and operations maintained by the district. In 2014-2015 the Aquatic Center Fund generated revenues and other financing sources of \$399,537. Expenditures and other financing uses for the fund totaled \$399,537. The Aquatic Center revenues included an operational transfer from the Recreation and Playground Fund in the amount of \$199,180.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

The Playground and Recreation Fund is funded by a tax levy of .5000 mills with an expiration date in 2016. The playground and recreation fund activities primarily consisted of tax collection of \$272,535, of which \$199,180 were transferred out of the fund, primarily to the Aquatic Center Fund. This fund ended the year with a fund balance of \$159,110 or 69% of annual expenditures. The intent of this fund is to support the operations of the Charlotte Aquatic Center, provide for greater access to school facilities, and support youth recreation opportunities. The fund balance will be used for long term maintenance and repairs at the Aquatic Center.

Net Investment in Capital Assets

The District's net investment in capital assets decreased by \$1,237,526 during the fiscal year. This can be summarized as follows:

Charlotte Public Schools voters approved several general obligation bond issues in the past. The proceeds from those bond issues were used for constructing new facilities and additions and partial remodeling of existing school facilities, and equipping and re-equipping facilities.

	Balance June 30, 2015	Balance June 30, 2014	Change
Capital assets net of accumulated depreciation	\$ 61,409,736	\$ 63,414,221	\$ (2,004,485)
Less: related debt and other	(69,890,965)	(70,657,924)	766,959
Net investment in capital assets	\$ (8,481,229)	\$ (7,243,703)	\$ (1,237,526)

IMPORTANT ECONOMIC FACTORS

State of Michigan Unrestricted Aid (Net State Foundation Grant)

In 2014-2015 State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 90 percent of prior year's fall count and 10 percent of prior year's winter count
- c. The District's nonhomestead property valuation

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Charlotte Public Schools foundation allowance was \$7,126 per student for the 2014-2015 school year, which is an increase of \$100 from Charlotte Public Schools 2013-2014 foundation allowance of \$7,026.

Student Enrollment

The District's State Aid Membership for 2014-2015 was 2,550 students. The District's enrollment decreased from the prior school year's fall student count.

The following summarizes the State Aid Membership counts for the past five years:

	Student FTE	FTE Change Ffrom Prior Year
2014 - 2015	2,550	(57)
2013 - 2014	2,607	(73)
2012 - 2013	2,680	(40)
2011 - 2012	2,720	(247)
2010 - 2011	2,967	(127)

*The primary factor in the significant drop in student count between 2010-2011 and 2011-2012 was the transferring of all alternative education students to a county wide program (Relevant Academy of Eaton County).

Property Taxes levied for General Operations (General Fund Non-homestead Taxes)

The District levies taxes of \$18.00 per \$1,000 of taxable valuation on most non-primary residency exempt property and \$6.00 per \$1,000 of taxable value on commercial personal property for operations (General Fund). Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or five (5) percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. The District's non-homestead property tax revenue for 2014-2015 fiscal year was approximately \$2,470,000. The non-homestead tax revenue increased by less than 1% from the prior year.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

In June 2003, the District was successful in passing a Headlee Ballot Proposal which will have the effect of allowing the District to levy during the succeeding five years the full 18 mill non-homestead millage for operations as originally approved by voters in 1996. The 18 mill levy was renewed in May of 2014 for a period of eleven years.

Debt Fund and Other Property Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations (7.59 mills) and aquatics/recreation operations (0.50 mills) levy, is based on the taxable valuation of all properties: homestead and non-homestead. For 2014-2015 the District's debt and other millage levy totaled 8.09 mills, which generated revenue of approximately \$4,330,000.

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

Listed below is an analysis of the original budget and final budget to the final actual.

General Fund Expenditures and Other Uses Budget vs. Actual

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>	
				<u>Actual and Original Budget</u>	<u>Actual and Final Budget</u>
2014 - 2015	\$ 23,538,612	\$ 23,776,385	\$ 23,412,988	-0.5%	-1.5%
2013 - 2014	23,256,912	23,560,156	23,409,174	0.7%	-0.6%

General Fund Revenues and Other Sources, Budget vs. Actual

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>	
				<u>Actual and Original Budget</u>	<u>Actual and Final Budget</u>
2014 - 2015	\$ 22,527,817	\$ 23,673,005	\$ 24,595,758	9.2%	3.9%
2013 - 2014	22,850,206	22,983,342	22,988,865	0.6%	0.0%

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the Board of Education approve the original budget for the upcoming year prior to July 1, the start of the fiscal year. As a matter of practice, Charlotte Public Schools amends its budget periodically during the school year.

General Fund Expenditures:

The District's budget for expenditures changed as follows during the year:

		<u>Percent</u>
Total Expenditures Original Budget	\$ 23,538,612	100%
Total Expenditures Final Budget	<u>23,776,385</u>	<u>101%</u>
Increase in Budget Expenditures	<u>\$ 237,773</u>	<u>1%</u>

The District's actual expenditures were less than the final budget by \$363,397 or approximately 1.5 percent.

Revenue Change from Original to Final Budget:

		<u>Percent</u>
Total Revenues Original Budget	\$ 22,527,817.00	100%
Total Revenues Final Budget	<u>23,673,005.00</u>	<u>105%</u>
Increase in Budget Revenues	<u>\$ 1,145,188.00</u>	<u>5%</u>

The District's final actual general fund revenues differed from the final budget by \$922,753, a variance of 4 percent from the final budget. However, \$833,787 of this variance was due to the Owens Brockway contract damages that were received in 2014-2015 but a decision on the allowable use of these damages were not handed down from the Michigan Department of Treasury until October 2015. The Board of Education has committed \$833,787 of District fund balance for long term educational and facility improvements.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Additional Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2016 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2016 fiscal year is 90 percent and 10 percent of the October 2015 and February 2015 student counts, respectively. The 2016 fiscal year budget was adopted in June 2015, based on an estimate of students that will be enrolled in October 2015. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2015-2016 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2016 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the status of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The inability of the State to collect adequate revenues has resulted in mid-year reductions in State funding in prior years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Services Office, Charlotte Public Schools, 378 State Street, Charlotte, Michigan 48813.

BASIC FINANCIAL STATEMENTS

Charlotte Public Schools
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash	\$ 7,383,838
Taxes receivable	34,012
Accounts receivable	189,230
Lease receivable	357,991
Due from other governmental units	3,758,275
Inventory	86,123
Prepaid items	244,321
Capital assets not being depreciated	220,496
Capital assets - net of accumulated depreciation	<u>61,189,240</u>
 Total assets	 <u>73,463,526</u>
 Deferred Outflows of Resources	
Deferred amount of pension expense related to net pension liability	2,857,877
Deferred amount on debt refunding	<u>841,290</u>
 Total deferred outflows of resources	 <u>3,699,167</u>
 Total assets and deferred outflows of resources	 <u>77,162,693</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Statement of Net Position
June 30, 2015

	Governmental Activities
Liabilities	
Accounts payable	896,418
State aid anticipation note payable	720,022
Due to other governmental units	316,626
Accrued expenditures	991,885
Accrued salaries, benefits and payroll taxes payable	2,126,735
Unearned revenue	62,132
Noncurrent liabilities	
Net pension liability	31,235,156
Debt due within one year	3,220,000
Debt due in more than one year	<u>70,357,228</u>
Total liabilities	<u>109,926,202</u>
Deferred Inflows of Resources	
Deferred amount on net pension liability	3,453,062
Noncancellable lease	<u>347,790</u>
Total deferred inflows of resources	<u>3,800,852</u>
Total liabilities and deferred inflows of resources	<u>113,727,054</u>
Net Position	
Net investment in capital assets	(8,481,229)
Restricted for:	
Food service	330,529
Playground and recreation	159,110
Unrestricted	<u>(28,572,771)</u>
Total net position	<u>\$ (36,564,361)</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Statement of Activities
For the Year Ended June 30, 2015

	Program Revenues				
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Governmental activities					
Instruction	\$ 14,412,197	\$ 3,789	\$ 2,793,491	\$ -	\$(11,614,917)
Supporting services	9,377,429	181,618	2,107,484	76,555	(7,011,772)
Food services	1,077,593	430,253	705,595	-	58,255
Community services	620,198	301,493	17,500	-	(301,205)
Childcare	629,019	605,635	15,195	-	(8,189)
Playground and recreation	33,288	-	-	-	(33,288)
Interest and fees on long-term debt	4,320,797	-	1,013,218	-	(3,307,579)
Unallocated depreciation	2,406,964	-	-	-	(2,406,964)
Total governmental activities	\$ 32,877,485	\$ 1,522,788	\$ 6,652,483	\$ 76,555	(24,625,659)
General revenues					
					2,480,545
					4,060,194
					268,664
					15,897,919
					12,353
					118,951
					1,323,481
					186,124
Total general revenues					24,348,231
Change in net position					(277,428)
Net position - beginning, as restated					(36,286,933)
Net position - ending					\$(36,564,361)

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Governmental Funds
Balance Sheet
June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 5,151,711	\$ 2,232,127	\$ 7,383,838
Taxes receivable	9,174	24,838	34,012
Accounts receivable	133,598	28,951	162,549
Lease receivable	-	357,991	357,991
Due from other funds	267,603	168,350	435,953
Due from proprietary fund	24,325	-	24,325
Due from other governmental units	3,564,796	11,429	3,576,225
Inventory	74,444	11,679	86,123
Prepaid items	228,046	16,275	244,321
	<u>9,453,697</u>	<u>2,851,640</u>	<u>12,305,337</u>
Total assets	<u>\$ 9,453,697</u>	<u>\$ 2,851,640</u>	<u>\$ 12,305,337</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 868,914	\$ 27,504	\$ 896,418
State aid anticipation note payable	720,022	-	720,022
Due to other funds	165,157	270,796	435,953
Due to other governmental units	316,626	-	316,626
Accrued expenditures	7,104	2,118	9,222
Accrued salaries and benefits payable	2,101,215	25,520	2,126,735
Unearned revenue	42,271	19,861	62,132
	<u>4,221,309</u>	<u>345,799</u>	<u>4,567,108</u>
Total liabilities	<u>4,221,309</u>	<u>345,799</u>	<u>4,567,108</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Governmental Funds
Balance Sheet
June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources			
Noncancellable lease	-	347,790	347,790
Fund Balance			
Non-spendable			
Inventory	74,444	11,679	86,123
Prepaid items	228,046	16,275	244,321
Restricted for			
Food service	-	317,002	317,002
Debt service	-	807,227	807,227
Capital projects	-	7,715	7,715
Playground and recreation	-	159,110	159,110
Committed for			
Long-term enhancements	833,787	-	833,787
Technology	700,000	-	700,000
Bus replacement	275,000	-	275,000
Assigned for			
Childcare	-	77,987	77,987
Performing arts	-	73,867	73,867
Capital projects	-	687,189	687,189
Unassigned	3,121,111	-	3,121,111
 Total fund balance	 <u>5,232,388</u>	 <u>2,158,051</u>	 <u>7,390,439</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 9,453,697</u>	 <u>\$ 2,851,640</u>	 <u>\$ 12,305,337</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2015

Total fund balances for governmental funds	\$ 7,390,439
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 unavailable in the funds.	
Interest credit subsidy receivable from the Federal Subsidy Program	182,050
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	220,496
Capital assets - net of accumulated depreciation	61,189,240
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	841,290
Deferred outflow of resources from subsequent pension expense from measurement date	2,857,877
Deferred inflows of resources resulting from net pension liability	(3,453,062)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest on long-term debt, net of long-term receivable for the Federal Subsidy Program	(982,663)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Termination benefit	(27,451)
Bonds payable	(68,471,898)
School bond loan payable	(5,077,879)
Net pension liability	(31,235,156)
Internal service fund assets and liabilities are included in the governmental activities in the statement of net position	<u>2,356</u>
Net position of governmental activities	<u>\$ (36,564,361)</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 3,658,724	\$ 6,268,728	\$ 9,927,452
State sources	18,822,622	44,607	18,867,229
Federal sources	972,179	1,689,401	2,661,580
Interdistrict sources	1,142,233	-	1,142,233
	<u>24,595,758</u>	<u>8,002,736</u>	<u>32,598,494</u>
Expenditures			
Current			
Education			
Instruction	14,096,114	-	14,096,114
Supporting services	9,169,892	-	9,169,892
Food services	-	1,064,776	1,064,776
Community services	126,142	-	126,142
Performing arts	-	94,653	94,653
Childcare	-	621,537	621,537
Aquatic center	-	392,027	392,027
Playground and recreation	-	32,892	32,892
Capital outlay	20,840	652,236	673,076
Debt service			
Principal	-	3,280,000	3,280,000
Interest and other expenditures	-	3,084,709	3,084,709
Bond issuance costs	-	235,038	235,038
	<u>23,412,988</u>	<u>9,457,868</u>	<u>32,870,856</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>1,182,770</u>	<u>(1,455,132)</u>	<u>(272,362)</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)			
Proceeds from refinancing debt	-	23,605,000	23,605,000
Payment to bond refunding escrow agent	-	(26,854,369)	(26,854,369)
Premium on issuance of bonds	-	3,484,407	3,484,407
Proceeds from school bond loan fund	-	1,103,402	1,103,402
Proceeds from sale of capital assets	1,563	-	1,563
Transfers in	41,587	225,745	267,332
Transfers out	(43,551)	(223,781)	(267,332)
 Total other financing sources (uses)	 (401)	 1,340,404	 1,340,003
 Net change in fund balance	 1,182,369	 (114,728)	 1,067,641
 Fund balance - beginning	 4,050,019	 2,272,779	 6,322,798
 Fund balance - ending	 <u>\$ 5,232,388</u>	 <u>\$ 2,158,051</u>	 <u>\$ 7,390,439</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
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, 2015

Net change in fund balances - Total governmental funds	\$ 1,067,641
Total change in net position reported for governmental activities in the statement of activities is different because:	
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	(2,406,964)
Capital outlay	402,479
Expenses are recorded when incurred in the statement of activities.	
Interest	(207,018)
Termination benefit	(1,916)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in pension liability	1,993,499
Net change in the deferred inflow of resources related to the net pension liability	(3,453,062)
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	1,151,426
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 a 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.	
Debt issued	(28,192,809)
Repayments of long-term debt	3,280,000
Payment to bond refunding escrow agent	26,200,000
Amortization of bond discount	(139,662)
Internal service fund revenues and expenses are included in governmental activities in the statement of activities	28,958
Change in net position of governmental activities	\$ (277,428)

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Dental and Vision
Statement of Net Position
June 30, 2015

Assets

Prepaid expenses \$ 38,200

Liabilities

Accounts payable 11,519

Due to general fund 24,325

Total Liabilities 35,844

Net Position

Unrestricted \$ 2,356

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Dental and Vision
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

Operating Revenues

Charges to other funds \$ 246,837

Operating Expenses

Claims 217,879

Change in net position 28,958

Net position - beginning of the year (26,602)

Net position - end of year \$ 2,356

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Dental and Vision
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash Flows from operating activities

Net cash used by operating activities \$ -

Cash and cash equivalents - beginning of the year -

Cash and cash equivalents - end of year \$ -

Reconciliation of operating income (loss) to net cash from operating activities

Operating income (loss) \$ 28,958

Adjustments to reconcile operating income (loss) to net cash from operating activities -
changes in assets and liabilities

 Prepaid expenses (11,200)

 Accounts payable (6,027)

 Change in due to general fund (11,731)

Net cash and cash equivalents used by operating activities \$ -

Charlotte Public Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	\$ -	\$ 57,037
Due from other funds	10,553	-
Investments	31,000	43,000
Total assets	41,553	\$ 100,037
Liabilities		
Due to other funds	-	10,553
Due to:		
High school student activities	-	57,181
Middle school student activities	-	23,686
Parkview elementary student activities	-	4,278
Upper elementary student activities	-	1,012
Washington elementary student activities	-	3,327
Total liabilities	-	\$ 100,037
Net Position		
Assets held in trust for scholarship awards and loans	41,553	
Total net position	\$ 41,553	

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charlotte Public Schools (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.

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

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

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.

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 fund:

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.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service, Performing Arts, Childcare, Aquatic Center and Playground and Recreation 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.

Capital Projects Funds – The Capital Projects Fund is used to record disbursements specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs funded with

proceeds from the broadband lease, 2010 Series A school bonds and 2011 Series B school bonds. The funds are kept open until the purposes for which the funds were created have been accomplished.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. 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.

Internal Service Fund – The Internal Service Fund accounts for risk management services to include employee dental and vision insurance claim obligations provided to other departments of the school district on a cost reimbursement basis.

Assets, Liabilities and Net Position or 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.

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.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2015, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence	18.00000
Commercial personal property	6.00000
Recreation and Playground	0.50000
Debt Service Funds	7.59000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 40% of the School District's tax roll lies within the City of Charlotte.

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 Eaton and remitted to the School District by May 15.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

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 \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	15-50 years
Equipment and furniture	5-20 years
Vehicles	8 years
Other capital equipment	7-25 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 – The School District has recorded all liabilities associated with compensated absences. Accumulated vested severance amounts and nonvested severance amounts that are probable to vest and be paid at termination are considered payable from future resources and are recorded along with the related payroll taxes as a long-term liability in the district-wide financial statements.

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 financial statements, governmental fund types recognize bond premiums and discounts during the current period.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums 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 finance committee, or the Superintendent. The Board of Education has granted the finance committee and Superintendent the authority to assign funds.

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 School 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 School 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.

Adoption of New Accounting Standards

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 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 is recorded on the government-wide

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Statements 68 and 71 are effective for the year ending June 30, 2015.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 72 *Fair Value Measurements and Applications*. Statement 72 provides guidance for accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value. The School District is evaluating the impact GASB 72 will have on its financial reporting. Statement 72 is effective for the year ending June 30, 2016.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The first objective of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government’s inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government’s pension obligation. The second objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending June 30, 2017. The third objective is to improve the quality of information

associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and to clarify the application of certain provisions of Statement No. 67 and 68. These requirements are effective for the fiscal year ending June 30, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

The School District is evaluating the impact GASB 72 through 75 will have on its financial reporting.

Charlotte Public Schools
Notes to the Financial Statements
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 canceling 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			
Basic programs	\$ 10,105,520	\$ 10,180,749	\$ 75,229
Business	544,676	564,106	19,430
Pupil transportation services	1,644,341	1,691,009	46,668

District-Wide Deficits

The School District has an unrestricted net position deficit for District-Wide activities in the amount of \$ 36,564,361 as of June 30, 2015 primarily attributed to the net pension liability and the District's outstanding debt balances exceeding its investment in capital assets. There are no other governmental funds with a deficit.

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	\$ 7,383,838	\$ 57,037	\$ 7,440,875
Investments	-	74,000	74,000
Total Deposits	<u>\$ 7,383,838</u>	<u>\$ 131,037</u>	<u>\$ 7,514,875</u>

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Deposits for the district are summarized as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 7,513,076
Petty cash and cash on hand	<u>1,800</u>
 Total	 <u>\$ 7,514,876</u>

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

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

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the 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, the District’s bank balance (certificates of deposit, checking and savings accounts) of \$ 7,647,073 had \$ 7,139,776 exposed to custodial credit risk because it was uninsured or 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. The District does not hold investments subject to custodial credit risk at year end.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Note 4 – Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 220,496	\$ -	\$ -	\$ 220,496
Capital assets being depreciated				
Buildings and additions	84,984,853	-	-	84,984,853
Equipment and furniture	4,246,241	402,479	-	4,648,720
Vehicles - Other than Buses	205,339	-	10,200	195,139
Vehicles - Buses	1,999,034	-	271,029	1,728,005
Other Capital Equipment	977,472	-	-	977,472
Total capital assets being depreciated	92,412,939	402,479	281,229	92,534,189
Less accumulated depreciation for				
Buildings and additions	24,565,634	1,632,098	-	26,197,732
Equipment and furniture	2,836,514	383,755	-	3,220,269
Vehicles - Other than Buses	110,442	32,772	10,200	133,014
Vehicles - Buses	1,191,045	165,276	135,516	1,220,805
Other Capital Equipment	515,579	57,550	-	573,129
Total accumulated depreciation	29,219,214	2,271,451	145,716	31,344,949
Net capital assets being depreciated	63,193,725	(1,868,972)	135,513	61,189,240
Net capital assets	\$ 63,414,221	\$ (1,868,972)	\$ 135,513	\$ 61,409,736

Depreciation and loss on disposal of assets for the fiscal year ended June 30, 2015, amounted to \$ 2,271,451. The School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Contracts

The school district entered into a contract to purchase buses totaling \$263,360. Purchase of the busses will occur subsequent to June 30, 2015, as a result a payable has not been recorded.

Note 5 – Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

	Due From Fund	Due to Fund	Amount
Nonmajor governmental funds		General fund	\$ 267,603
Nonmajor governmental funds		Nonmajor governmental funds	3,193
General fund		Nonmajor governmental funds	165,157
			\$ 435,953

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.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Interfund transfers consist of the following:

	Transfers Out	Transfers In
General Fund	\$ 43,551	\$ 41,587
Other governmental funds	223,781	225,745
	\$ 267,332	\$ 267,332

Interfund transfers were made during the year, to cover the costs of the School District's programs that were in excess of revenues generated from those activities. Transfer were also made from the playground and recreation fund to the aquatic fund to cover expenditures.

Note 6 - Unearned Revenue

The School District reports unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	42,271
Childcare	8,536
Aquatic Center	2,000
Performing Arts	9,325
Total	\$ 62,132

Note 7 – Leases

On December 17, 2007, the School District entered into a lease agreement with America Telecasting of Lansing, Inc. for the channels for Educational Broadband Service within the School District. This lease is recorded as a receivable and a deferred inflow of resources at the fund level in the Capital Projects Fund as well as at the district wide level based on generally accepted accounting principles.

The effective date of the lease was December 17, 2007 with an initial term of five (5) years and automatic renewal terms up to twenty-five (25) years. At the end of each five (5) year time period either party can terminate the lease. Therefore, the noncancellable period is recorded as a receivable and deferred inflow at June 30, 2015. In addition, the June 2015 payment of \$ 10,202 was not received as of year-end, so that payment is included in the receivable at June 30, 2015. The lease payments are paid to the School District monthly and range from \$ 10,202 to \$ 10,823 during the current five (5) year period under lease. Because the amounts are not earned as revenue until the end of each month, the amounts not earned are recorded as deferred inflows of resources at the fund level and district-wide level.

Future lease payments to be received under the noncancellable portion of the lease are as follows at June 30:

Year ending June 30,		
2016	\$	123,342
2017		127,041
2018		97,587
Total	\$	347,970

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.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

These notes are necessary because the School District receives state aid from October through August for its fiscal year ending June 30th.

Short-term debt activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	\$ 213,750	\$ 2,000,000	\$ 1,493,728	\$ 720,022

The state aid anticipation note agreement includes an irrevocable set-aside of \$ 1,289,849 at year end that is considered defeased debt and not included in the ending balance.

Note 9 - 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 termination benefits which are primarily liquidated by the general fund.

Long-term obligation activity is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Government bonds	\$ 71,460,000	\$ 23,605,000	\$ 29,480,000	\$ 65,585,000	\$ 3,220,000
School Bond Loan	3,974,477	1,103,402	-	5,077,879	-
Termination benefit	25,535	5,065	3,149	27,451	-
Premium on bonds	-	3,484,407	-	3,484,407	-
Discount on bonds	(1,578,461)	-	(980,952)	(597,509)	-
Total	\$ 73,881,551	\$ 28,197,874	\$ 28,502,197	\$ 73,577,228	\$ 3,220,000

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

\$ 23,605,000 serial bond due in annual installments of \$ 1,050,000 to \$ 1,955,000 through May 1, 2029 interest ranging from 4.00% to 5.00%	\$ 23,605,000
\$ 7,500,000 serial bond due in annual installments of \$ 50,000 to \$ 1,660,000 through May 1, 2027, interest at 4.00% to 4.25%	7,500,000
\$ 7,060,000 serial bond due in annual installments of \$ 1,350,000 to \$ 1,415,000 through May 1, 2018, interest at 4.10% to 5.00%	4,125,000
\$ 8,600,000 serial bond due in annual installments of \$ 780,000 to \$ 785,000 through May 2030 to May 1, 2040, interest at 6.80% to 7.00%	8,600,000
\$ 15,000,000 serial bond due in two annual installments of \$ 6,000,000 on May 1, 2025 and \$ 9,000,000 on May 1, 2026, interest at 6.05% to 6.15%	15,000,000
\$ 9,005,000 serial bond due in annual installments of \$ 250,000 to \$ 1,115,000 through May 1, 2023, interest at 3.00% to 5.00%	<u>6,755,000</u>
Total general obligation bonded debt	\$ <u>65,585,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 3,200,000	\$ 3,713,113	\$ 6,913,113
2017	3,600,000	3,308,207	6,908,207
2018	3,760,000	3,154,082	6,914,082
2019	2,480,000	4,957,175	7,437,175
2020	2,610,000	4,803,182	7,413,182
2021 - 2025	21,275,000	21,452,529	42,727,529
2026 - 2030	20,845,000	5,679,148	26,524,148
2031 - 2035	3,915,000	2,172,718	6,087,718
2036 - 2040	<u>3,900,000</u>	<u>819,000</u>	<u>4,719,000</u>
Total	\$ <u>65,585,000</u>	\$ <u>50,059,154</u>	\$ <u>115,644,154</u>

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

The general obligation bonds are payable from the Debt Service Funds. As of year-end, the funds had a balance of \$ 807,227 to pay this debt. Future debt and interest will be payable from future tax levies.

The 2010 School Building and Site Bonds (Series A) and 2011 School Building and Site Bonds (Series B) gross interest payments due are reflected as part of the above annual requirements for the general obligation bonds. These bonds were issued under the Federal government's "Build America Bonds" program. It is the expectation of the District that through this program they will receive an interest subsidy credit from the Federal government each time interest payments are made on these bonds. In relation to the 2010 Series A Bonds, there is a cumulative gross amount of interest due of \$ 13,105,865. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$ 5,897,639 for net interest owed by the District over the life of the bonds of \$ 7,208,226. In relation to the 2011 Series B Bonds, there is a cumulative gross amount of interest due of \$ 11,551,500. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$ 10,395,264 for a net interest owed by the District over the life of the bonds of \$ 1,156,236.

Interest expenditures for the fiscal year in the Debt Service Funds were \$ 3,033,765.

State School Bond Loan

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's various bond issues. The bond election, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 7.59 mills, but instead the election permitted the School District to extend this levy through the year 2040. Since the monies generated by the 7.59 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for

the School District to borrow a total of \$ 1,103,402 during the year to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. The School District had an outstanding principal balance at year-end of \$ 5,077,879 and accrued interest of \$ 317,332, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Termination Benefits

In recognition of services to the District, a termination benefit is made to eligible administrators with at least ten (10) years of service. Eligible administrators will be paid up to a maximum of ninety-five days of accumulated sick leave at a rate of \$ 75 per day.

The School District has elected to implement the "vesting" method of calculating the termination benefit liability. The amounts accumulated for all employees currently vested are calculated along with an amount for other employees who currently are not vested but are probable to vest in future years. The amounts for employees who currently are not vested are calculated taking total unused sick pay amounts at June 30, 2015 for all nonvested employees and multiplying it by a historical termination percentage. This percentage is based on an estimate of the percentage of employees who have terminated employment fully vested in the past five (5) years.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

A summary of the calculated amounts of accrued termination benefits and related payroll taxes as of June 30, 2015, which has been recorded in the District-wide financial statements, is as follows:

	<u>Vested Employees</u>	<u>Nonvested Employees</u>	<u>Total</u>
Termination benefits	\$ 19,706	\$ 5,793	\$ 25,499
Payroll taxes	<u>1,508</u>	<u>444</u>	<u>1,952</u>
	<u>\$ 21,214</u>	<u>\$ 6,237</u>	<u>\$ 27,451</u>

Advance Refunding

On February 4, 2015, the School District issued general obligation bonds of \$ 23,605,000 (par value) with an interest rate of 4.00% to 5.00% to advance refund term bonds with an interest rate of 3.00% to 5.00% and a par value of \$33,705,000. The term bonds mature on May 1, 2029. The general obligation bonds were issued at a premium and after paying issuance costs of \$ 122,914, the net proceeds were \$ 26,854,369. The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments until the term bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the School District's financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$ 3,997,883, which resulted in an economic gain of \$ 3,376,353.

Deferred Amount on Refunding

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$ 841,290. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2029.

Note 10 – Risk Management

The School District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for boiler and machinery, property, fleet, liability, in-land marine, crime, employee dishonesty, and errors and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The School District has not been informed of any special assessments being required.

The District also participates in a pool, the SEG Self-Insurer Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

The School District is self-insured for dental and vision insurance. The School District has contracted with an independent administrator to process the dental and vision claims and perform other administrative duties. According to the provisions of the dental program, the School District pays 80% of claims, up to \$ 1,000 annually, to each covered employee and the remaining 20% is paid by the employee. The vision plan contains service-specific co-pays, with service limitations being provided on an annual basis. The School District evaluates the liability related to the dental and vision claims at the end of the fiscal year. The liability is calculated based on claims already incurred and reported. For governmental activities, the liability for dental and vision benefits is primarily liquidated by the general fund.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Note 11 – Pension Plans and Post Employment Benefits

Organization

The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State), originally created under Public Act 136 of 1945, recodified, and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member. The Governor appointed board members consist of:

- Two active classroom teachers or other certified school personnel.
- One active member or retiree from a non-certified support position.
- One active school system superintendent.
- One active finance or operations (non-superintendent) member.
- One retiree from a classroom teaching position.
- One retiree from a finance or operations management position.
- One administrator or trustee of a community college that is a reporting unit of the System.
- Two from the general public, one with health insurance or actuarial science experience and one with institutional investment experience.
- One elected member of a reporting unit's board of control.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, dental and vision coverage under the Michigan Public School Employees' Retirement Act. There are 685 participating employers. A list of employers is provided in the Statistical

Section. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges and seven universities may be members. The seven universities are: Eastern Michigan, Central Michigan, Northern Michigan, Western Michigan, Ferris State, Michigan Technological, and Lake Superior State. Employees, who first become employed by one of the seven universities on or after January 1, 1996, become members of an alternative plan.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

MPERS issues a publicly-available Comprehensive Annual Financial Report. That report may be obtained by writing to ORS at P.O. Box 30171, Lansing, Michigan 48909-7671, or on the Internet at <http://www.michigan.gov/orsschools>.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Membership – At September 30, 2014, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	181,489
Survivor benefits	16,855
Disability benefits	6,168
Total	204,512
Inactive plan members entitled to, but not yet receiving benefits:	16,979
Active plan members:	
Vested	108,934
Non-vested	101,843
Total	210,777
Total plan members	432,268

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

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning

members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Member Contributions – Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987, through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Members first hired July 1, 2008, or later including Pension Plus Plan members, contribute at the following graduated permanently fixed contribution rates as a percent of wages: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Their options are described in

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

detail under Pension Reform 2012. Members who elected to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

Employer Contributions

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits.

Summary of Significant Accounting Policies

Basis of Accounting and Presentation – The System’s financial statements are prepared using the accrual basis of accounting. Contributions from the employers are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. The reserves are described below and details are provided in the supporting schedules.

GASB Statement No. 67, which was adopted during the year ended September 30, 2014, addresses accounting and financial reporting requirements for pension plans. The requirements for GASB Statement No. 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information.

Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The implementation of GASB Statement No. 67 did not significantly impact the accounting for accounts receivable and investment balances.

Reserves – Reserve for Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Retired Benefit Payments for regular and disability retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Employer Contributions representing unclaimed funds.

Members no longer contribute to this reserve except to purchase eligible service credit or repay previously refunded contributions. At September 30, 2014, the balance in this reserve was \$1.5 billion.

Reserve for Pension Plus Employee Contributions - This reserve represents active member contributions and interest less amounts transferred to the Reserve for Pension Plus Retired Benefit Payments for regular retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Pension Plus Employer Contributions representing unclaimed funds. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was \$59.5 million.

Reserve for Member Investment Plan - This reserve represents MIP contributions and interest less refunds and transfers to the Reserve for Retired Benefit Payments. At September 30, 2014, the balance in this reserve was \$4.7 billion.

Reserve for Employer Contributions - This reserve represents all employer contributions, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income reserve is credited annually. Amounts are transferred annually to the Reserve for Retired Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was a deficit of (\$25.8) billion.

Reserve for Pension Plus Employer Contributions - This reserve represents all employer contributions for Pension Plus members, except payments for health benefits. Interest from the Reserve for

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Undistributed Investment Income reserve is credited annually at a rate of 7%. Amounts are transferred annually to the Reserve for Retired Pension Plus Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2014, the balance in this reserve was \$55.5 million.

Reserve for Retired Benefit Payments - This reserve represents payments of future retirement benefits to current retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. At September 30, 2014, the balance in this reserve was \$44.6 billion.

Reserve for Retired Pension Plus Benefit Payments - This reserve represents payments of future retirement benefits to current Pension Plus retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Pension Plus Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. Currently, there are no participants qualified to retire under this program. At September 30, 2014, the balance in this reserve was \$0.

Reserve for Undistributed Investment Income - This reserve represents all investment earnings. Interest is transferred annually to the other reserves. Administrative expenses of the System are paid from the Reserve for Administrative Expenses, which is credited with amounts from the Reserve for Undistributed Investment Income to

cover the expenses. For ease of reporting and understanding, the two reserves are presented as one reserve in the supporting schedules. Public Act 143 of 1997 established a stabilization subaccount within the Reserve for Undistributed Investment Income to which any over funding is credited. As of September 30, 2014, the balance in the subaccount was zero. At September 30, 2014, the balance in this reserve was \$18.6 billion.

Reserve for Health (OPEB) Related Benefits - This reserve is credited with employee and employer contributions for retirees' health, dental, and vision benefits. Starting in fiscal year 2013, the employer contribution is based on a prefunded basis and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years. In addition, in fiscal year 2014, federal funding for Medicare Part D and Employer Group Waiver Plan (EGWP) was paid directly to a third party vendor. The third party vendor uses the EGWP funding for any claims submitted and bills the system for any remaining claims outstanding. Premiums for health, dental and vision benefits are paid from this reserve. At September 30, 2014, the balance in this reserve was \$3.5 billion.

Reporting Entity – The System is a pension and other employee benefit trust fund of the State. As such, the System is considered part of the State and is included in the State's Comprehensive Annual Financial Report as a pension and other employee benefit trust fund. The System and its Board are not financially accountable for any other entities or other organizations. Accordingly, the System is the only entity included in this financial report.

Benefit Protection – Public Act 100 of 2002 was passed by the Michigan Legislature to protect pension benefits of public employees from alienation (being transferred). Alienation is attachment, garnishment, levy, execution, bankruptcy or other legal process, except for divorce orders or eligible domestic relation orders. The statutes governing the System contained an "anti-alienation" clause

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

to provide for this protection; however, many smaller public pension systems did not have the benefit of this protection. Therefore, Public Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

Fair Value of Investments – Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on the net asset value reported in the financial statements of the respective investment entity. The net asset value is determined in accordance with governing documents of the investment entity, and is subject to an independent annual audit. Securities purchased with cash collateral under securities lending activities are recorded at estimated fair value. Other investments not having an established market are recorded at estimated fair value.

Investment Income – Dividend and interest income is recognized on the accrual basis. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date (the date upon which the transaction is initiated), except for purchase and sale of mortgages, real estate, and alternative investments which are recorded as of the settlement date (the date upon which the transaction is ultimately completed). The effect of recording such transactions as of the settlement date does not materially affect the financial statements.

Costs of Administering the System – Each year a restricted general fund appropriation is requested to fund the on-going business operations of the System. These administrative costs are ultimately funded by the System through the regular transfer of funds from the System to the State's general fund based on either a direct cost or allocation basis depending on the nature of the expense. Costs of administering the System are financed by undistributed investment income of the System.

Property and Equipment – Office space is leased from the State on a year to year basis. Office equipment is capitalized if the value exceeds \$5,000. These assets are recorded at cost and are reported net of depreciation in the Statement of Pension Plan and Other Post-employment Benefit Plan Fiduciary Net Position. Such assets are depreciated on a straight-line basis over 10 years. As of September 30, 1998, all capitalized equipment was fully depreciated. No additional equipment has been capitalized for the System since that date.

Related Party Transactions – Leases and Services - The System leases operating space and purchases certain administrative, data processing, legal and investment services from the State. The space and services are not otherwise available by competitive bid. The schedule below summarizes costs incurred by the System for such services.

Building rentals	\$	789,000
Technological support		10,420,000
Attorney general		417,000
Investment services		12,846,000
Personnel services		9,922,000

Cash – At September 30, 2014, the System had \$246.7 million in a common cash investment pool maintained for various State operating funds. The participating funds in the common cash pool earn interest at various rates depending upon prevailing short-term interest rates. Earnings from these activities amounted to approximately \$ 600,000 for the year ended September 30, 2014.

Contributions and Funding Status

The majority of the members currently participate on a contributory basis, as described above under "Benefits Provided." Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of the September 30, 2014 valuation will be amortized over a 22 year period for the plan's 2014 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2014.

Pension Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0%	18.34 - 19.61%
Member Investment Plan	3.0 - 7.0	18.34 - 19.61
Pension Plus	3.0 - 6.4	18.11
Defined Contribution	0.0	15.44 - 16.61

The System may reconcile with actuarial requirements annually. If the system reconciles in a year, any funding excess or deficiency for pension benefits is smoothed over a maximum of 5 years, with at least one-fifth (20%) of the funding excess or deficiency included in the subsequent year's contribution. This payment is not recognized as a payable or receivable in the accounting records. If the System does not reconcile in a year, any funding excess or deficiency for pension benefits is accounted for in subsequent required contributions over the remaining amortization period. For fiscal year 2014, the System did not reconcile.

In May 1996, the Internal Revenue Service issued a private letter ruling allowing the System's members to purchase service credit and repay refunds using tax-deferred (pre-tax) dollars. The program was implemented in fiscal year 1998, and payments began in fiscal year 1999.

The program allows members to purchase service credit and repay refunds on a tax-deferred basis. Members sign an irrevocable agreement that identifies the contract duration, monthly payment, total contract amount and years of service credit being purchased. The duration of the contract can range from 1 to 20 years. The amounts are withheld from members' paychecks and are treated as employer pick-up contributions pursuant to Internal Revenue Code Section 414(h). At September 30, 2014, there were 16,503 agreements. The agreements were discounted using the assumed actuarial rate of return of 8% for September 30, 2014. The average remaining length of a contract was approximately 6.0 years for 2014. The short-term receivable was \$29.7 million and the discounted long-term receivable was \$83.6 million at September 30, 2014.

Net Pension Liability

Measurement of the MPERS Net Pension Liability – The plan's net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

MPSERS (Plan) Net Pension Liability – As of September 30, 2014:

Total Pension Liability	\$ 65,160,887,182
Plan Fiduciary Net Position	<u>43,134,384,072</u>
Net Pension Liability	<u>\$ 22,026,503,110</u>

Plan Fiduciary Net Position as a
Percentage of Total Pension Liability 66.20%

Net Pension Liability as a Percentage of
Covered-Employee Payroll 250.11%

Year one MPSERS implementation of GASB Statement No. 68 recognizes a 0.00% change in the employers' proportionate share between beginning net pension liability and ending net pension liability.

MPSERS (Plan) Net Pension Liability – As of October 1, 2013

Total Pension Liability	\$ 62,859,499,994
Plan Fiduciary Net Position	<u>39,427,686,072</u>
Net Pension Liability	<u>\$ 23,431,813,922</u>

Proportionate Share of Reporting Unit's Net Pension Liability – At September 30, 2014, the School District reported a liability of \$ 31,325,156 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2013. The School District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2014, the School District's proportionate share percent was .14181 percent, which is unchanged since the prior measurement date.

Long-Term Expected Return on Plan Assets – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	4.8%
Alternative Investment Pools	18.0	8.5
International Equity	16.0	6.1
Fixed Income Pools	10.5	1.5
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	15.5	6.3
Short Term Investment Pools	<u>2.0</u>	(0.2)
	<u>100.0%</u>	

*Long term rate of return does not include 2.5% inflation

Rate of Return – For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 12.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Discount Rate – A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long- term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially-determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – As required by GASB Statement No. 68, the following presents the School District’s proportionate share of the net pension liability, calculated using a discount rate of 8.0% (7.0% for the Pension Plus Plan), as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease (Non-Hybrid/Hybrid)* 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 9.0% / 8.0%
\$ 41,180,834	\$ 31,235,156	\$ 22,855,776

*Long term rate of return does not include 2.5% inflation

Timing of the Valuation – An actuarial valuation to determine the total pension liability is required to be performed every year. If the actuarial valuation is not calculated as of the plan’s fiscal year end, the total

pension liability is required to be rolled forward from the actuarial valuation date to the pension plan’s fiscal year end.

The total pension liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions – Actuarial valuations for the pension plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Actuarial Assumptions:

- Wage inflation rate: 3.5%
- Investment Rate of returns:
 - MIP and Basic Plans (Non-Hybrid): 8.0%
 - Pension Plus Plan (Hybrid): 7.0%
- Projected Salary Increases: 3.5-12.3%, including wage inflation at 3.5%

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Healthcare Cost Trend Rate: 8.5% Year 1 graded to 3.5% Year 12
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Notes:

- Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The experience study is included in the actuarial valuation described above.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.8457
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the MPSERS Comprehensive Annual Financial Report.

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

For the year ended June 30, 2015, the School District recognized total pension expense of \$ 2,530,134. At June 30, 2015, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	1,152,510	-
Net difference between projected and actual earnings on pension plan investments	-	(3,453,059)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(3)
Employer contributions subsequent to the measurement date	1,705,368	-
	\$ 2,857,878	\$ (3,453,062)

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

Deferred (Inflows) and Deferred Outflows of Resources by Year

Plan Year Ending September 30	Amount:
2015	\$ 1,141,790
2016	(563,578)
2017	(563,578)
2018	(609,819)
Total	\$ (595,185)

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2015

Post-Employment Benefits

In addition to the pension benefits described above, state law requires the School District to provide post-employment 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 up to 2% of their salary, and receives up to 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, 2014 through September 30, 2014, and October 1, 2014 through June 30, 2015, the employer contribution rate ranged from 5.52% to 6.45% and 2.20% to 2.71%, respectively.

The School District's actual contributions match the required contributions for the years ended June 30, 2015, 2014, and 2013 and were approximately \$ 770,081, \$ 866,655, and \$ 871,693, respectively.

Unfunded Accrued Liability

During the year ending June 30, 2015, the School District had contributions in the amount of \$ 1,050,681 to the MPERS. This amount represents the additional employer contributions attributed to the unfunded accrued actuarial liability (UAAL) rate, which was approximately 7.63% for the year.

Note 12 – 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 June 30, 2015.

Note 13 – Prior Period Adjustment

As indicated in Note 1, the School District has adopted Government Accounting Standards Board Statements 68 and 71. These statements require the School District to record their proportionate share of the net pension liability and pension expense. Previously these amounts were not recorded on the School District's statements. The standards require this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2014, by \$ 31,522,204, restating it from \$ (4,764,729) to \$ (36,286,933).

REQUIRED SUPPLEMENTARY INFORMATION

Charlotte Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 2,885,272	\$ 2,819,522	\$ 3,658,724	\$ 839,202
State sources	17,745,867	18,799,747	18,822,622	22,875
Federal sources	1,015,630	1,113,988	972,179	(141,809)
Interdistrict sources	<u>881,048</u>	<u>939,748</u>	<u>1,142,233</u>	<u>202,485</u>
Total revenues	<u>22,527,817</u>	<u>23,673,005</u>	<u>24,595,758</u>	<u>922,753</u>
Expenditures				
Instruction				
Basic programs	9,849,832	10,105,520	10,180,749	75,229
Added needs	4,295,608	4,009,874	3,903,208	(106,666)
Adult and continuing education	4,250	15,000	12,157	(2,843)
Supporting services				
Pupil	631,566	565,120	546,915	(18,205)
Instructional staff	1,155,496	924,534	745,569	(178,965)
General administration	387,157	543,040	502,785	(40,255)
School administration	1,442,184	1,480,315	1,406,655	(73,660)
Business	547,993	544,676	564,106	19,430
Operations and maintenance	2,297,871	2,498,438	2,465,258	(33,180)
Pupil transportation services	1,647,053	1,644,341	1,691,009	46,668
Central	462,431	776,575	757,346	(19,229)
Athletic activities	662,521	515,750	490,249	(25,501)
Community services	125,468	132,270	126,142	(6,128)
Intergovernmental payments	8,250	-	-	-
Capital outlay	<u>20,932</u>	<u>20,932</u>	<u>20,840</u>	<u>(92)</u>
Total expenditures	<u>23,538,612</u>	<u>23,776,385</u>	<u>23,412,988</u>	<u>(363,397)</u>

Charlotte Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>(1,010,795)</u>	<u>(103,380)</u>	<u>1,182,770</u>	<u>1,286,150</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	4,500	4,500	1,563	(2,937)
Other financing uses	-	-	-	-
Transfers in	72,057	62,057	41,587	(20,470)
Transfers out	<u>(57,100)</u>	<u>(43,600)</u>	<u>(43,551)</u>	<u>49</u>
Total other financing sources (uses)	<u>19,457</u>	<u>22,957</u>	<u>(401)</u>	<u>(23,358)</u>
Net change in fund balance	(991,338)	(80,423)	1,182,369	1,262,792
Fund balance - beginning	<u>4,050,019</u>	<u>4,050,019</u>	<u>4,050,019</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,058,681</u>	<u>\$ 3,969,596</u>	<u>\$ 5,232,388</u>	<u>\$ 1,262,792</u>

Charlotte Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th)

		June 30,									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
A.	Reporting unit's proportion of net pension liability (%)	0.14181%									
B.	Reporting unit's proportionate share of net pension liability	\$31,235,156									
C.	Reporting unit's covered-employee payroll	\$12,059,674									
D.	Reporting unit's proportionate share of net pension liability as a percentage of its covered- employee payroll	259.00%									
E.	Plan fiduciary net position as a percentage of total pension liability	66.20%									

Charlotte Public Schools
Required Supplementary Information
Schedule of the School District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

		For the Years Ended June 30,									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
A.	Statutorily required contributions	\$2,202,350									
B.	Contributions in relation to statutorily required contributions	<u>2,202,350</u>									
C.	Contribution deficiency (excess)	<u>\$ -</u>									
D.	Reporting unit's covered-employee payroll	11,693,036									
E.	Contributions as a percentage of covered-employee payroll	18.83%									

OTHER SUPPLEMENTARY INFORMATION

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds					Debt Service Funds		
	Food Service	Performing Arts	Childcare	Aquatic Center	Playground and Recreation	2012 Debt	2010A Debt	2011 Debt
Assets								
Cash	\$ 230,342	\$ 109,748	\$ 104,141	\$ 16,632	\$ 234,143	\$ 48,261	\$ 10,515	\$ 261,304
Accounts receivable	5,132	5,281	18,261	277	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	2,347	3,057	739	283
Due from other funds	89,889	-	-	2,825	-	1,685	1,341	51,776
Due from other governmental units	10,263	-	1,166	-	-	-	-	-
Inventory	11,679	-	-	-	-	-	-	-
Prepaid items	1,848	1,127	13,300	-	-	-	-	-
Total assets	<u>\$ 349,153</u>	<u>\$ 116,156</u>	<u>\$ 136,868</u>	<u>\$ 19,734</u>	<u>\$ 236,490</u>	<u>\$ 53,003</u>	<u>\$ 12,595</u>	<u>\$ 313,363</u>
Liabilities and Fund Balance								
Liabilities								
Accounts payable	\$ 1,529	\$ 463	\$ 13,851	\$ 8,776	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	30,307	22,676	-	77,380	-	-	-
Accrued expenditures	1,510	608	-	-	-	-	-	-
Accrued salaries payable	15,585	459	518	8,958	-	-	-	-
Unearned revenue	-	9,325	8,536	2,000	-	-	-	-
Total liabilities	<u>18,624</u>	<u>41,162</u>	<u>45,581</u>	<u>19,734</u>	<u>77,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources								
Noncancellable lease	-	-	-	-	-	-	-	-
Fund Balance								
Non-spendable								
Inventory	11,679	-	-	-	-	-	-	-
Prepaid items	1,848	1,127	13,300	-	-	-	-	-
Restricted for								
Food service	317,002	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	53,003	12,595	313,363
Capital projects	-	-	-	-	-	-	-	-
Playground and recreation	-	-	-	-	159,110	-	-	-
Assigned	-	73,867	77,987	-	-	-	-	-
Total fund balance	<u>330,529</u>	<u>74,994</u>	<u>91,287</u>	<u>-</u>	<u>159,110</u>	<u>53,003</u>	<u>12,595</u>	<u>313,363</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 349,153</u>	<u>\$ 116,156</u>	<u>\$ 136,868</u>	<u>\$ 19,734</u>	<u>\$ 236,490</u>	<u>\$ 53,003</u>	<u>\$ 12,595</u>	<u>\$ 313,363</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Debt Service Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	2010 Debt	2006 Debt	2005 and 2015 Debt	2010 School Bond Series A	2011 School Bond Series B	Broadband Lease	
Assets							
Cash	\$ 43,757	\$ 47,244	\$ 352,083	\$ 25,071	\$ 82,391	\$ 666,495	\$ 2,232,127
Accounts receivable	-	-	-	-	-	-	28,951
Lease receivable	-	-	-	-	-	357,991	357,991
Taxes receivable	2,619	5,859	9,934	-	-	-	24,838
Due from other funds	6,261	1,195	-	-	-	13,378	168,350
Due from other governmental units	-	-	-	-	-	-	11,429
Inventory	-	-	-	-	-	-	11,679
Prepaid items	-	-	-	-	-	-	16,275
Total assets	<u>\$ 52,637</u>	<u>\$ 54,298</u>	<u>\$ 362,017</u>	<u>25,071</u>	<u>82,391</u>	<u>\$ 1,037,864</u>	<u>\$ 2,851,640</u>
Liabilities and Fund Balance							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,885	\$ 27,504
Due to other funds	-	-	40,686	25,071	74,676	-	270,796
Accrued expenditures	-	-	-	-	-	-	2,118
Accrued salaries payable	-	-	-	-	-	-	25,520
Unearned revenue	-	-	-	-	-	-	19,861
Total liabilities	<u>-</u>	<u>-</u>	<u>40,686</u>	<u>25,071</u>	<u>74,676</u>	<u>2,885</u>	<u>345,799</u>
Deferred Inflows of Resources							
Noncancellable lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,790</u>	<u>347,790</u>
Fund Balance							
Non-spendable							
Inventory	-	-	-	-	-	-	11,679
Prepaid items	-	-	-	-	-	-	16,275
Restricted for							
Food service	-	-	-	-	-	-	317,002
Debt service	52,637	54,298	321,331	-	-	-	807,227
Capital projects	-	-	-	-	7,715	-	7,715
Playground and recreation	-	-	-	-	-	-	159,110
Assigned	-	-	-	-	-	687,189	839,043
Total fund balance	<u>52,637</u>	<u>54,298</u>	<u>321,331</u>	<u>-</u>	<u>7,715</u>	<u>687,189</u>	<u>2,158,051</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,637</u>	<u>\$ 54,298</u>	<u>\$ 362,017</u>	<u>\$ 25,071</u>	<u>\$ 82,391</u>	<u>\$ 1,037,864</u>	<u>\$ 2,851,640</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	Special Revenue Funds					Debt Service Funds		
	Food Service	Performing Arts	Childcare	Aquatic Center	Playground and Recreation	2012 Debt	2010A Debt	2011 Debt
Revenues								
Local sources	\$ 430,328	\$ 101,972	\$ 608,107	\$ 180,892	\$ 272,535	\$ 969,785	\$ 216,470	\$ 96,318
State sources	44,607	-	-	-	-	-	-	-
Federal sources	660,988	-	15,195	-	-	-	248,183	765,035
Total revenues	<u>1,135,923</u>	<u>101,972</u>	<u>623,302</u>	<u>180,892</u>	<u>272,535</u>	<u>969,785</u>	<u>464,653</u>	<u>861,353</u>
Expenditures								
Current								
Education								
Food services	1,064,776	-	-	-	-	-	-	-
Performing arts	-	94,653	-	-	-	-	-	-
Childcare	-	-	621,537	-	-	-	-	-
Aquatic center	-	-	-	392,027	-	-	-	-
Playground and recreation	-	-	-	-	32,892	-	-	-
Debt service								
Principal	-	-	-	-	-	780,000	-	-
Interest and other expenditures	-	-	-	-	-	292,172	597,071	917,878
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>1,064,776</u>	<u>94,653</u>	<u>621,537</u>	<u>392,027</u>	<u>32,892</u>	<u>1,072,172</u>	<u>597,071</u>	<u>917,878</u>
Excess (deficiency) of revenues over expenditures	<u>71,147</u>	<u>7,319</u>	<u>1,765</u>	<u>(211,135)</u>	<u>239,643</u>	<u>(102,387)</u>	<u>(132,418)</u>	<u>(56,525)</u>
Other Financing Sources (Uses)								
Proceeds from refinancing debt	-	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-	-	-	-
Proceeds from school bond loan fund	-	-	-	-	-	11,814	-	25,548
Transfers in	-	-	7,100	218,645	-	-	-	-
Transfers out	-	(5,357)	(11,734)	(7,510)	(199,180)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(5,357)</u>	<u>(4,634)</u>	<u>211,135</u>	<u>(199,180)</u>	<u>11,814</u>	<u>-</u>	<u>25,548</u>
Net change in fund balance	71,147	1,962	(2,869)	-	40,463	(90,573)	(132,418)	(30,977)
Fund balance - beginning	259,382	73,032	94,156	-	118,647	143,576	145,013	344,340
Fund balance - ending	<u>\$ 330,529</u>	<u>\$ 74,994</u>	<u>\$ 91,287</u>	<u>\$ -</u>	<u>\$ 159,110</u>	<u>\$ 53,003</u>	<u>\$ 12,595</u>	<u>\$ 313,363</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	Debt Service Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	2010 Debt	2006 Debt	2005 and 2015 Debt	2010 School Bond Series A	2011 School Bond Series B	Broadband Lease	
Revenues							
Local sources	\$ 881,161	\$ 193,619	\$ 2,195,218	\$ 599	\$ 470	\$ 121,254	\$ 6,268,728
State sources	-	-	-	-	-	-	44,607
Federal sources	-	-	-	-	-	-	1,689,401
Total revenues	<u>881,161</u>	<u>193,619</u>	<u>2,195,218</u>	<u>599</u>	<u>470</u>	<u>121,254</u>	<u>8,002,736</u>
Expenditures							
Current							
Education							
Food services	-	-	-	-	-	-	1,064,776
Performing arts	-	-	-	-	-	-	94,653
Childcare	-	-	-	-	-	-	621,537
Aquatic center	-	-	-	-	-	-	392,027
Playground and recreation	-	-	-	-	-	-	32,892
Capital outlay	-	-	-	416,571	235,665	-	652,236
Debt service							
Principal	1,155,000	-	1,345,000	-	-	-	3,280,000
Interest and other expenditures	245,903	307,811	723,874	-	-	-	3,084,709
Bond issuance costs	-	-	235,038	-	-	-	235,038
Total expenditures	<u>1,400,903</u>	<u>307,811</u>	<u>2,303,912</u>	<u>416,571</u>	<u>235,665</u>	<u>-</u>	<u>9,457,868</u>
Excess (deficiency) of revenues over expenditures	<u>(519,742)</u>	<u>(114,192)</u>	<u>(108,694)</u>	<u>(415,972)</u>	<u>(235,195)</u>	<u>121,254</u>	<u>(1,455,132)</u>
Other Financing Sources (Uses)							
Proceeds from refinancing debt	-	-	23,605,000	-	-	-	23,605,000
Payment to bond refunding escrow agent	-	-	(26,854,369)	-	-	-	(26,854,369)
Premium on issuance of bonds	-	-	3,484,407	-	-	-	3,484,407
Proceeds from school bond loan fund	449,861	-	616,179	-	-	-	1,103,402
Transfers in	-	-	-	-	-	-	225,745
Transfers out	-	-	-	-	-	-	(223,781)
Total other financing sources (uses)	<u>449,861</u>	<u>-</u>	<u>851,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,340,404</u>
Net change in fund balance	(69,881)	(114,192)	742,523	(415,972)	(235,195)	121,254	(114,728)
Fund balance - beginning	<u>122,518</u>	<u>168,490</u>	<u>(421,192)</u>	<u>415,972</u>	<u>242,910</u>	<u>565,935</u>	<u>2,272,779</u>
Fund balance - ending	<u>\$ 52,637</u>	<u>\$ 54,298</u>	<u>\$ 321,331</u>	<u>\$ -</u>	<u>\$ 7,715</u>	<u>\$ 687,189</u>	<u>\$ 2,158,051</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue from local sources				
Property tax levy	\$ 2,591,012	\$ 2,455,700	\$ 3,314,342	\$ 858,642
Tuition	2,160	3,500	3,789	289
Transportation fees	15,000	15,000	25,153	10,153
Earnings on investments	3,600	2,000	1,866	(134)
Student activities	140,000	155,032	156,465	1,433
Community service activities	45,000	45,000	26,128	(18,872)
Other local revenues	<u>88,500</u>	<u>143,290</u>	<u>130,981</u>	<u>(12,309)</u>
Total revenues from local sources	<u>2,885,272</u>	<u>2,819,522</u>	<u>3,658,724</u>	<u>839,202</u>
Revenues from state sources				
Grants - unrestricted	15,201,223	15,884,390	15,897,919	13,529
Grants - restricted	<u>2,544,644</u>	<u>2,915,357</u>	<u>2,924,703</u>	<u>9,346</u>
Total revenues from state sources	<u>17,745,867</u>	<u>18,799,747</u>	<u>18,822,622</u>	<u>22,875</u>
Revenues from federal sources				
Grants	<u>1,015,630</u>	<u>1,113,988</u>	<u>972,179</u>	<u>(141,809)</u>
Interdistrict sources				
Tuition	-	5,000	14,438	9,438
Transportation	185,000	195,000	188,716	(6,284)
Other	<u>696,048</u>	<u>739,748</u>	<u>939,079</u>	<u>199,331</u>
Total interdistrict sources	<u>881,048</u>	<u>939,748</u>	<u>1,142,233</u>	<u>202,485</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Other financing sources				
Proceeds from sale of capital assets	4,500	4,500	1,563	(2,937)
Transfers in	<u>72,057</u>	<u>62,057</u>	<u>41,587</u>	<u>(20,470)</u>
Total other financing sources	<u>76,557</u>	<u>66,557</u>	<u>43,150</u>	<u>(23,407)</u>
Total revenue and other financing sources	<u>\$ 22,604,374</u>	<u>\$ 23,739,562</u>	<u>\$ 24,638,908</u>	<u>\$ 899,346</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Basic program - elementary				
Salaries	\$ 3,087,768	\$ 3,164,763	\$ 3,171,840	\$ 7,077
Employee benefits	2,039,793	2,017,226	2,029,609	12,383
Purchased services	6,000	4,461	4,393	(68)
Supplies and materials	123,259	119,514	120,331	817
Other	<u>37,200</u>	<u>44,660</u>	<u>43,411</u>	<u>(1,249)</u>
Total elementary	<u>5,294,020</u>	<u>5,350,624</u>	<u>5,369,584</u>	<u>18,960</u>
Basic program - middle school				
Salaries	940,174	961,742	961,970	228
Employee benefits	550,525	563,271	565,760	2,489
Purchased services	5,227	21,200	20,644	(556)
Supplies and materials	37,300	25,870	23,856	(2,014)
Other	<u>11,250</u>	<u>11,250</u>	<u>9,375</u>	<u>(1,875)</u>
Total middle school	<u>1,544,476</u>	<u>1,583,333</u>	<u>1,581,605</u>	<u>(1,728)</u>
Basic program - high school				
Salaries	1,677,731	1,780,613	1,799,800	19,187
Employee benefits	1,065,064	1,150,311	1,177,984	27,673
Purchased services	71,517	54,984	70,115	15,131
Supplies and materials	74,247	68,148	64,129	(4,019)
Other	<u>18,200</u>	<u>18,600</u>	<u>19,357</u>	<u>757</u>
Total high school	<u>2,906,759</u>	<u>3,072,656</u>	<u>3,131,385</u>	<u>58,729</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Basic program - pre-school				
Salaries	52,770	53,479	54,786	1,307
Employee benefits	47,296	36,559	39,148	2,589
Purchased services	<u>3,100</u>	<u>2,529</u>	<u>1,602</u>	<u>(927)</u>
Total pre-school	<u>103,166</u>	<u>92,567</u>	<u>95,536</u>	<u>2,969</u>
Basic program - summer school				
Salaries	1,000	1,700	1,663	(37)
Employee benefits	411	640	638	(2)
Purchased services	<u>-</u>	<u>4,000</u>	<u>338</u>	<u>(3,662)</u>
Total summer school	<u>1,411</u>	<u>6,340</u>	<u>2,639</u>	<u>(3,701)</u>
Added needs - special education				
Salaries	1,476,280	1,332,123	1,319,589	(12,534)
Employee benefits	1,020,362	931,548	921,875	(9,673)
Purchased services	6,100	-	-	-
Supplies and materials	386,726	413,363	412,775	(588)
Other	<u>22,100</u>	<u>26,025</u>	<u>22,299</u>	<u>(3,726)</u>
Total special education	<u>2,911,568</u>	<u>2,703,059</u>	<u>2,676,538</u>	<u>(26,521)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Added needs - compensatory education				
Salaries	608,970	573,817	535,030	(38,787)
Employee benefits	364,730	355,656	326,982	(28,674)
Purchased services	-	20,000	15,210	(4,790)
Supplies and materials	10,645	7,000	4,791	(2,209)
	<u>984,345</u>	<u>956,473</u>	<u>882,013</u>	<u>(74,460)</u>
Added needs - career and technical education				
Salaries	215,741	174,876	174,878	2
Employee benefits	143,491	117,343	117,006	(337)
Purchased services	8,000	9,500	8,227	(1,273)
Supplies and materials	26,263	36,623	33,234	(3,389)
Other	6,200	12,000	11,312	(688)
	<u>399,695</u>	<u>350,342</u>	<u>344,657</u>	<u>(5,685)</u>
At risk				
Salaries	4,250	15,000	12,157	(2,843)
Pupil - guidance services				
Salaries	139,772	147,322	145,880	(1,442)
Employee benefits	84,930	100,000	98,433	(1,567)
Purchased services	2,000	1,440	1,437	(3)
Supplies and materials	3,350	942	934	(8)
Other	1,000	115	113	(2)
	<u>231,052</u>	<u>249,819</u>	<u>246,797</u>	<u>(3,022)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Pupil - health services				
Purchased services	<u>15,000</u>	<u>21,590</u>	<u>21,364</u>	<u>(226)</u>
Pupil - speech services				
Other	<u>90,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Pupil - social work services				
Salaries	47,562	47,674	42,773	(4,901)
Employee benefits	<u>67,343</u>	<u>50,580</u>	<u>49,429</u>	<u>(1,151)</u>
Total social work services	<u>114,905</u>	<u>98,254</u>	<u>92,202</u>	<u>(6,052)</u>
Pupil - teacher consultant				
Salaries	32,764	22,000	21,796	(204)
Employee benefits	<u>20,265</u>	<u>13,558</u>	<u>13,432</u>	<u>(126)</u>
Total teacher consultant	<u>53,029</u>	<u>35,558</u>	<u>35,228</u>	<u>(330)</u>
Pupil - other support services				
Salaries	45,556	39,819	37,838	(1,981)
Employee benefits	34,824	28,080	27,343	(737)
Purchased services	<u>47,200</u>	<u>47,000</u>	<u>41,143</u>	<u>(5,857)</u>
Total other pupil support services	<u>127,580</u>	<u>114,899</u>	<u>106,324</u>	<u>(8,575)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Instructional staff - improvement of education				
Salaries	131,770	105,489	76,357	(29,132)
Employee benefits	74,303	79,273	40,173	(39,100)
Purchased services	40,088	56,189	19,125	(37,064)
Supplies and materials	6,450	10,490	3,849	(6,641)
Other	<u>33,517</u>	<u>28,342</u>	<u>12,226</u>	<u>(16,116)</u>
Total improvement of education	<u>286,128</u>	<u>279,783</u>	<u>151,730</u>	<u>(128,053)</u>
Instructional staff - educational media services				
Salaries	127,532	74,198	63,048	(11,150)
Employee benefits	66,439	46,439	34,228	(12,211)
Purchased services	375	375	-	(375)
Supplies and materials	4,125	3,500	2,882	(618)
Other	<u>9,578</u>	<u>9,590</u>	<u>9,235</u>	<u>(355)</u>
Total educational media services	<u>208,049</u>	<u>134,102</u>	<u>109,393</u>	<u>(24,709)</u>
Instructional staff - technology assisted instruction				
Supplies and materials	<u>72,000</u>	<u>98,000</u>	<u>89,087</u>	<u>(8,913)</u>
Instructional staff - supervision and direction of instructional staff				
Salaries	386,768	259,724	251,210	(8,514)
Employee benefits	192,401	140,080	134,498	(5,582)
Purchased services	5,200	3,490	3,023	(467)
Supplies and materials	3,450	3,310	2,490	(820)
Other	<u>1,500</u>	<u>800</u>	<u>489</u>	<u>(311)</u>
Total supervision and direction of instructional staff	<u>589,319</u>	<u>407,404</u>	<u>391,710</u>	<u>(15,694)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Instructional staff - other services				
Employee benefits	-	5,245	3,649	(1,596)
General administration - board of education				
Purchased services	97,600	71,000	51,258	(19,742)
Supplies and materials	5,000	5,000	4,668	(332)
Other	7,500	7,500	4,965	(2,535)
Total board of education	<u>110,100</u>	<u>83,500</u>	<u>60,891</u>	<u>(22,609)</u>
General administration - executive administration				
Salaries	170,922	341,581	329,953	(11,628)
Employee benefits	97,335	107,659	102,472	(5,187)
Purchased services	3,500	4,500	4,270	(230)
Supplies and materials	3,300	3,800	3,988	188
Other	2,000	2,000	1,211	(789)
Total executive administration	<u>277,057</u>	<u>459,540</u>	<u>441,894</u>	<u>(17,646)</u>
School administration - office of the principal				
Salaries	897,221	920,693	877,838	(42,855)
Employee benefits	512,873	535,662	505,905	(29,757)
Purchased services	8,125	5,290	4,826	(464)
Supplies and materials	16,750	15,035	14,874	(161)
Other	7,215	3,635	3,212	(423)
Total office of the principal	<u>1,442,184</u>	<u>1,480,315</u>	<u>1,406,655</u>	<u>(73,660)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Business - fiscal services				
Salaries	201,712	164,594	164,656	62
Employee benefits	107,677	90,012	89,370	(642)
Purchased services	14,000	49,930	49,776	(154)
Supplies and materials	2,000	1,300	1,333	33
Other	4,000	3,315	3,311	(4)
Total fiscal services	<u>329,389</u>	<u>309,151</u>	<u>308,446</u>	<u>(705)</u>
Business - internal services				
Purchased services	<u>114,660</u>	<u>110,700</u>	<u>111,725</u>	<u>1,025</u>
Business - other				
Purchased services	10,390	11,000	10,954	(46)
Other	<u>93,554</u>	<u>113,825</u>	<u>132,981</u>	<u>19,156</u>
Total other business	<u>103,944</u>	<u>124,825</u>	<u>143,935</u>	<u>19,110</u>
Operations and maintenance - operating building services				
Salaries	343,665	274,272	270,357	(3,915)
Employee benefits	232,175	184,764	168,575	(16,189)
Purchased services	743,103	957,254	952,960	(4,294)
Supplies and materials	977,928	1,081,148	1,072,645	(8,503)
Other	<u>1,000</u>	<u>1,000</u>	<u>721</u>	<u>(279)</u>
Total operating building services	<u>2,297,871</u>	<u>2,498,438</u>	<u>2,465,258</u>	<u>(33,180)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Pupil transportation services				
Salaries	531,676	537,802	522,329	(15,473)
Employee benefits	254,159	239,830	235,716	(4,114)
Purchased services	121,198	116,850	107,274	(9,576)
Supplies and materials	210,998	207,402	200,124	(7,278)
Other	<u>529,022</u>	<u>542,457</u>	<u>625,566</u>	<u>83,109</u>
Total transportation services	<u>1,647,053</u>	<u>1,644,341</u>	<u>1,691,009</u>	<u>46,668</u>
Central - communication services				
Salaries	54,924	52,500	48,596	(3,904)
Employee benefits	4,251	3,926	3,574	(352)
Purchased services	34,000	71,000	72,534	1,534
Supplies and materials	<u>3,000</u>	<u>11,500</u>	<u>11,422</u>	<u>(78)</u>
Total communication services	<u>96,175</u>	<u>138,926</u>	<u>136,126</u>	<u>(2,800)</u>
Central - staff/personnel services				
Salaries	28,280	40,280	39,830	(450)
Employee benefits	40,827	56,642	58,108	1,466
Purchased services	13,700	9,090	8,808	(282)
Supplies and materials	500	235	234	(1)
Other	<u>500</u>	<u>45</u>	<u>45</u>	<u>-</u>
Total staff/personnel services	<u>83,807</u>	<u>106,292</u>	<u>107,025</u>	<u>733</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Central - support services technology				
Salaries	145,438	166,299	157,314	(8,985)
Employee benefits	85,511	86,353	86,780	427
Other	<u>51,500</u>	<u>278,705</u>	<u>270,101</u>	<u>(8,604)</u>
Total support services technology	<u>282,449</u>	<u>531,357</u>	<u>514,195</u>	<u>(17,162)</u>
Athletic activities				
Salaries	235,453	226,233	222,208	(4,025)
Employee benefits	119,453	99,703	98,901	(802)
Purchased services	162,634	101,711	94,668	(7,043)
Supplies and materials	140,481	82,203	70,303	(11,900)
Other	<u>4,500</u>	<u>5,900</u>	<u>4,169</u>	<u>(1,731)</u>
Total athletic activities	<u>662,521</u>	<u>515,750</u>	<u>490,249</u>	<u>(25,501)</u>
Community services - parent involve				
Supplies and materials	<u>1,700</u>	<u>6,700</u>	<u>5,216</u>	<u>(1,484)</u>
Community services - non-public school pupils				
Purchased services	2,750	2,750	-	(2,750)
Other	<u>2,536</u>	<u>2,536</u>	<u>-</u>	<u>(2,536)</u>
Total non-public school pupils	<u>5,286</u>	<u>5,286</u>	<u>-</u>	<u>(5,286)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
CPAC				
Salaries	30,000	27,100	26,600	(500)
Employee benefits	17,058	16,402	16,602	200
Purchased services	10,944	5,350	4,799	(551)
Supplies and materials	<u>60,480</u>	<u>71,432</u>	<u>72,925</u>	<u>1,493</u>
Total other	<u>118,482</u>	<u>120,284</u>	<u>120,926</u>	<u>642</u>
Intergovernmental payments				
Payments to other public schools	<u>8,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay				
Facilities acquisition	<u>20,932</u>	<u>20,932</u>	<u>20,840</u>	<u>(92)</u>
Other financing uses				
Transfers out	<u>57,100</u>	<u>43,600</u>	<u>43,551</u>	<u>(49)</u>
Total expenditures and other financing uses	<u>\$ 23,595,712</u>	<u>\$ 23,819,985</u>	<u>\$ 23,456,539</u>	<u>\$ (363,446)</u>

Charlotte Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2015

Year Ending June 30,	2015 Refunding Bonds	2012 Refunding Bonds	2011 School Building and Site Obligation Bonds	2010 School Building and Site Obligation Bonds	2010 Refunding Bonds	2006 Refunding Bonds	Total
2016	\$ 1,050,000	\$ 790,000	\$ -	\$ -	\$ 1,360,000	\$ -	\$ 3,200,000
2017	1,375,000	825,000	-	-	1,350,000	50,000	3,600,000
2018	1,450,000	845,000	-	-	1,415,000	50,000	3,760,000
2019	1,515,000	910,000	-	-	-	55,000	2,480,000
2020	1,580,000	975,000	-	-	-	55,000	2,610,000
2021	1,640,000	1,045,000	-	-	-	55,000	2,740,000
2022	1,710,000	1,115,000	-	-	-	60,000	2,885,000
2023	1,765,000	250,000	-	-	-	990,000	3,005,000
2024	1,825,000	-	-	-	-	1,420,000	3,245,000
2025	1,890,000	-	6,000,000	-	-	1,510,000	9,400,000
2026	1,945,000	-	9,000,000	-	-	1,595,000	12,540,000
2027	1,950,000	-	-	-	-	1,660,000	3,610,000
2028	1,955,000	-	-	-	-	-	1,955,000
2029	1,955,000	-	-	-	-	-	1,955,000
2030 - 2035	-	-	-	4,700,000	-	-	4,700,000
2036 - 2040	-	-	-	3,900,000	-	-	3,900,000
Total	<u>\$ 23,605,000</u>	<u>\$ 6,755,000</u>	<u>\$ 15,000,000</u>	<u>\$ 8,600,000</u>	<u>\$ 4,125,000</u>	<u>\$ 7,500,000</u>	<u>\$ 65,585,000</u>
Principal payments due the first day of	May	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	May and November	
Interest rate	4.00% - 5.00%	3.00% - 5.00%	6.05% - 6.15%	6.80% - 7.00%	3.50% - 5.00%	4.00% - 4.25%	
Original issue	<u>\$ 23,605,000</u>	<u>\$ 9,005,000</u>	<u>\$ 15,000,000</u>	<u>\$ 8,600,000</u>	<u>\$ 7,060,000</u>	<u>\$ 7,500,000</u>	