
Washtenaw Intermediate School District

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

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Independent Auditor's Report

To the Board of Education
Washtenaw Intermediate School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining information of Washtenaw Intermediate School District (the "School District") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Washtenaw Intermediate School District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining information of Washtenaw Intermediate School District as of June 30, 2018 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

To the Board of Education
Washtenaw Intermediate School District

Required Supplemental Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018 on our consideration of Washtenaw Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washtenaw Intermediate School District's internal control over financial reporting and compliance.



October 23, 2018

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

Using this Annual Report

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

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Information for Major Funds

Schedule of the School District's Proportionate Share of the Net Pension and Net OPEB Liabilities

Schedule of Pension and OPEB Contributions

Other Supplemental Information

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

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

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

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

The statement of net position and the statement of activities report the governmental activities and business-type activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, and food services. Property taxes, unrestricted state aid (Intermediate School District grant revenue), and state and federal grants finance most of these activities. Business-type activities include the enterprise funds, which are financed through charges for services.

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

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Special Education and Food Service Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds

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

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary funds' statements present a long-term view of operations and the services it provides to other funds. The School District established proprietary funds for services for which the School District charges a fee intended to cover the entire cost of those services. One example is the Internal Service Fund, which is used to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services provided include health, dental, and vision insurance services.

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

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

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

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

	Governmental Activities		Business-type Activities	
	2018	2017 (as restated)	2018	2017
	(in millions)		(in millions)	
Assets				
Current and other assets	\$ 48.5	\$ 44.6	\$ 0.1	\$ 0.1
Capital assets	11.3	11.4	-	-
Total assets	59.8	56.0	0.1	0.1
Deferred Outflows of Resources	14.7	8.2	-	-
Liabilities				
Current liabilities	26.1	21.3	-	-
Noncurrent liabilities	1.0	57.8	-	-
Net pension liability	60.0	57.5	-	-
Net OPEB obligation	20.5	-	-	-
Total liabilities	107.6	136.6	-	-
Deferred Inflows of Resources	10.0	6.9	-	-
Net Position				
Net investment in capital assets	11.3	11.4	-	-
Unrestricted	(54.4)	(33.2)	0.1	0.1
Total net position	\$ (43.1)	\$ (21.8)	\$ 0.1	\$ 0.1

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(43.1) million at June 30, 2018. Net investment in capital assets totaling \$11.3 million compares the original cost, less depreciation of the School District's capital assets. Restricted net position is reported separately to show legal constraints from enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$(54.4) million, was unrestricted.

The \$(54.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities	
	2018	2017 (as restated)	2018	2017
	(in millions)		(in millions)	
Revenue				
Program revenue:				
Charges for services	\$ 17.0	\$ 15.5	\$ -	\$ -
Operating grants	17.2	15.9	-	-
General revenue:				
Taxes	84.7	82.2	-	-
State aid not restricted to specific purposes	19.9	19.0	-	-
Other	2.0	1.7	-	-
Total revenue	140.8	134.3	-	-
Expenses				
Instruction	19.2	17.0	-	-
Support services	29.6	25.4	-	-
Food services	0.2	0.2	-	-
Community services	0.6	0.7	-	-
Interdistrict payments	90.6	77.4	-	-
Depreciation expense (unallocated)	1.1	1.1	-	-
Total expenses	141.3	121.8	-	-
Change in Net Position	(0.5)	12.5	-	-
Net Position - Beginning of year, as restated	(21.8)	(34.3)	0.1	0.1
Cumulative Effect of Change in Accounting	(20.8)	-	-	-
Net Position - Beginning of year	(42.6)	(34.3)	0.1	0.1
Net Position - End of year	\$ (43.1)	\$ (21.8)	\$ 0.1	\$ 0.1

As reported in the statement of activities, the cost of all of our governmental activities this year was \$141.3 million. Certain activities were partially funded from those who benefited from the programs (\$17.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$17.2 million). We paid for the remaining "public benefit" portion of our governmental activities with \$84.7 million in taxes, \$19.9 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The School District experienced a decrease in net position of \$(0.5) million. Although the School District received an increase in revenue from tax collections, it added costs to support programs related to Behavior Support and additional Mandated Special Education services for Birth to three students, as well as increased reimbursements to Local Education Agencies for eligible Special Education costs.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 75. This standard required the inclusion of the School District's proportionate share of the Michigan Public School Employees' Retiree Health Care Plan within the School District's financial statements, effective July 1, 2017. The effect of the adoption was to decrease July 1, 2017 beginning net position by \$(20.8) million and to include the net OPEB obligation and related deferred inflows and outflows of resources in the June 30, 2018 financial statements. All governments participating in the plan were required to adopt this new standard.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$21.4 million, which is an decrease of \$1.2 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased by approximately \$718,000 to \$4.0 million. The change is mainly due to expenditures in various departments being less than anticipated.

Fund balance of the Special Education Fund (special revenue fund) decreased from \$5.3 million last year to \$3.7 million this year as a result of the School District reimbursing Local Education Agencies for eligible special education costs that were more than anticipated as a result of prior year fund balance being more than expected, which was due to the agreement with the Superintendents Association to limit the fund balance to \$3 million or 10 percent of operating expenses (whichever is less).

Fund balance of the Cooperative Activities Fund (special revenue fund) decreased from \$10.7 million last year, as restated, to \$10.0 million this year as a result of expenditures in the Washtenaw International High School, Early College Alliance, and Washtenaw Alliance for Virtual Education consortium programs being less than anticipated. The School District restated the Cooperative Activities Fund fund balance and liabilities as of June 30, 2017 in the amount of approximately \$8.2 million as a result of the prior period adjustment for the Medicaid portion of the Cooperative Activities Fund.

Combined, the fund balance of the other nonmajor funds, primarily the capital project funds, increased by approximately \$382,000. This increase is primarily due to the creation of the WEOC Capital Projects Fund and the School District not expending the transfer in of \$900,000 from WEOC programs to support capital projects during the 2017-2018 fiscal year. The funds are earmarked for future projects.

The School District has established proprietary funds to account for its self-funded insurance program, business services provided to local districts, and transportation services provided to school children on behalf of certain local districts. For the year ended June 30, 2018, the net position of the School District's proprietary funds decreased by approximately \$30,000 as a result of the internal services fund operating in a small deficit for the year.

Major Governmental Fund Budgetary Highlights

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

General Fund

The final revenue budget in the General Fund, including transfers in, of approximately \$24.2 million was increased by approximately \$5.1 million from the original budget and reflects the following significant changes:

- Federal, state, local, and interdistrict/incoming transfer revenue was approximately \$478,000, \$2,765,000, \$136,000, and \$1,242,000, respectively, more than originally budgeted due to being awarded unanticipated grants, receiving increases in grants included in the original budget, or being approved for carryover grant funds.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

- Federal and interdistrict/incoming transfer grants and projects revenue includes approximately \$158,000 and \$85,000, respectively, related to unavailable revenue from the 2016-2017 fiscal year. There were no corresponding expense budget increases to reflect this.
- The budget for state revenue was increased by approximately \$132,000 due to receiving an allocation of funding to partially offset employee retirement costs.
- The budget for state revenue was also increased by approximately \$10,000 due to receiving an increased allocation for additional Bus Driver Safety funds.
- The budget for local revenue was increased by approximately \$56,000 for additional earnings on investments due to interest rate increases and \$51,000 due to receiving an increase in tax revenue being greater than originally projected in March 2017 prior to the release of official property valuations.

The General Fund actual revenue, including transfers in, was approximately \$20.2 million, which was approximately \$4.0 million less than the final amended budget of \$24.2 million. Significant reasons for this variance are as follows:

- Local, state, federal, and interdistrict/incoming transfer reimbursement-type grant and project revenue was approximately \$143,000, \$2,600,000, \$509,000, and \$773,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These revenue and expenditures will be deferred until the next fiscal year.
- Revenue from services provided to other public districts was more than anticipated per agreements by approximately \$7,100.

The final expenditure budget in the General Fund, including transfers out, of \$23.9 million was increased by approximately \$4.6 million from the original budget and reflects the following significant changes:

- As mentioned above, federal, state, local, and interdistrict/incoming transfer expenditures were approximately \$478,000, \$2,765,000, \$136,000, and \$1,242,000, respectively, more than originally budgeted due to being awarded unanticipated grants, receiving increases in grants included in the original budget, or being approved for carryover grant funds.
- Position additions, vacancies, allocation of time changes, and fringe benefit costs were more than anticipated, resulting in a budget increase of approximately \$70,000. Included in this increase is an increase for retirement expenses in the nongrant accounts for the current portion of the unfunded accrued actuarial liability of the state pension system, which was reimbursed by the State Aid Act.
- The budget was increased by approximately \$60,000 to support the My Brothers Keeper and Equity Social Justice initiatives.
- Expenditures for local district school improvement, curriculum support, and assessment services were reduced due to more in-house training by local leaders, and less substitute reimbursement payments to districts were necessary, resulting in a reduction in the expenditure budget of approximately \$10,000.
- Anticipated contracted services and supplies purchases of approximately \$28,000 in the grants and development and superintendent/board departments were not required or were postponed and the final budget was amended to reflect the change.
- Expenditures for technology services were reduced by \$87,000 to reflect the postponement of a storage upgrade until fiscal year 2018-2019, as well as fewer needed repairs to equipment and lower internet services charges than expected.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

The actual expenditures of the General Fund, including transfers out, were approximately \$19.5 million, which is about \$4.4 million less than the final amended budget of \$23.9 million. Significant reasons for this variance include the following:

- Local, state, federal, and interdistrict/incoming transfer reimbursement-type grant and project expenditures was approximately \$143,000, \$2,600,000, \$509,000, and \$773,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These revenue and expenditures will be deferred until the next fiscal year.
- Expenditures for salaries and benefits were \$80,000 less than anticipated as a result of more time spent on grants/projects as opposed to regular general education program and services.
- Expenditures for local district school improvement, curriculum support, and assessment services were \$194,000 less than anticipated based on school district requests for reimbursement of expenses, postponement of some work, and enhancement of local capacity to conduct professional development.
- Various general administrative and business service contracted services were postponed or the expenditures were less than anticipated, resulting in the expenditures being \$38,000 less than the budget. In addition to \$33,000 of less than anticipated expenses related to the My Brothers Keeper and Equity and Social Justice initiatives which will be expended in 2018-2019.
- Anticipated technology services and supplies purchases of approximately \$21,000 were not required or were postponed until next year.
- Expenditures for maintenance and operations, including repairs of buildings/equipment and utilities, were less than anticipated based on needs and less usage of electricity and gas by \$18,000.
- Expenditures for tax abatements was less than anticipated by \$10,300.
- Anticipated transfers out to participating districts of approximately \$21,000 related to the transportation training agency were more than anticipated.

Special Education Fund

The final revenue budget in the Special Education Fund, including transfers in, of \$109.4 million was increased by approximately \$5.2 million from the original budget and reflects the following significant changes:

- Local revenue was increased by approximately \$2,665,000 due to receiving an increase in tax revenue being greater than originally projected in March 2017 prior to the release of official property valuations.
- The local revenue budget was also increased approximately \$294,000 for additional earnings on investments due to interest rate increases, reduced in the amount of \$9,000 for less than expected E-rate revenue, a reduction in approximately \$204,000 for an unanticipated contract changes with a local district and court-involved youth students.
- State revenue was approximately \$993,000 more than expected due to adjustments of prior year state categorical revenue line items, as well as adjustments for increased SE costs not originally budgeted for in the amount of \$493,000, and due to the recognition of an allocation of funding to partially offset employee retirement costs in the amount of \$500,000.
- The federal revenue budget was approximately \$1.4 million more than originally budgeted due to being awarded more grant funds than were included in the original budget, including carryover funds.
- Local source revenue increased by \$60,000 due to increased donations for homeless students.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

- Incoming transfers from districts was approximately \$13,000 less than originally budgeted as services to local District Business Offices.
- The budget for indirect cost revenue was increased by \$42,000 during the year to reflect the charges to the Washtenaw Education Options Consortium and the NEW World Software program.

The actual revenue of the Special Revenue Fund, including transfers in, was approximately \$107.1 million, which is approximately \$2.3 million less than the final amended budget of \$109.4 million. Significant reasons for this variance include the following:

- Local/Interdistrict, state, and federal reimbursement-type grant and project revenue was approximately \$104,000, \$1,461,000, and \$852,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These revenue and expenditures will be deferred until the next fiscal year.
- Tax revenue was approximately \$123,000 greater than the anticipated \$82.7 million of total tax revenue primarily due to tax increment finance authority distributions being greater than anticipated and less appeals to current year assessments.
- Local revenue from districts and the County was greater than anticipated by approximately \$44,000 due to prior year adjustments for court-involved youth students.

The final expenditure budget in the Special Education Fund, including transfers out, of \$111.7 million was increased by approximately \$7.6 million from the original budget and reflects the following significant changes:

- As mentioned above, the federal revenue/expenditure budget was approximately \$1.4 million more than originally budgeted due to being awarded more grant funds than were included in the original budget.
- Staff salaries and benefits were added to the budget to cover expenses related to adding the Michigan Mandatory Special Education services in the amount of \$862,000.
- Staff vacancies in all classes of employees were either filled for less cost than originally anticipated, were not filled, filled for a partial year or substitutes were utilized, and fringe benefit costs were less than anticipated, resulting in a reduction the salary and benefit budgets of approximately \$800,000.
- The budget for retirement expenses was increased by approximately \$477,000 in the nongrant accounts for the current portion of the unfunded accrued actuarial liability of the state pension system, which was reimbursed by the State Aid Act.
- The budget was increased by approximately \$90,250 to support the My Brothers Keeper and Equity Social Justice initiatives.
- Expenditures for technology services were reduced by \$167,000 to reflect the postponement of storage upgrade until fiscal year 2018-2019, as well as fewer needed repairs to equipment and lower internet services charges than expected.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

- Budgeted repayments of property taxes due to State Tax Commission Tax Tribunal cases were less than anticipated in the original budget by approximately \$463,000.
- Contracted services, utilities, supplies, and capital outlay in various departments were running less than anticipated and the expenditure budget was reduced approximately \$206,000.
- Election costs were less than anticipated in the original budget by approximately \$132,000.
- The reimbursement to local school districts and other agencies for eligible special education costs was increased primarily to recognize increased revenue in the fund and lower educational and operational expenses in programs operated by the School District, resulting in a \$6.9 million increase in anticipated expenditures.

The actual expenditures of the Special Education Fund, including transfers out, were approximately \$108.7 million, which is about \$3.0 million less than the final amended budget of \$111.7 million. Significant reasons for this variance include:

- Local/Interdistrict, state, and federal reimbursement-type grant and project revenue was approximately \$104,000, \$1,461,000, and \$852,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These revenue and expenditures will be deferred until the next fiscal year.
- Instructional program and pupil support wages and benefits were under budget by approximately \$196,000 due to unfilled vacancies, the utilization of substitutes, contracting for services, and, correspondingly, benefits also being less than anticipated.
- Instructional program and pupil support contracted services, including substitute teachers and assistants, and supplies of approximately \$151,000 were not required or were postponed until next year.
- Various general administrative and business contracted services and other expenditures were postponed or the expenditures were less than anticipated, resulting in the expenditures being \$98,000 less than the budget, in addition to \$111,000 of less than anticipated expenses related to the My Brothers Keeper and Equity and Social Justice initiatives, which will be expended in 2018-2019.
- Repayments of property taxes due to State Tax Commission Tax Tribunal cases were less than the budgeted by \$207,000.
- Rent, utility costs, operations, and maintenance-related expenditures were \$75,000 less than anticipated.
- Anticipated technology services and supplies purchases of approximately \$63,000 were not required or were postponed until next year.
- The reimbursement to local school districts and other agencies for eligible special education costs was approximately \$345,000 more the amount budgeted, which was based on funds available for distribution estimates prior to the final budget amendment.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018 and 2017, the School District had \$11.3 million and \$11.4 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately 0.1 million, or 0.9 percent, from last year.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	2018	2017
Land	\$ 93,670	\$ 93,670
Buildings and improvements	20,712,854	19,912,361
Furniture and equipment	5,582,239	5,383,411
Buses and other vehicles	172,092	172,092
Land improvements	1,129,200	1,106,350
Total capital assets	27,690,055	26,667,884
Less accumulated depreciation	16,364,246	15,301,675
Total capital assets - Net of accumulated depreciation	<u>\$ 11,325,809</u>	<u>\$ 11,366,209</u>

This year's additions of \$1.1 million included equipment for students with special needs, technology, and building renovations. There are several major capital projects are planned for the 2018-2019 fiscal year, including Red Oak, Progress Park, and Milan renovations, as well as asphalt and pool repairs, which are estimated at \$150,000 and \$50,000, respectively. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District did not have any bonds outstanding.

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit.

Other obligations include accrued sick leave and vacation benefits. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2018-2019 fiscal year budget. One of the most important factors affecting the operating budgets of intermediate school districts is property tax revenue.

Increases in property tax revenue on property that was on the tax rolls in the prior year are limited to a defined inflationary factor. For the 2018-2019 year, the inflationary factor is 1.1 percent. Fortunately, new property added to the tax rolls provides additional financial resources for district operations and for funding support for our local school districts. Taking into account the property additions, offset by the constitutional limit, the increase in property tax revenue for 2018-2019 over the 2017-2018 level is estimated to be approximately 2.1 percent in both the General Education Fund and the Special Education Fund.

Washtenaw Intermediate School District

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 4)	\$ 33,069,506	\$ 102,915	\$ 33,172,421
Receivables:			
Property taxes receivable	165,990	-	165,990
Other receivables	116,649	265	116,914
Due from other governments	14,960,092	-	14,960,092
Internal balances	22,645	(22,645)	-
Inventory	9,765	-	9,765
Prepaid costs	197,500	7,558	205,058
Capital assets - Net (Note 6)	11,325,809	-	11,325,809
Total assets	59,867,956	88,093	59,956,049
Deferred Outflows of Resources			
Deferred pension costs (Note 10)	13,410,262	-	13,410,262
Deferred OPEB costs (Note 10)	1,264,143	-	1,264,143
Total deferred outflows of resources	14,674,405	-	14,674,405
Liabilities			
Accounts payable	18,185,422	-	18,185,422
Due to other governmental units	735,516	-	735,516
Accrued liabilities and other	4,010,234	1,065	4,011,299
Unearned revenue (Note 5)	3,117,033	-	3,117,033
Noncurrent liabilities:			
Due within one year (Note 8)	591,176	-	591,176
Due in more than one year -			
Compensated absences (Note 8)	440,644	-	440,644
Net pension liability	59,950,967	-	59,950,967
Net OPEB obligation	20,539,211	-	20,539,211
Total liabilities	107,570,203	1,065	107,571,268
Deferred Inflows of Resources			
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	2,464,209	-	2,464,209
Deferred pension cost reductions (Note 10)	6,822,766	-	6,822,766
Deferred OPEB cost reductions (Note 10)	694,375	-	694,375
Total deferred inflows of resources	9,981,350	-	9,981,350
Net Position			
Net investment in capital assets	11,325,809	-	11,325,809
Restricted - Food Service Fund	16,255	-	16,255
Unrestricted	(54,351,256)	87,028	(54,264,228)
Total net position	<u>\$ (43,009,192)</u>	<u>\$ 87,028</u>	<u>\$ (42,922,164)</u>

Washtenaw Intermediate School District

Statement of Activities

Year Ended June 30, 2018

	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Primary government:						
Governmental activities:						
Instruction	\$ 19,161,842	\$ 14,128,595	\$ 433,580	\$ (4,599,667)	\$ -	\$ (4,599,667)
Support services	29,593,055	2,734,695	1,755,718	(25,102,642)	-	(25,102,642)
Food services	199,179	44,203	92,752	(62,224)	-	(62,224)
Community services	554,084	53,670	508,909	8,495	-	8,495
Interdistrict payments	90,621,629	-	14,411,376	(76,210,253)	-	(76,210,253)
Depreciation expense (unallocated) (Note 6)	1,072,162	-	-	(1,072,162)	-	(1,072,162)
Total governmental activities	141,201,951	16,961,163	17,202,335	(107,038,453)	-	(107,038,453)
Business-type activities - Enterprise Fund						
Transportation	945	118	-	-	(827)	(827)
Total primary government	\$ 141,202,896	\$ 16,961,281	\$ 17,202,335	(107,038,453)	(827)	(107,039,280)
General revenue:						
Taxes:						
Property taxes, levied for general purposes				1,522,925	-	1,522,925
Property taxes, levied for special education (ISD)				83,158,541	-	83,158,541
State aid not restricted to specific purposes				19,931,388	-	19,931,388
Interest and investment earnings				722,220	1,245	723,465
Loss on the disposal of capital assets				(40,447)	-	(40,447)
Payment in lieu of taxes from Treasury				534,244	-	534,244
Other				815,481	-	815,481
Total general revenue				106,644,352	1,245	106,645,597
Change in Net Position				(394,101)	418	(393,683)
Net Position - Beginning of year, as restated (Note 12)				(21,821,977)	86,610	(21,735,367)
Cumulative Effect of Change in Accounting				(20,793,114)	-	(20,793,114)
Net Position - Beginning of year				(42,615,091)	86,610	(42,528,481)
Net Position - End of year				\$ (43,009,192)	\$ 87,028	\$ (42,922,164)

Washtenaw Intermediate School District

Governmental Funds Balance Sheet

June 30, 2018

	General Fund	Special Education Fund	Cooperative Activities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 8,925,761	\$ 16,341,387	\$ 3,949,072	\$ 3,269,811	\$ 32,486,031
Receivables:					
Property taxes receivable	4,261	161,729	-	-	165,990
Other receivables	-	1,756	-	-	1,756
Due from other governments	5,190,706	8,737,568	1,023,371	8,447	14,960,092
Due from other funds (Note 7)	-	-	6,966,788	767,487	7,734,275
Inventory	-	-	-	9,765	9,765
Prepaid costs	49,347	142,150	3,620	2,383	197,500
Total assets	\$ 14,170,075	\$ 25,384,590	\$ 11,942,851	\$ 4,057,893	\$ 55,555,409
Liabilities					
Accounts payable	\$ 4,465,177	\$ 12,927,467	\$ 524,635	\$ 268,143	\$ 18,185,422
Due to other governmental units	79,786	-	595,032	60,698	735,516
Due to other funds (Note 7)	2,314,279	5,018,603	337,611	106,890	7,777,383
Accrued liabilities and other	119,997	3,425,906	463,351	980	4,010,234
Unearned revenue (Note 5)	2,996,289	102,769	17,975	-	3,117,033
Total liabilities	9,975,528	21,474,745	1,938,604	436,711	33,825,588
Deferred Inflows of Resources -					
Unavailable revenue (Note 5)	179,799	170,991	7,882	-	358,672
Total liabilities and deferred inflows of resources	10,155,327	21,645,736	1,946,486	436,711	34,184,260
Fund Balances					
Nonspendable:					
Inventory	-	-	-	9,765	9,765
Prepaid costs	49,347	142,150	3,620	2,383	197,500
Restricted:					
Capital projects	-	-	-	3,131,212	3,131,212
Special education	-	3,596,704	-	-	3,596,704
Food service	-	-	-	4,107	4,107
Committed:					
Capital projects	-	-	-	473,715	473,715
Cooperative activities	-	-	9,992,745	-	9,992,745
Assigned - Budgeted use of fund balance in subsequent year	428,265	-	-	-	428,265
Unassigned	3,537,136	-	-	-	3,537,136
Total fund balances	4,014,748	3,738,854	9,996,365	3,621,182	21,371,149
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,170,075	\$ 25,384,590	\$ 11,942,851	\$ 4,057,893	\$ 55,555,409

Washtenaw Intermediate School District

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

June 30, 2018

Fund Balances Reported in Governmental Funds	\$ 21,371,149
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	27,690,055
Accumulated depreciation	<u>(16,364,246)</u>
Net capital assets used in governmental activities	11,325,809
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	358,672
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(450,644)
Net pension liability and related deferred inflows and outflows	(53,363,471)
Net OPEB liability and related deferred inflows and outflows	(19,969,443)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(2,464,209)
Internal service funds are included as part of governmental activities	<u>182,945</u>
Net Position of Governmental Activities	<u>\$ (43,009,192)</u>

Washtenaw Intermediate School District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Special Education Fund	Cooperative Activities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Local sources	\$ 2,200,838	\$ 84,616,622	\$ 2,836,340	\$ 79,074	\$ 89,732,874
State sources	9,594,763	10,421,587	576,653	1,908	20,594,911
Federal sources	5,322,198	11,760,884	64,553	92,752	17,240,387
Interdistrict sources	3,002,436	132,334	10,380,708	-	13,515,478
Total revenue	<u>20,120,235</u>	<u>106,931,427</u>	<u>13,858,254</u>	<u>173,734</u>	<u>141,083,650</u>
Expenditures					
Current:					
Instruction	1,343,441	10,541,142	6,898,425	-	18,783,008
Support services	8,774,516	17,715,509	3,841,099	3,883	30,335,007
Food services	-	-	-	199,179	199,179
Community services	562,703	1,871	1,681	-	566,255
Capital outlay	221,807	412,537	111,913	1,050,973	1,797,230
Interdistrict payments	8,548,562	79,461,333	2,611,734	-	90,621,629
Total expenditures	<u>19,451,029</u>	<u>108,132,392</u>	<u>13,464,852</u>	<u>1,254,035</u>	<u>142,302,308</u>
Excess of Revenue Over (Under) Expenditures	669,206	(1,200,965)	393,402	(1,080,301)	(1,218,658)
Other Financing Sources (Uses)					
Transfers in (Note 7)	48,790	183,016	-	1,462,788	1,694,594
Transfers out (Note 7)	-	(562,788)	(1,131,806)	-	(1,694,594)
Total other financing sources (uses)	<u>48,790</u>	<u>(379,772)</u>	<u>(1,131,806)</u>	<u>1,462,788</u>	<u>-</u>
Net Change in Fund Balances	717,996	(1,580,737)	(738,404)	382,487	(1,218,658)
Fund Balances - Beginning of year, as restated (Note 12)	<u>3,296,752</u>	<u>5,319,591</u>	<u>10,734,769</u>	<u>3,238,695</u>	<u>22,589,807</u>
Fund Balances - End of year	<u><u>\$ 4,014,748</u></u>	<u><u>\$ 3,738,854</u></u>	<u><u>\$ 9,996,365</u></u>	<u><u>\$ 3,621,182</u></u>	<u><u>\$ 21,371,149</u></u>

Washtenaw Intermediate School District

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

Year Ended June 30, 2018

Net Change in Fund Balance Reported in Governmental Funds	\$ (1,218,658)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	1,072,209
Depreciation expense	(1,072,162)
Net book value of assets disposed of	(40,447)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(106,074)
Revenue in support of pension contributions made subsequent to the measurement date	(554,339)
Some employee costs (pension and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	1,558,287
Internal service funds are included as part of governmental activities	<u>(32,917)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (394,101)</u></u>

Washtenaw Intermediate School District

Proprietary Funds Statement of Net Position

June 30, 2018

	Enterprise Funds			Governmental Activities
	Nonmajor Enterprise Fund - Transportation Fund	Nonmajor Enterprise Fund - Business Services Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current assets:				
Cash and investments (Note 4)	\$ 30,079	\$ 72,836	\$ 102,915	\$ 583,475
Receivables	265	-	265	98,100
Due from other funds (Note 7)	337	-	337	82,546
Prepaid costs	-	7,558	7,558	-
Total assets	30,681	80,394	111,075	764,121
Liabilities				
Current liabilities:				
Due to other funds (Note 7)	21,056	1,926	22,982	-
Accrued liabilities and other	-	1,065	1,065	-
Self-insurance claims	-	-	-	581,176
Total liabilities	21,056	2,991	24,047	581,176
Net Position - Unrestricted	\$ 9,625	\$ 77,403	\$ 87,028	\$ 182,945

Washtenaw Intermediate School District

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2018

	Enterprise Funds			Governmental Activities
	Nonmajor Enterprise Fund - Transportation Fund	Nonmajor Enterprise Fund - Business Services Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenue - Charges for services	\$ 118	\$ -	\$ 118	\$ 4,261,969
Operating Expenses				
Claims paid	-	-	-	4,294,886
Salaries and benefits	945	-	945	-
Total operating expenses	945	-	945	4,294,886
Operating Loss	(827)	-	(827)	(32,917)
Nonoperating Revenue - Interest and investment earnings	364	881	1,245	-
Change in Net Position	(463)	881	418	(32,917)
Net Position - Beginning of year	10,088	76,522	86,610	215,862
Net Position - End of year	<u>\$ 9,625</u>	<u>\$ 77,403</u>	<u>\$ 87,028</u>	<u>\$ 182,945</u>

Washtenaw Intermediate School District

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2018

	Enterprise Funds			Governmental Activities
	Nonmajor Enterprise Fund - Transportation Fund	Nonmajor Enterprise Fund - Business Services Fund	Total	Internal Service Fund
Cash Flows from Operating Activities				
Charges for services	\$ 118	\$ -	\$ 118	\$ 4,261,969
Receipts from interfund services and reimbursements	21,056	-	21,056	-
Claims paid	(945)	-	(945)	(4,294,886)
Other (payments) receipts	(20,111)	-	(20,111)	33,034
Net cash and investments provided by operating activities	118	-	118	117
Cash Flows Provided by Investing Activities -				
Interest received on investments	364	881	1,245	-
Net Increase in Cash and Investments	482	881	1,363	117
Cash and Investments - Beginning of year	29,597	71,955	101,552	583,358
Cash and Investments - End of year	\$ 30,079	\$ 72,836	\$ 102,915	\$ 583,475
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (827)	\$ -	\$ (827)	\$ (32,917)
Adjustments to reconcile operating loss to net cash from operating activities -				
Changes in assets and liabilities:				
Payables	(20,111)	-	(20,111)	-
Due to/from other funds - Net	21,056	-	21,056	4,193
Estimated claims liability	-	-	-	28,841
Net cash provided by operating activities	\$ 118	\$ -	\$ 118	\$ 117

Washtenaw Intermediate School District

Fiduciary Funds Statement of Fiduciary Assets and Liabilities

June 30, 2018

Student Activity
Agency Fund

Assets - Cash and investments (Note 4)

\$ 154,820

Liabilities

Accounts payable

\$ 4,566

Due to school-related organizations

133,461

Due to other funds (Note 7)

16,793

Total liabilities

\$ 154,820

June 30, 2018

Note 1 - Nature of Business

Washtenaw Intermediate School District (the "School District") is an intermediate school district in the state of Michigan that provides a broad spectrum of services and support to various school districts within Washtenaw County.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

The School District is governed by an elected five-member Board of Education. In accordance with governmental accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements.

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

Basis of Accounting

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

Note 2 - Significant Accounting Policies (Continued)

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

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

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Fund Accounting

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

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, and capital project funds. The School District reports the following funds as “major” governmental funds:

- The General Fund is the School District’s primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.
- The Special Education Fund (special revenue fund) is used to account for all the financial resources relating to the operations of special education programs of the School District. The Special Education Fund is funded primarily by property taxes and federal and state grant programs that are restricted to expenditure for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.

Note 2 - Significant Accounting Policies (Continued)

- The Cooperative Activities Fund (special revenue fund) is used to account for all of the financial resources relating to the operation of the W-A-Y Washtenaw, Early College Alliance, International Baccalaureate, county-wide software project, and Medicaid programs. The Cooperative Activities Fund is funded primarily by charges for services that are restricted to expenditure for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.

Additionally, the School District reports the following fund types:

The Food Service Special Revenue Fund is used to account for activities relating to the operation of the cafeteria. The Food Service Fund is funded primarily by charges for services and federal grant programs that are restricted to expenditure for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.

The WEOC, General Education, and Special Education Capital Project Funds are used to record transfers from other funds and other revenue and the disbursement of funds specifically designated for acquiring equipment and for major remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The Special Education Capital Projects Fund was funded through transfers from the Special Education Fund and, accordingly, its expenditures are restricted to specified purposes.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District). The School District reports the following funds as enterprise funds:

- The Business Services Fund Enterprise Fund is supported by user fees and provides software support services and fiscal services to local districts.
- The Transportation Fund Enterprise Fund is supported by charges for service and is used to account for transportation services provided to school children on behalf of certain local districts. During the year ended June 30, 2016, the School District ceased providing transportation services on behalf of these certain local districts. It is anticipated that the fund will have minimal activity in the future.
- The Internal Service Fund accounts for payments of self-insured health, dental, and vision insurance services provided to other departments of the School District on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate the School District's programs. The School District maintains an Agency Fund to record the transactions of student activities. These funds are segregated and held in trust for the students.

Interfund Activity

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

Note 2 - Significant Accounting Policies (Continued)

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

Specific Balances and Transactions

Cash and Investments

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are reported at fair value, except for the investments in external investment pools, which are at amortized cost.

Inventory and Prepaid Costs

Inventory is valued at cost, on a first-in, first-out basis. Inventory of governmental funds is recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, furniture and equipment, and buses and other vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the applicable enterprise fund in the proprietary funds financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has deferred outflows of resources related to deferred pension and OPEB costs.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The School District has deferred inflows of resources related to unavailable revenue, revenue in support of pension payments made subsequent to the measurement date, and deferred pension and OPEB costs.

Note 2 - Significant Accounting Policies (Continued)

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Note 2 - Significant Accounting Policies (Continued)

The Board of Education has adopted a fund balance policy for the General Fund. The fund balance policy prescribes the minimum General Fund fund balance as 15 percent of annual operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

The School District has 36 taxing entities in which property taxes are levied and become a lien as of July 1 and December 1 and are due between August 1 and September 14 and between January 1 and February 1, respectively. An allowance has been established based on past collection history to provide for taxes that may be ultimately uncollectible. The revenue related to property taxes not collected within 60 days has been deferred in the accompanying financial statements.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Costs

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

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting methods, as outlined in the contractual agreements, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Use of Estimates

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

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements

As of July 1, 2017, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS OPEB plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

In accordance with the statement, the School District has reported a net OPEB liability of \$21,664,318, deferred outflows of financial resources for OPEB contributions of \$1,504,437 made subsequent to the measurement date, and deferred inflows of financial resources for revenue received from State Aid in support of OPEB contributions of \$633,233 that was received subsequent to the measurement date, as the effects of these changes in accounting principles on the School District's net position as of July 1, 2017.

Upcoming Accounting Pronouncements

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

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

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. The presentation of the budget information and the basic financial statements is consistent, except that capital outlay is presented within the functional categories in the budget. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District amended budgeted amounts during the year in response to changes in budgeted expectations.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Note 4 - Deposits and Investments

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

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. At year end, the School District's deposit balance of \$1,673,334 had \$923,334 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

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

Interest Rate Risk

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

June 30, 2018

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund MAX Class	\$ 771,639	AAAm	Standard & Poor's
Michigan Liquid Asset Fund Cash Mgmt Class	44,010,662	AAAm	Standard & Poor's
Michigan CLASS	2,118	AAAm	Standard & Poor's
Comerica Govt Cash Investment Fund J	2,579	Not rated	N/A
Total	<u>\$ 44,786,998</u>		

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk

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

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

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

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 158,824	\$ -
Grant receivables unavailable for use in the current period	120,239	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	2,819,010
Other	79,609	298,023
Total	<u>\$ 358,672</u>	<u>\$ 3,117,033</u>

June 30, 2018

Note 6 - Capital Assets

Capital asset activity of the School District's governmental and business-type activities was as follows:

Governmental Activities

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated - Land	\$ 93,670	\$ -	\$ -	\$ 93,670
Capital assets being depreciated:				
Buildings and improvements	19,912,361	800,493	-	20,712,854
Furniture and equipment	5,383,411	248,866	(50,038)	5,582,239
Buses and other vehicles	172,092	-	-	172,092
Land improvements	1,106,350	22,850	-	1,129,200
Subtotal	26,574,214	1,072,209	(50,038)	27,596,385
Accumulated depreciation:				
Buildings and improvements	10,629,547	588,098	-	11,217,645
Furniture and equipment	3,962,342	418,373	(9,591)	4,371,124
Buses and other vehicles	79,546	19,011	-	98,557
Land improvements	630,240	46,680	-	676,920
Subtotal	15,301,675	1,072,162	(9,591)	16,364,246
Net capital assets being depreciated	11,272,539	47	(40,447)	11,232,139
Net governmental activities capital assets	<u>\$ 11,366,209</u>	<u>\$ 47</u>	<u>\$ (40,447)</u>	<u>\$ 11,325,809</u>

Business-type Activities

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Business-type Activities				
Capital assets being depreciated - Computer software and equipment	\$ 339,767	\$ -	\$ -	\$ 339,767
Accumulated depreciation - Computer software and equipment	339,767	-	-	339,767
Net business-type activity capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended June 30, 2018 totaled \$1,072,162 for the governmental activities. There was no depreciation expense for business-type activities for the year ended June 30, 2018. Depreciation expense for the governmental activities was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical.

In addition, the School District leases facilities under various operating leases. Total costs for such leases were approximately \$1,575,000 for the current year. The future minimum lease payments for these leases are not significant.

June 30, 2018

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From							Total
	General Fund	Special Education Fund	Cooperative Activities Fund	Nonmajor Governmental Funds	Student Activity Agency Fund	Business Services Fund	Transportation Fund	
Cooperative Activities Fund	\$ 1,828,224	\$ 5,018,266	\$ -	\$ 99,242	\$ -	\$ -	\$ 21,056	\$ 6,966,788
Transportation Fund	-	337	-	-	-	-	-	337
Nonmajor governmental funds	461,952	-	288,742	-	16,793	-	-	767,487
Internal Service Fund	24,103	-	48,869	7,648	-	1,926	-	82,546
Total	\$ 2,314,279	\$ 5,018,603	\$ 337,611	\$ 106,890	\$ 16,793	\$ 1,926	\$ 21,056	\$ 7,817,158

Interfund balances represent routine and temporary cash flow assistance until amounts are transferred from fund accounts.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Special Education Fund	Nonmajor funds	\$ 562,788
Cooperative Activities Fund	General Fund	48,790
	Special Education Fund	183,016
	Nonmajor funds	900,000
	Total Cooperative Activities Fund	1,131,806
	Total	\$ 1,694,594

Transfers represent nonreciprocal activity between the funds and primarily represent reimbursement for indirect costs incurred by the funds.

Note 8 - Long-term Liabilities

Compensated absences include the School District's liability for anticipated unused sick and vacation pay benefits to be paid to employees.

Compensated absences activity for the year ended June 30, 2018 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 343,460	\$ 107,184	\$ -	\$ 450,644	\$ 10,000
Self-insurance	552,335	28,841	-	581,176	581,176

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for errors and omissions. The School District participates in the MASB/SEG risk pool for claims relating to all risks related to property and liability coverage on owned buildings and contents, umbrella liability, bus and auto fleet, travel accident, workers' disability, and other miscellaneous coverage. The School District is uninsured for health, dental, and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Risk Management (Continued)

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

The School District estimates the liability for medical, dental, and vision claims that have been incurred through the end of the fiscal year, including both those claims that have been reported, as well as those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes in the estimated liability for the fiscal year are as follows:

	2018	2017
Estimated liability - Beginning of year	\$ 552,335	\$ 570,369
Estimated claims incurred, including changes in estimates	4,323,727	3,336,480
Claim payments	(4,294,886)	(3,354,514)
Estimated liability - End of year	\$ 581,176	\$ 552,335

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

June 30, 2018

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

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

Contributions

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

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

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

The range of rates is as follows:

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2018 were \$7,020,430, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$2,464,209 in revenue received from the State of Michigan and remitted to the System to fund the MPSEERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018. For the year ended June 30, 2018, the contributions also include a one-time payment to the School District received under Section 147c(2) of the State Aid act, which the School District then remitted as a contribution to the plan.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2018 were \$1,707,497, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2018, the School District reported a liability of \$59,950,967 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the School District's proportion was 0.231344 percent and 0.230360 percent, respectively.

Net OPEB Liability

At June 30, 2018, the School District reported a liability of \$20,539,211 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2018 was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the School District's proportion was 0.231938 percent.

June 30, 2018

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For the year ended June 30, 2018, the School District recognized pension expense of \$5,286,123, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 521,015	\$ (294,167)
Changes in assumptions	6,568,105	-
Net difference between projected and actual earnings on pension plan investments	-	(2,866,051)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	935,581	(3,662,548)
The School District's contributions to the plan subsequent to the measurement date	5,385,561	-
Total	\$ 13,410,262	\$ (6,822,766)

The \$2,464,209 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2019	\$ 164,196
2020	1,048,371
2021	87,826
2022	(98,458)
2023	-
Thereafter	-
Total	\$ 1,201,935

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

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

For the year ended June 30, 2018, the School District recognized OPEB expense of \$1,374,645.

June 30, 2018

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (218,682)
Net difference between projected and actual earnings on OPEB plan investments	-	(475,693)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	3,699	-
Employer contributions to the plan subsequent to the measurement date	1,260,444	-
Total	\$ 1,264,143	\$ (694,375)

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

Years Ending	Amount
2019	\$ (166,970)
2020	(166,970)
2021	(166,970)
2022	(166,970)
2023	(22,796)
Total	\$ (690,676)

Actuarial Assumptions

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 - 7.50 percent as of September 30, 2017 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.50 percent as of September 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

June 30, 2018

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

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

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

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

	1 Percent Decrease (6.00 - 6.50%)	Current Discount Rate (7.00 - 7.50%)	1 Percent Increase (8.00 - 8.50%)
Net pension liability of the School District	\$ 78,096,169	\$ 59,950,967	\$ 44,673,862

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

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

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 24,057,353	\$ 20,539,211	\$ 17,553,411

June 30, 2018

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 17,393,951	\$ 20,539,211	\$ 24,110,435

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2018, the School District reported a payable of \$1,246,074 and \$247,588 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of Industrial Facilities Tax Exemptions (PA 198 of 1974), Brownfield Redevelopment Agreements, and Obsolete Property Rehabilitation Act granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. The Obsolete Property Rehabilitation Act (PA 146 of 2000) provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the act.

For the fiscal year ended June 30, 2018, the School District's property tax revenue was reduced by approximately \$722,000 under these programs.

Note 12 - Prior Period Adjustment

The accompanying financial statements have been restated to adjust for the recognition of Medicaid-related reimbursements accrued for in prior years. The effect of the restatement was to increase governmental activities net position and decrease governmental activities accounts payable by \$8,216,668 and to increase fund balance and decrease accounts payable by \$8,216,668 in the Cooperative Activities Fund as of June 30, 2017. Governmental activities net position and Cooperative Activities Fund fund balance as of July 1, 2017 has been adjusted for the effects of the restatement on prior years.

Required Supplemental Information

Washtenaw Intermediate School District

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 2,098,772	\$ 2,339,123	\$ 2,200,838	\$ (138,285)
State sources	9,282,558	12,193,041	9,594,763	(2,598,278)
Federal sources	5,204,038	5,831,596	5,322,198	(509,398)
Interdistrict sources	2,446,950	3,767,938	3,002,436	(765,502)
Total revenue	19,032,318	24,131,698	20,120,235	(4,011,463)
Expenditures				
Current:				
Instruction:				
Basic programs	746,587	1,952,004	1,243,402	(708,602)
Added needs	32,750	177,163	143,000	(34,163)
Adult/Continuing education	87,966	104,478	89,114	(15,364)
Support services:				
Pupil	482,109	793,067	666,714	(126,353)
Instructional staff	3,684,143	5,618,417	4,128,841	(1,489,576)
General administration	544,988	524,677	502,248	(22,429)
School administration	-	31,503	32,003	500
Business	273,109	326,595	287,658	(38,937)
Operations and maintenance	503,433	515,422	497,920	(17,502)
Transportation services	87,963	84,534	76,682	(7,852)
Central services	2,754,900	2,939,388	2,670,465	(268,923)
Community services	601,542	644,410	564,420	(79,990)
Interdistrict payments	9,445,140	10,175,515	8,548,562	(1,626,953)
Total expenditures	19,244,630	23,887,173	19,451,029	(4,436,144)
Excess of Revenue (Under) Over Expenditures	(212,312)	244,525	669,206	424,681
Other Financing Sources - Transfers in	26,300	48,724	48,790	66
Net Change in Fund Balance	(186,012)	293,249	717,996	424,747
Fund Balance - Beginning of year	3,296,752	3,296,752	3,296,752	-
Fund Balance - End of year	\$ 3,110,740	\$ 3,590,001	\$ 4,014,748	\$ 424,747

Washtenaw Intermediate School District

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Special Education Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 81,737,884	\$ 84,551,675	\$ 84,616,622	\$ 64,947
State sources	10,893,430	11,894,040	10,421,587	(1,472,453)
Federal sources	11,208,013	12,612,568	11,760,884	(851,684)
Interdistrict sources	136,591	116,438	132,334	15,896
Total revenue	103,975,918	109,174,721	106,931,427	(2,243,294)
Expenditures				
Current:				
Instruction - Added needs	11,479,626	10,811,685	10,633,748	(177,937)
Support services:				
Pupil	9,795,933	10,375,359	10,121,422	(253,937)
Instructional staff	2,190,655	2,378,882	2,122,217	(256,665)
General administration	410,571	272,507	226,825	(45,682)
School administration	248,415	218,793	217,458	(1,335)
Business	1,693,661	1,375,065	1,087,529	(287,536)
Operations and maintenance	2,114,174	2,129,269	2,071,442	(57,827)
Transportation services	51,013	49,206	19,743	(29,463)
Central services	2,469,897	2,249,195	2,168,804	(80,391)
Other	-	1,000	-	(1,000)
Community services	1,590	2,150	1,871	(279)
Interdistrict payments	73,065,808	81,260,257	79,461,333	(1,798,924)
Total expenditures	103,521,343	111,123,368	108,132,392	(2,990,976)
Excess of Revenue Over (Under) Expenditures	454,575	(1,948,647)	(1,200,965)	747,682
Other Financing Sources (Uses)				
Transfers in	141,000	182,677	183,016	339
Transfers out	(595,575)	(567,311)	(562,788)	4,523
Total	(454,575)	(384,634)	(379,772)	4,862
Net Change in Fund Balance	-	(2,333,281)	(1,580,737)	752,544
Fund Balance - Beginning of year	5,319,591	5,319,591	5,319,591	-
Fund Balance - End of year	<u>\$ 5,319,591</u>	<u>\$ 2,986,310</u>	<u>\$ 3,738,854</u>	<u>\$ 752,544</u>

Washtenaw Intermediate School District

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Cooperative Activities Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 2,829,100	\$ 2,929,583	\$ 2,836,340	\$ (93,243)
State sources	428,034	587,834	576,653	(11,181)
Federal sources	100,000	24,257	64,553	40,296
Interdistrict sources	10,262,392	10,462,603	10,380,708	(81,895)
Total revenue	13,619,526	14,004,277	13,858,254	(146,023)
Expenditures				
Current:				
Basic programs	6,417,843	6,958,198	6,971,928	13,730
Pupil	725,353	663,416	661,594	(1,822)
Instructional staff	1,394,139	1,430,630	1,473,590	42,960
School administration	375,515	382,579	370,293	(12,286)
Operations and maintenance	1,095,000	1,102,105	1,012,737	(89,368)
Transportation services	15,500	16,855	12,347	(4,508)
Central services	481,906	358,997	348,948	(10,049)
Community services	11,000	3,000	1,681	(1,319)
Interdistrict payments	2,727,436	2,517,447	2,611,734	94,287
Total expenditures	13,243,692	13,433,227	13,464,852	31,625
Excess of Revenue Over Expenditures	375,834	571,050	393,402	(177,648)
Other Financing Uses - Transfers out	(188,873)	(1,384,788)	(1,131,806)	252,982
Net Change in Fund Balance	186,961	(813,738)	(738,404)	75,334
Fund Balance - Beginning of year, as restated	10,734,769	10,734,769	10,734,769	-
Fund Balance - End of year	<u>\$ 10,921,730</u>	<u>\$ 9,921,031</u>	<u>\$ 9,996,365</u>	<u>\$ 75,334</u>

Washtenaw Intermediate School District

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

	Last Four Plan Years			
	Plan Years Ended September 30			
	2017	2016	2015	2014
School District's proportion of the net pension liability	0.23134 %	0.23036 %	0.25731 %	0.24957 %
School District's proportionate share of the net pension liability	\$ 59,950,967	\$ 57,472,149	\$ 62,848,969	\$ 54,972,004
School District's covered employee payroll	\$ 20,035,969	\$ 18,684,329	\$ 21,640,574	\$ 21,154,802
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	299.22 %	307.60 %	290.42 %	259.86 %
Plan fiduciary net position as a percentage of total pension liability	63.96 %	63.01 %	62.92 %	66.20 %

Washtenaw Intermediate School District

Required Supplemental Information Schedule of Washtenaw Intermediate School District's Pension Contributions Michigan Public School Employees' Retirement System

	Last Four Fiscal Years Years Ended June 30			
	2018	2017	2016	2015
Statutorily required contribution	\$ 6,422,824	\$ 5,410,599	\$ 5,386,534	\$ 4,334,689
Contributions in relation to the statutorily required contribution	6,422,824	5,410,599	5,386,534	4,334,689
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -
School District's Covered Employee Payroll	\$ 21,932,693	\$ 19,631,640	\$ 18,414,965	\$ 21,772,781
Contributions as a Percentage of Covered Employee Payroll	29.28 %	27.56 %	29.25 %	19.91 %

Washtenaw Intermediate School District

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

	Last Plan Year
	Plan Year Ended September 30
	<u>2017</u>
School District's proportion of the net OPEB liability	0.23194 %
School District's proportionate share of the net OPEB liability	\$ 20,539,211
School District's covered employee payroll	\$ 20,035,969
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	102.51 %
Plan fiduciary net position as a percentage of total OPEB liability	36.53 %

Washtenaw Intermediate School District

Required Supplemental Information Schedule of Washtenaw Intermediate School District's OPEB Contributions Michigan Public School Employees' Retirement System

	Last Fiscal Year
	Year Ended June 30
	<u>2018</u>
Statutorily required contribution	\$ 1,584,138
Contributions in relation to the statutorily required contribution	<u>1,584,138</u>
Contribution Deficiency	<u>\$ -</u>
School District's Covered Employee Payroll	\$ 21,932,693
Contributions as a Percentage of Covered Employee Payroll	7.22 %

Pension Information

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

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

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

Covered Payroll

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

OPEB Information

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

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

There were no changes of benefit assumptions in 2017.

Covered Payroll

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

Other Supplemental Information

Washtenaw Intermediate School District

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2018

	Special Revenue Fund - Food Service Fund	General Education Capital Projects Fund	Special Education Capital Projects Fund	WEOC Capital Projects Fund	Total
Assets					
Cash and investments	\$ 86,810	\$ 496,807	\$ 1,945,053	\$ 741,141	\$ 3,269,811
Receivables - Due from other governments	8,447	-	-	-	8,447
Due from other funds	-	-	765,353	2,134	767,487
Inventory	9,765	-	-	-	9,765
Prepaid costs	2,383	-	-	-	2,383
Total assets	\$ 107,405	\$ 496,807	\$ 2,710,406	\$ 743,275	\$ 4,057,893
Liabilities					
Accounts payable	\$ 23,035	\$ -	\$ 53,315	\$ 191,793	\$ 268,143
Due to other governmental units	60,698	-	-	-	60,698
Due to other funds	7,417	23,092	73,477	2,904	106,890
Accrued liabilities and other	-	-	-	980	980
Total liabilities	91,150	23,092	126,792	195,677	436,711
Fund Balances					
Nonspendable	12,148	-	-	-	12,148
Restricted:					
Capital projects	-	-	2,583,614	547,598	3,131,212
Food service	4,107	-	-	-	4,107
Committed - Capital projects	-	473,715	-	-	473,715
Total fund balances	16,255	473,715	2,583,614	547,598	3,621,182
Total liabilities and fund balances	\$ 107,405	\$ 496,807	\$ 2,710,406	\$ 743,275	\$ 4,057,893

Washtenaw Intermediate School District

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2018

	Special Revenue Fund - Food Service Fund	General Education Capital Projects Fund	Special Education Capital Projects Fund	WEOC Capital Projects Fund	Total Nonmajor Governmental Funds
Revenue					
Local sources	\$ 45,275	\$ 7,098	\$ 26,701	\$ -	\$ 79,074
State sources	1,908	-	-	-	1,908
Federal sources	92,752	-	-	-	92,752
Total revenue	139,935	7,098	26,701	-	173,734
Expenditures					
Current:					
Support services	-	-	-	3,883	3,883
Food services	199,179	-	-	-	199,179
Capital outlay	3,544	28,881	670,029	348,519	1,050,973
Total expenditures	202,723	28,881	670,029	352,402	1,254,035
Excess of Expenditures Over Revenue	(62,788)	(21,783)	(643,328)	(352,402)	(1,080,301)
Other Financing Sources - Transfers in	62,788	-	500,000	900,000	1,462,788
Net Change in Fund Balances	-	(21,783)	(143,328)	547,598	382,487
Fund Balances - Beginning of year	16,255	495,498	2,726,942	-	3,238,695
Fund Balances - End of year	<u>\$ 16,255</u>	<u>\$ 473,715</u>	<u>\$ 2,583,614</u>	<u>\$ 547,598</u>	<u>\$ 3,621,182</u>