

River School - Sodus Township #5

**Financial Report
with Supplemental Information
June 30, 2017**

River School - Sodus Township #5

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Independent Auditor's Report

To the Board of Education
River School - Sodus Township #5

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining nonmajor fund information of River School - Sodus Township #5 (the "School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise River School - Sodus Township #5'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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining nonmajor fund information of River School - Sodus Township #5 as of June 30, 2017 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
River School - Sodus Township #5

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedule of River School - Sodus Township #5's proportionate share of the net MPSERS pension liability, and the schedule of River School - Sodus Township #5's contributions to MPSERS, as disclosed 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2017 on our consideration of River School - Sodus Township #5'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 River School - Sodus Township #5's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 12, 2017

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

Independent Auditor's Report

To Management and the Board of Education
River School - Sodus Township #5

We have audited, 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, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of River School - Sodus Township #5 (the "School District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered River School - Sodus Township #5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the control deficiency that follows to be a significant deficiency in internal control over financial reporting:

During our audit testing, we noted the lack of segregation of duties relating to the handling of cash. As a result of the audit procedures performed related to cash, several deficiencies were identified. One individual in particular can receive cash, prepare the deposit slip, record the receipts in the general ledger, and make manual journal entries to the general ledger. Another individual can also receive cash, prepare the deposit slip, record the receipt in the general ledger, perform transfers, and make manual journal entries. We recommend that another member of the School District who does not have access to the general ledger (or has read-only access) review the journal entries on a monthly basis. We recommend a cash receipt log be maintained by an individual independent of accounting and a separate individual compare the cash receipt log to the deposits recorded in the monthly bank statements for reasonableness. We also recommend an individual approve the transfer before the transfer is completed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether River School - Sodus Township #5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

River School - Sodus Township #5's Response to Finding

River School - Sodus Township #5's response to the finding identified in our audit is that the segregation of duties issues identified will continue to occur based on the size of the School District, as it does not have the personnel to create proper segregation of duties. River School - Sodus Township #5's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To Management and the Board of Education
River School - Sodus Township #5

Purpose of this Report

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

Plante & Moran, PLLC

October 12, 2017

River School - Sodus Township #5

Management's Discussion and Analysis

This section of River School - Sodus Township #5'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, 2017. 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 statements. These statements are organized so the reader can understand River School - Sodus Township #5 financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and 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 district-wide financial statements by providing information about the School District's most significant fund - the General Fund - with all other funds presented in one column as nonmajor funds (the Food Service Fund).

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

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)

Budgetary Information for Major Funds

Proportionate Share of the Net Pension Liability - MPSERS

Contributions - MPSERS

Note to the Required Supplemental Information

River School - Sodus Township #5

Management's Discussion and Analysis (Continued)

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the 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 and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net position - the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

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

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes and to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The governmental funds of the School District use the following accounting approach:

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

River School - Sodus Township #5

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. Table I provides a summary of the School District's net position as of June 30, 2017 and 2016:

TABLE I	Governmental Activities	
	June 30	
	2017	2016
Assets		
Current and other assets	\$ 421,027	\$ 406,617
Capital assets	<u>87,793</u>	<u>101,221</u>
Total assets	508,820	507,838
Deferred Outflows of Resources	<u>198,954</u>	<u>207,893</u>
Total assets and deferred outflow of resources	707,774	715,731
Liabilities		
Current liabilities	49,225	60,454
Long-term liabilities	<u>992,102</u>	<u>1,116,649</u>
Total liabilities	1,041,327	1,177,103
Deferred Inflows of Resources	<u>143,883</u>	<u>34,674</u>
Total liabilities and deferred inflows of resources	<u>1,185,210</u>	<u>1,211,777</u>
Net Position		
Net investment in capital assets	87,793	101,221
Unrestricted deficit	<u>(565,229)</u>	<u>(597,267)</u>
Total net position	<u>\$ (477,436)</u>	<u>\$ (496,046)</u>

River School - Sodus Township #5

Management's Discussion and Analysis (Continued)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was (\$477,436) at June 30, 2017. Net investment in capital assets totaling \$87,793 compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. The remaining amount of net position, (\$565,229), was unrestricted.

The (\$565,229) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Without the effects of GASB Statement No. 68, total net position would be \$459,595. This amount 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.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for the fiscal years ended June 30, 2017 and 2016.

TABLE 2

	Governmental Activities	
	2017	2016
Revenue		
Program revenue - Operating grants and contributions	\$ 168,127	\$ 133,500
General revenue:		
Property taxes	27,379	27,644
State foundation allowance	543,488	482,794
Other	21,946	13,679
Total revenue	760,940	657,617
Functions/Program Expenses		
Instruction	438,160	411,937
Support services	241,920	264,748
Food services	48,822	35,024
Depreciation (unallocated)	13,428	14,762
Total functions/program expenses	742,330	726,471
Increase (Decrease) in Net Position	18,610	(68,854)
Net Position (Deficit) - Beginning of year	(496,046)	(427,192)
Net Position (Deficit) - End of year	\$ (477,436)	\$ (496,046)

River School - Sodus Township #5

Management's Discussion and Analysis (Continued)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$742,330. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions of \$168,127. We paid for the remaining "public benefit" portion of our governmental activities with \$27,379 in taxes, \$543,488 in state foundation allowance, and our other revenue of \$21,946 (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$18,610.

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 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 combined fund balance increased slightly in the amount of \$9,793 from last year, which resulted in the governmental funds reporting a combined fund balance of \$355,956.

General Fund balance is available to fund costs related to allowable school operating purposes.

Our special revenue fund decreased from the prior year, showing a net decrease of \$3,892. This decrease was due to an increase in the cost of food delivery and an increase in the School District's cost of servings per student. Our special revenue fund ended with a fund balance deficit of \$3,225.

General Fund Budgetary Highlights

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

There were revisions made to the 2016-2017 General Fund original budget. The budget was amended to account for the increase in retirement and the changes in the state aid revenue.

There were no significant variances between the final budget and actual amounts.

River School - Sodus Township #5

Management's Discussion and Analysis (Continued)

Capital Assets

As of June 30, 2017, the School District had \$87,793 invested in a broad range of capital assets, including land, buildings, furniture, and equipment.

	2017	2016
Land	\$ 10,000	\$ 10,000
Buildings and building improvements	317,773	317,773
Site improvements	28,476	28,476
Furniture and equipment	70,900	70,900
Total capital assets	427,149	427,149
Less accumulated depreciation	(339,356)	(325,928)
Net capital assets	<u>\$ 87,793</u>	<u>\$ 101,221</u>

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2017-2018 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2017-2018 fiscal year is 10 percent and 90 percent of the February 2017 and October 2017 student counts, respectively. The 2017-2018 budget was adopted in June 2017, based on an estimate of students that will be enrolled in October 2017. Approximately 85 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2017-2018 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2017-2018 budget. Once the final student count and related per-pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation.

River School - Sodus Township #5

Management's Discussion and Analysis (Continued)

Contacting the School District's Management

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

River School - Sodus Township #5

Statement of Net Position June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 3)	\$ 290,974
Due from other governmental units	130,053
Capital assets - Net (Note 5)	<u>87,793</u>
Total assets	508,820
Deferred Outflows of Resources -	
Deferred outflows related to pensions (Note 7)	<u>198,954</u>
Total assets and deferred outflows of resources	707,774
Liabilities	
Accounts payable	5,389
Accrued payroll and other liabilities	43,836
Net pension liability (Note 7)	<u>992,102</u>
Total liabilities	1,041,327
Deferred Inflows of Resources (Notes 1 and 7)	<u>143,883</u>
Total liabilities and deferred inflows of resources	<u>1,185,210</u>
Net Position	
Net investment in capital assets	87,793
Unrestricted deficit	<u>(565,229)</u>
Total net position	<u>\$ (477,436)</u>

River School - Sodus Township #5

Statement of Activities Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue	Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Governmental Activities
Primary government - Governmental activities:			
Instruction	\$ 438,160	\$ 123,197	\$ (314,963)
Support services	241,920	-	(241,920)
Food services	48,822	44,930	(3,892)
Depreciation expense (unallocated) (Note 5)	13,428	-	(13,428)
Total primary government	<u>\$ 742,330</u>	<u>\$ 168,127</u>	(574,203)
General revenue:			
Taxes - Property taxes, levied for general purposes			27,379
State aid not restricted to specific purposes			543,488
Interest and investment earnings			234
Other			21,712
Total general revenue			<u>592,813</u>
Change in Net Position			18,610
Net Position - Beginning of year			<u>(496,046)</u>
Net Position - End of year			<u>\$ (477,436)</u>

River School - Sodus Township #5

Governmental Funds Balance Sheet June 30, 2017

	General Fund	Nonmajor Fund - Food Service Fund	Total Governmental Funds
Assets			
Cash and investments (Note 3)	\$ 290,223	\$ 751	\$ 290,974
Due from other governmental units	129,772	281	130,053
Due from other funds	2,000	-	2,000
Total assets	<u>\$ 421,995</u>	<u>\$ 1,032</u>	<u>\$ 423,027</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 3,132	\$ 2,257	\$ 5,389
Accrued payroll and related liabilities	43,836	-	43,836
Due to other funds	-	2,000	2,000
Total liabilities	46,968	4,257	51,225
Deferred Inflows of Resources -			
Unavailable revenue (Note 4)	15,846	-	15,846
Total liabilities and deferred inflows of resources	62,814	4,257	67,071
Fund Balances - Unassigned	<u>359,181</u>	<u>(3,225)</u>	<u>355,956</u>
Total liabilities and fund balances	<u>\$ 421,995</u>	<u>\$ 1,032</u>	<u>\$ 423,027</u>

River School - Sodus Township #5

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2017

Fund Balance Reported in Governmental Funds \$ 355,956

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	\$ 427,149	
Accumulated depreciation	<u>(339,356)</u>	87,793

Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds 15,846

Deferred outflows related to pension payments made subsequent to the measurement date 81,095

Deferred outflow related to pensions 117,859

Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities (992,102)

Deferred inflows related to pensions and revenue in support of pension contributions made subsequent to measurement date are not reported in the governmental funds (143,883)

Net Position of Governmental Activities \$ (477,436)

River School - Sodus Township #5

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Nonmajor Fund - Food Service Fund	Total Governmental Funds
Revenue			
Local sources	\$ 49,325	\$ -	\$ 49,325
State sources	626,210	1,932	628,142
Federal sources	16,443	42,998	59,441
Interdistrict sources	8,186	-	8,186
Total revenue	700,164	44,930	745,094
Expenditures - Current			
Instruction	442,631	-	442,631
Support services	243,848	-	243,848
Food services	-	48,822	48,822
Total expenditures	686,479	48,822	735,301
Net Change in Fund Balances	13,685	(3,892)	9,793
Fund Balances - Beginning of year	345,496	667	346,163
Fund Balances - End of year	\$ 359,181	\$ (3,225)	\$ 355,956

River School - Sodus Township #5

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 9,793
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation -	
Depreciation expense	(13,428)
Revenue in support of pension contributions made subsequent to measurement date	403
Revenue is reported in the statement of activities when earned; it is not reported in the funds until collectible within 60 days of year end	15,846
Change in pension expense related to deferred items	<u>5,996</u>
Change in Net Position of Governmental Activities	<u>\$ 18,610</u>

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of River School - Sodus Township #5 (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

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

District-wide and Fund Financial Statements

The district-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. For the most part, the effect of interfund activity has been removed from these 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. All of the School District's district-wide activities are considered governmental activities.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

When an expense is incurred for the purpose for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for the purpose for which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

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

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

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

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

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

The School District reports the following major governmental fund:

General Fund - 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.

Additionally, the School District reports the following fund type:

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's special revenue fund is made up of the Food Services Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.

Assets, Liabilities, and Net Position or Equity

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 stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on February 14 with the final collection date of March 1 before they are added to the county tax roll.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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. The School District does not have infrastructure-type assets.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

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

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

Buildings and improvements	20 to 50 years
Site improvements	10 to 20 years
Furniture and other equipment	5 to 10 years

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources expense until then. The School District only has one item that qualifies for reporting in this category. It is the deferred outflow related to the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting, and is therefore only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from grants that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other two types of deferred inflows of resources relate to the pension plan and the revenue contributions related to the pension plan. Deferred inflows at June 30, 2017 included \$30,572 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and \$113,311 related to the pension plan described in Note 7. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance - Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are comprised of the following - nonspendable, restricted, committed, assigned, and unassigned.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

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

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education, which is authorized by policy approved by the Board of Education to make assignments.
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

Comparative Data/Reclassifications - Comparative data is not included in the School District's financial statements.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

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

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

Note 2 - Stewardship, Compliance, and Accountability

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

The budget document presents information by fund and function. 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 budget was amended to increase basic program instruction expenditures.

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

Fund Deficits - The School District has an accumulated fund balance deficit in the Food Service Fund as of June 30, 2017. If the fund balance deficit continues it will be the responsibility of the General Fund to provide funding to cover the deficit.

Note 3 - Deposits and Investments

State statutes 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, 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.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 3 - Deposits and Investments (Continued)

The School District has designated one bank for the deposit of its 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. The School District does not have a deposit policy for custodial credit risk. At year end, the School District's deposit balance of \$302,787 had \$52,787 of deposits 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.

Note 4 - Unavailable 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. At the end of the current fiscal year, the School District had \$15,846 in unavailable revenue related to grant payments collected after year end such that they are not available to pay bills outstanding as of year end.

Note 5 - Capital Assets

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

Governmental Activities	<u>Balance July 1, 2016</u>	<u>Additions/ Transfers</u>	<u>Disposals/ Transfers</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated -				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Capital assets being depreciated:				
Buildings and improvements	317,773	-	-	317,773
Furniture and equipment	70,900	-	-	70,900
Site improvements	28,476	-	-	28,476
Subtotal	<u>417,149</u>	<u>-</u>	<u>-</u>	<u>417,149</u>
Accumulated depreciation:				
Buildings and improvements	232,713	11,858	-	244,571
Furniture and equipment	70,900	-	-	70,900
Site improvements	22,315	1,570	-	23,885
Subtotal	<u>325,928</u>	<u>13,428</u>	<u>-</u>	<u>339,356</u>
Net capital assets being depreciated	<u>91,221</u>	<u>(13,428)</u>	<u>-</u>	<u>77,793</u>
Net capital assets	<u>\$ 101,221</u>	<u>\$ (13,428)</u>	<u>\$ -</u>	<u>\$ 87,793</u>

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 5 - Capital Assets (Continued)

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

Note 6 - 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), and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty, and health 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 7 - 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 Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Contributions - Public Act 300 of 1980, as amended, required the 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.

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

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 7 - Michigan Public School Employees' Retirement System (Continued)

The range of rates is as follows:

School District

October 1, 2015 - September 30, 2016	14.56% - 18.95%
October 1, 2016 - June 30, 2017	15.27% - 19.03%

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

The School District's required and actual contributions to the plan for the years ended June 30, 2017 was \$97,696, of which includes the School District's contributions required for those members with a defined contribution benefit. Contributions include \$30,572 of revenue received from the State of Michigan and remitted to the System to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2017.

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.5 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.5 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for 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.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 7 - Michigan Public School Employees' Retirement System (Continued)

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

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2017, the School District reported a liability of \$992,102 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015, which used updated procedures to roll forward the estimated liability to September 30, 2016. 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, 2016, the School District's proportion was 0.003976 percent.

For the year ended June 30, 2017, the School District recognized pension expense of \$90,700, inclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2017, 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	\$ 12,364	\$ 2,351
Changes of assumptions	15,511	-
Net difference between projected and actual earnings on pension plan assets	16,489	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	73,495	110,960
The School District's contributions subsequent to the measurement date	81,095	-
Total	<u>\$ 198,954</u>	<u>\$ 113,311</u>

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 7 - Michigan Public School Employees' Retirement System (Continued)

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

Years Ending June 30	Amount
2018	\$ 3,953
2019	2,656
2020	12,687
2021	<u>(14,748)</u>
Total	<u>\$ 4,548</u>

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

Actuarial Assumptions - The total pension liability as of the September 30, 2016 is based on the results of an actuarial valuation date of September 30, 2015 and rolled forward:

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return	7.00 to 8.00 percent, net of investment and administrative expenses based on the groups
Rate of pay increases	3.5 - 12.3 percent, including wage inflation of 3.5 percent
Mortality basis	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost-of-living pension adjustments	3 percent annual noncompounded for MIP members

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

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 7 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.0 - 8.0 percent, depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28 %	5.9 %
Private equity pools	18	9.2
International equity pools	16	7.2
Fixed-income pools	10	0.9
Real estate and infrastructure pools	10	4.3
Real return, opportunistic, and absolute pool	16	6.0
Short-term investment pools	2	-
Total	100 %	

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent. As a result, the actuarial computed employer contributions and the net pension liability will increase for the measurement period ending September 30, 2017.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 7 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the School District calculated using the discount rate of 7.0 - 8.0 percent, 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 1.0 percentage point lower (6.0 - 7.0 percent) or 1.0 percentage point higher (8.0 - 9.0 percent) than the current rate:

1.00 Percent Decrease (6.0 - 7.0 Percent)	Current Discount Rate (7.0 - 8.0 Percent)	1.00 Percent Increase (8.0 - 9.0 Percent)
\$ 1,277,577	\$ 992,102	\$ 751,418

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan - At June 30, 2017, the School District reported a payable of \$10,864 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Postemployment Benefits Other Than Pensions (OPEB) - Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 6.4 percent to 6.83 percent of covered payroll for the period from July 1, 2016 to September 30, 2016 and from 5.69 percent to 5.91 percent of covered payroll for the period from October 1, 2016 through June 30, 2017 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403(b) account.

River School - Sodus Township #5

Notes to Financial Statements June 30, 2017

Note 7 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2017, 2016, and 2015 were \$21,178, \$18,999, and \$10,825, respectively. In addition, a portion ranging from 35-100 percent of the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

Note 8 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the 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 plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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, 2018.

Required Supplemental Information

River School - Sodus Township #5

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 30,764	\$ 49,213	\$ 49,325	\$ 112
State sources	611,656	626,210	626,210	-
Federal sources	37,476	32,701	16,443	(16,258)
Interdistrict sources	5,500	8,186	8,186	-
Total revenue	<u>685,396</u>	<u>716,310</u>	<u>700,164</u>	<u>(16,146)</u>
Expenditures - Current				
Instruction:				
Basic program	339,209	340,271	338,986	(1,285)
Added needs	106,583	104,686	103,645	(1,041)
Total instruction	<u>445,792</u>	<u>444,957</u>	<u>442,631</u>	<u>(2,326)</u>
Support services:				
General administration	21,050	30,205	30,370	165
School administration	156,567	158,761	157,920	(841)
Operations and maintenance	56,268	48,611	50,306	1,695
Other	-	5,252	5,252	-
Total support services	<u>233,885</u>	<u>242,829</u>	<u>243,848</u>	<u>1,019</u>
Total expenditures	<u>679,677</u>	<u>687,786</u>	<u>686,479</u>	<u>(1,307)</u>
Excess of Revenue Over Expenditures	5,719	28,524	13,685	(14,839)
Fund Balance - Beginning of year	<u>345,496</u>	<u>345,496</u>	<u>345,496</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 351,215</u>	<u>\$ 374,020</u>	<u>\$ 359,181</u>	<u>\$ (14,839)</u>

River School - Sodus Township #5

Required Supplemental Information Schedule of River School - Sodus Township #5's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System Determined as of the Plan Year Ended September 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00398 %	0.00457 %	0.00406 %
School District's proportionate share of the net pension liability	\$ 992,102	\$ 1,116,649	\$ 894,470
School District's covered employee payroll	337,616	387,540	351,998
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	293.86 %	288.14 %	254.11 %
Plan fiduciary net position as a percent of the total pension liability	63.01 %	62.92 %	66.20 %

River School - Sodus Township #5

Required Supplemental Information Schedule of River School - Sodus Township #5's Contributions Michigan Public School Employees' Retirement System Determined as of the Year Ended June 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 97,696	\$ 118,831	\$ 76,871
Contributions in relation to the statutorily required contribution	97,696	118,831	76,871
Contribution deficiency (excess)	-	-	-
School District's covered employee payroll	352,729	340,793	386,116
Contributions as a percentage of covered employee payroll	27.70 %	34.87 %	19.91 %

River School - Sodus Township #5

Note to Pension Required Supplemental Information Schedules Year Ended June 30, 2017

Benefit Changes - There were no changes of benefit terms for the plan year ended September 30, 2016.

Changes in Assumptions - There were no changes of benefit assumptions for the plan year ended September 30, 2016.