

WESTWOOD COMMUNITY SCHOOL DISTRICT

**FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION**

JUNE 30, 2018

WESTWOOD COMMUNITY SCHOOL DISTRICT

Contents

	<u>Page No.</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
District-Wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) Governmental Funds.....	16
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities.....	17
Fiduciary Funds	
Statement of Net Position.....	18
Statement of Changes in Net Position	19
Notes to Financial Statements	20
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund.....	44
Schedule of the School District's Proportionate Share of the Net Pension Liability	45
Schedule of the School District Pension Contribution	46
Schedule of the School District's Proportionate Share of the Net OPEB Liability	47
Schedule of the School District OPEB Contributions	48
Notes to Pension Required Supplemental Information Schedules.....	49
Other Supplemental Information	
Combining Balance Sheet – Nonmajor Governmental Funds	51
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	52
General Fund:	
Balance Sheet	53
Statement of Changes in Fund Deficit	54
Statement of Revenue.....	55
Statement of Expenditures	56
Special Revenue Fund:	
Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	63
Capital Project Funds:	
Combining Balance Sheet.....	64
Combining Statement of Revenue, Expenditures and Changes in Fund Balance.....	65
Budgetary Comparison Schedule – Building and Site Fund	66
Trust and Agency Funds	
Statement of Net Position.....	67
Statement of Revenue, Expenditures and Changes in Net Position – Private Purpose Funds.....	68
Schedule of Receipts and Disbursements and Changes in Liability – Agency Funds.....	69
Federal Awards Supplemental Information	Included under Separate Cover



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Westwood Community School District
Dearborn Heights, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westwood Community 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 the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 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.

Other Matters

Required Supplementary Information

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

Other Information

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

Independent Auditor's Report
(Continued)

Other Information (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Alan C. Young & Assoc.

Detroit, Michigan
October 31, 2018

WESTWOOD COMMUNITY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
June 30, 2018**

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

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 2000. Certain comparative information between the current year and the prior year is required and is presented in the Management's Discussion and Analysis.

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 Westwood Community School District 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 Non-Major Governmental Funds. The remaining statement, the Statement of Fiduciary Net Position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The following comments show how the various parts of the annual report are arranged and related to one another

Organization of Westwood Community School District's Annual Financial Report

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)

Budgetary Information for General Fund

Schedule of School District's Proportionate Share of Net Liability

Schedule of School District's Proportionate Share of OPEB Liability

Schedule of School District's Contributions

Other Supplemental Information

WESTWOOD COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) (Continued)
June 30, 2018

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, is the School District better off or worse off financially 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 method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's *net position* - the difference between assets and liabilities, 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 one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the School District's *operating results*. However, the School District's goal is to provide services to our students, not 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 Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, athletics, food services and capital improvement projects. Property taxes, 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 (like the Cafeteria Fund) or to show that it is meeting legal responsibilities for using certain taxes and other money (like Sinking Fund taxes received from the local taxing entities for use on capital projects). 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

WESTWOOD COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) (Continued)
June 30, 2018

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 Net Position. 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.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the management's discussion and analysis, budgetary comparison schedule – General Fund and the schedules for the Michigan Public School Employees Retirement System ("MPERS") immediately following the notes to the financial statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplemental information.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2018 and 2017:

TABLE 1

	2018	2017
	(in millions)	(in millions)
ASSETS		
Current Assets	\$ 7.52	\$ 8.15
Capital Assets - Net of Accumulated Depreciation	4.84	5.23
Total Assets	12.36	13.38
Deferred Outflows of Resources	7.49	4.41
Total Assets and Deferred Outflows of Resources	<u>\$ 19.85</u>	<u>\$ 17.79</u>
LIABILITIES		
Current Liabilities	6.74	8.13
Long-Term Liabilities	39.27	30.71
Total Liabilities	46.01	38.84
Deferred Inflows of Resources	5.50	2.50
Total Liabilities and Deferred Inflows of Resources	51.51	41.34
NET POSITION		
Net Investment in Capital Assets	4.14	4.43
Restricted	0.58	0.55
Unrestricted	(36.38)	(28.53)
Total Net Position	<u>(31.66)</u>	<u>(23.55)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 19.85</u>	<u>\$ 17.79</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) (Continued) June 30, 2018

The School District as a Whole (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. At the end of the current fiscal year, the School District is reporting a positive balance in net position for capital assets net of related debt, restricted for debt services and food service program. The remaining net position is negative.

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 fiscal year ending June 30, 2018. The fiscal year 2018 revenue and expenses are also compared to fiscal year 2017:

TABLE 2

	<u>2018</u>	<u>2017</u>
	(in millions)	(in millions)
REVENUES		
General Revenue		
Property Taxes Levied for General Purposes	\$ 3.21	\$ 3.06
State Aid not Restricted for Specific Purposes	13.18	13.95
Other	0.47	0.40
Program Revenue		
Grants and Categoryals	6.90	6.71
Charges for Services	0.06	0.08
Total Revenue	<u>23.82</u>	<u>24.20</u>
FUNCTION/PROGRAM EXPENSES		
Instruction	11.96	12.27
Support Services	8.83	9.11
Food Services	1.11	1.04
Building and Site	-	0.04
Depreciation (unallocated)	0.43	0.44
Total Expenses	<u>22.33</u>	<u>22.90</u>
Change in Net Position	<u>\$ 1.49</u>	<u>\$ 1.30</u>

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 \$9.6 million and to include the net OPEB liability 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.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) (Continued)
June 30, 2018

The School District as a Whole (Continued)

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$22.33 million. Certain activities were partially funded from those who benefited from the programs (\$0.06 million) or by other governments and organizations that subsidized certain programs with grants and categorical (\$6.90 million). The School District paid for the remaining "public benefit" portion of our governmental activities with \$3.21 million in taxes and \$13.18 million in state aid not restricted for specific purposes.

The School District experienced an increase in net position of \$1.5 million. Key reasons for the change in net position were largely due to the additional revenue generated by the Wayne County Enhancement Millage Levy approved by voters in November 2016 and a net decrease in the overall expenses. The increase in net position differs from the change in fund balance, and a reconciliation appears on page 17.

As discussed above, the net costs show 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 School 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 control and manage money for particular purposes. Looking at funds helps you consider whether the School District is being accountable for the resources taxpayers and others provide, but may also give you more insight into the School District's overall financial health.

As the School District completed this year, our governmental funds reported a combined fund surplus of \$991 thousand, as compared to last year's surplus of \$185 thousand. This is due mainly to the following:

- The General Fund had a net increase in the total fund balance of \$771,881, resulting from more effective management of the School District.
- Other Governmental Funds, which includes the Cafeteria Fund (food services) and the Capital Projects Fund (Sinking Fund), had an increase of \$33,947.

General Fund Budgetary Highlights

The School District's budget for the 2017-2018 fiscal year was adopted in June 2017, and a budget amendment for fiscal year 2017-18 was adopted in June 2018. There were variations between the budget and actual results. A schedule showing the School District's budget amounts compared with amounts actually paid and received is provided in our annual report.

The actual revenues came in under budget in local sources due to a reduction in expected tax collections. Intermediate source revenue was higher than anticipated due to additional revenue received from Medicaid fee for services. State source revenue was higher than anticipated due to the amount MPSERS UAAL Rate Stabilization reimbursement received. Federal source revenue was less than budget due to timing differences in our Title I, Title IIA and IDEA Flow through grants.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) (Continued) June 30, 2018

General Fund Budgetary Highlights (Continued)

Actual expenditures in the Basic Program category were under budget due to lower than expected fringe benefits costs and expenses related to summer school programs. Added Needs expenditures were under budget due to timing differences, primarily in the Title I and Title IIA grant areas. The Instructional Staff category was under budget due to the timing of Title I expenditures in the Improvement of Instruction area. Pupil Transportation expenditures were over budget due to additional unanticipated Special Ed routes and higher than anticipated reliance on taxi-cabs to transport McKinney-Vento (homeless) students to and from areas not serviced by busses. The district also experienced a 2% rate increase from our transportation service providers. Over all, district wide expenditures were under the total budget and as a result, the district achieved an overall operating surplus.

Capital Assets and Debt Administration

Capital Assets

The School District's net investment in capital assets decreased during the year by \$387,693 which is summarized below:

	Governmental Activities	
	2018	2017
Land	\$ 283,079	\$ 283,079
Building and Building Improvements	4,346,800	4,723,653
Furniture and Equipment	211,530	222,370
Total Capital Assets	\$ 4,841,409	\$ 5,229,102

Current year depreciation was \$431,039.

Debt

At the end of this year, the School District had \$0.7 million in bonds outstanding versus \$0.8 million last year. Those bonds consisted of the following:

	2018	2017
Energy Bonds	\$ 700,000	\$ 800,000
	\$ 700,000	\$ 800,000

Other obligations include accrued vacation pay and sick leave payable to employees. There is more detailed information about our long-term liabilities in the *Notes to the Financial Statements*.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) (Continued)

June 30, 2018

Economic Factors and Next Year's Budgets and Rates

At the time these financial statements were prepared and audited, the School District was aware of several on-going circumstances that could significantly affect its financial health in the future:

- The primary factor 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 2018 fiscal year was 90% of the October 2017 student count and 10% of the February 2017 student counts, respectively. However, uncertainty due to a decline in the overall student count places the School District in a challenging position. The School District must budget for sufficient staff and other expenditures, even though enough students may not enroll to produce the state foundation revenue needed to pay those expenses.
- The 2017-2018 budget was adopted in June 2017, based on an estimate of students that were expected to be enrolled in September 2017. For fiscal year 2017-18, approximately 51% of total revenues were derived from the foundation allowance, and 69% of total revenue was generated from overall State Aid. Based on the October 2018 preliminary student count, it appears that the fall student count will be lower than projected in the appropriations budget for 2018-2019, which is consistent with prior year's trend data. This difference will require a budget amendment after the fall count is finalized.
- The Michigan legislature has passed the state's budget for fiscal year 2018-19. A \$22 per pupil increase, as compared to the 2010-11 foundation allowance of \$8,275; is in effect for the 2018-19 school year. This is the first time in the last eight years that the district has received an increase in the foundation allowance, as compared to the 2010-11 base year foundation allowance. Despite the increase in the foundation allowance, the district will continue to implement appropriate staff reduction initiatives, privatization of supporting services and other stringent cost control measures while maintaining a continued focus on educational services to help mitigate the reduction in revenue. These measures will remain in place due to the decline in student count. In addition, both the FY 2018-19 Title I and Title IIA allocations are expected to be lower than the respective FY 2017-18 allocations. Further decreases in funding for the 2017-18 fiscal year are not anticipated at this time.
- The state's economic position has affected the state's ability to provide adequate school funding, although the state has improved funding for 2018-19. Additionally, the economic downturn and the number of local mortgage foreclosures have contributed to the departure of a number of families and students from the local area. This is a statewide phenomenon and has contributed to the reduction in the student count which generates state foundation revenue.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) (Continued)

June 30, 2018

Economic Factors and Next Year's Budgets and Rates (Continued)

- The 3-mill Sinking Fund levy approved by Westwood Community School District voters in 1997 was not renewed in the election held in May 2007. The School District has continued to finance capital projects with the remainder of the funds generated by the millage levy. However, when these funds are depleted, capital projects will have to be delayed, curtailed, or financed with general fund dollars. This latter possibility would reduce the funds that could be spent on instructional needs. The School District is considering asking voters to reinstate the Sinking Fund levy for capital projects in the School District but has not made a decision one way or the other at this time.

Despite the economic climate and the financial situation, our elected officials and administration monitor the budget very closely and endeavor to balance revenue and expenditures to meet their fiscal responsibilities to their taxpayers, citizens, investors, and creditors.

Deficit Elimination Plan

The School District has been operating under an approved Deficit Elimination Plan (DEP) for the last six years due to the accumulated annual fund balance deficits in the School District's General Fund. During the year ended June 30, 2016, the oversight of the Deficit Elimination Plan was transferred from the Michigan Department of Education (MDE) to the Michigan Department of Treasury because the School District did not completely eliminate its original fund balance deficit within five years. This transfer of oversight was required by the enacted 2015 Early Warning statutes. In 2016, the Department of Treasury completed a Preliminary Review of the School District and determined that probable fiscal stress does not exist in the School District. Following this determination, the School District executed a Financial Recovery Agreement with the Department of Treasury which identifies remedial measures, conditions, reporting and approval requirements of the School District until the fund balance deficit is eliminated. The School District eliminated its deficit on June 30, 2018 as anticipated by the deficit elimination plan.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Westwood Community School District, 3335 S. Beech Daly, Dearborn Heights, Michigan 48125.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Statement of Net Position June 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash	\$ 1,912,464
Petty Cash	400
Investments	1,812,857
Restricted Investments	186,922
Receivables	
Taxes	27,531
Accounts	5,513
Due From Other Governmental Units	3,295,730
Prepaid Expenditures	263,809
Inventory	12,022
Total Current Assets	7,517,248
Noncurrent Assets	
Capital Assets	17,636,157
Less: Accumulated Depreciation	(12,794,748)
Total Noncurrent Assets	4,841,409
Total Assets	12,358,657
Deferred Outflows of Resources	
Deferred Outflows related to pensions	6,832,270
Deferred Outflows related to OPEB	657,411
Total Deferred Outflows of Resources	7,489,681
Total Assets and Deferred Outflows of Resources	\$ 19,848,338
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 439,039
Accrued Liabilities	1,368,457
State Aid Anticipation Note	4,059,434
Due to Fiduciary Fund	1,689
Other Liabilities	527,280
Unearned Revenue	118,646
Bonds Payable, Due Within One Year	100,000
Other Long Term Debt, Due Within One Year	26,639
Total Current Liabilities	6,641,184
Noncurrent Liabilities	
Bonds Payable	600,000
Net Pension Liability	27,978,941
Net OPEB Liability	9,590,465
Other Long-term Debt	1,201,831
Total Noncurrent Liabilities	39,371,237
Total Liabilities	46,012,421
Deferred Inflows of Resources	
Deferred inflows related to Pensions	5,172,923
Deferred inflows related to OPEB	324,227
Total Deferred Inflows of Resources	5,497,150
Total Liabilities and Deferred Inflows of Resources	51,509,571
NET POSITION (Deficit)	
Net Investment in Capital Assets	4,141,409
Restricted for Capital Project Funds	101,141
Restricted for Food Service	476,842
Unrestricted (Deficit)	(36,380,625)
Total Net Position	(31,661,233)
Total Liabilities, Deferred Inflows and Net Position	\$ 19,848,338

The notes to the financial statements are an integral part of these financial statements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Statement of Activities Year Ended June 30, 2018

	PROGRAM REVENUES			ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Functions/Programs				
Governmental Activities:				
Instruction	\$ 11,964,654	\$ -	\$ 3,326,919	\$ (8,637,735)
Support Services	8,829,679	-	2,441,603	(6,388,076)
Cafeteria	1,108,285	57,004	1,127,371	76,090
Depreciation - Unallocated	431,039	-	-	(431,039)
Total Government Activities	<u>\$ 22,333,657</u>	<u>\$ 57,004</u>	<u>\$ 6,895,893</u>	(15,380,760)
General Revenues				
Taxes				
Property Taxes Levied for General Operations				3,217,408
State Aid Unrestricted				13,184,005
Interest on Investments and Taxes				46,440
Other				420,486
Change in Net Position				1,487,579
Net Position, Beginning of Year, as previously reported				(23,545,098)
Cumulative Effect of Change in Accounting				(9,603,714)
Net Position, End of Year				<u>\$ (31,661,233)</u>

The notes to the financial statements are an integral part of these financial statements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Governmental Funds Balance Sheet June 30, 2018

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 1,912,464	\$ -	\$ 1,912,464
Petty Cash	200	200	400
Investments	1,718,209	94,648	1,812,857
Restricted Investments	-	186,922	186,922
Receivables			
Taxes	27,531	-	27,531
Accounts	5,513	-	5,513
Due From Other Governmental Units	3,247,426	48,304	3,295,730
Due From Other Funds	4,245,495	427,102	4,672,597
Prepaid Expenditures	263,809		263,809
Inventory	-	12,022	12,022
Total Assets	\$ 11,420,647	\$ 769,198	\$ 12,189,845
LIABILITIES			
Accounts Payable	\$ 345,627	\$ 93,412	\$ 439,039
Salaries Payable	1,368,457	-	1,368,457
Accrued Liabilities	520,030	-	520,030
Due To Other Funds	4,588,505	85,781	4,674,286
State Aid Anticipation Note	4,059,434	-	4,059,434
Unearned Revenue	118,646	-	118,646
Total Liabilities	11,000,699	179,193	11,179,892
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue	19,411	-	19,411
Total Deferred Inflow of Resources	19,411	-	19,411
FUND BALANCES			
Nonspendable	263,809	12,022	275,831
Restricted for Capital Project Funds	-	101,141	101,141
Restricted for Food Service	-	476,842	476,842
Unassigned	136,728	-	136,728
Total Fund Balances	400,537	590,005	990,542
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 11,420,647	\$ 769,198	\$ 12,189,845

The notes to the financial statements are an integral part of these financial statements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Reconciliation of Balance Sheet of Governmental Funds To the Statement of Net Position June 30, 2018

Fund Balances - Total Governmental Funds		\$	990,542
Amount 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 Governmental Funds:			
The Cost of Capital Assets	17,636,157		
Accumulated Depreciation	<u>(12,794,748)</u>		4,841,409
Deferred outflows related to pension payments made subsequent to the measurement date are not reported in the governmental funds			6,832,270
Deferred outflows related to OPEB payments made subsequent to the measurement date are not reported in the governmental funds			657,411
Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities			(27,978,941)
Net OPEB obligations do not present a claim on current financial resources and are not reported as fund liabilities			(9,590,465)
Deferred inflows related to pension investment returns and changes in assumptions are not reported in the governmental funds			(5,172,923)
Deferred inflows related to OPEB investment returns and changes in assumptions are not reported in the governmental funds			(324,227)
Accrued Interest payable is not included as a liability in governmental funds			(7,250)
Certain receivables not meeting the availability criteria are reported as deferred inflows in the Governmental Funds, but revenue in Governmental Activities			19,411
Long - Term Liabilities are not due and payable in the current period and are not reported in the Governmental Funds:			
Bond Payable	(700,000)		
Compensated Absences	<u>(1,228,470)</u>		<u>(1,928,470)</u>
Net Position - Governmental Activities			<u><u>\$ (31,661,233)</u></u>

The notes to the financial statements are an integral part of these financial statements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) Year Ended June 30, 2018

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE			
Local Sources	\$ 3,471,290	\$ 57,004	\$ 3,528,294
State Sources	15,541,283	30,648	15,571,931
Federal Sources	2,804,748	1,097,926	3,902,674
Intermediate Sources	861,215	-	861,215
Total Revenues	22,678,536	1,185,578	23,864,114
EXPENDITURES			
Instruction	12,547,953	-	12,547,953
Support Service	9,358,702	1,151,631	10,510,333
Total Expenditures	21,906,655	1,151,631	23,058,286
EXCESS OF REVENUE OVER EXPENDITURES	771,881	33,947	805,828
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(371,344)	556,058	184,714
FUND BALANCE, END OF YEAR	\$ 400,537	\$ 590,005	\$ 990,542

The notes to the financial statements are an integral part of these financial statements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities Year Ended June 30, 2018

NET CHANGES IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 805,828
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds reported capital outlays as expenditures; in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation		
Depreciation Expense	(431,039)	
Capital Outlay by School District	<u>43,346</u>	(387,693)
Revenue is reported in the Statement of Activities at the time it is earned, without regard to timeliness of collection		(42,878)
Interest expense is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid		7,250
Change in pension expense related to deferred items		517,596
Change in OPEB expense related to deferred items		346,433
Repayments of bond principal are expenditures in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt)		100,000
Change in Other Long Term Liabilities are reported as expenditures in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt)		<u>141,043</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,487,579</u>

The notes to the financial statements are an integral part of these financial statements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Fiduciary Funds
Statement of Net Position
June 30, 2018

	PRIVATE - PURPOSE TRUST FUNDS - SCHOLARSHIPS	AGENCY FUNDS - STUDENT ACTIVITIES
ASSETS		
Cash in Bank	\$ 3,030	\$ 99,727
Petty Cash	-	150
Due from Other Funds	-	1,689
Total Assets	<u>\$ 3,030</u>	<u>\$ 101,566</u>
LIABILITIES		
Due to Student and Other School Groups	\$ -	\$ 101,566
Total Liabilities	<u>-</u>	<u>\$ 101,566</u>
NET POSITION		
Held in Trust	<u>\$ 3,030</u>	

The notes to the financial statements are an integral part of these financial statements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Fiduciary Funds
Statement of Changes in Net Position
Year Ended June 30, 2018

	<u>PRIVATE- PURPOSE TRUST FUNDS</u>
ADDITIONS	
Gifts and Contributions	\$ -
DEDUCTIONS	
Scholarships Awarded	-
Change in Net Position	-
NET POSITION, Beginning of Year	<u>3,030</u>
NET POSITION, End of Year	<u>\$ 3,030</u>

The notes to the financial statements are an integral part of these financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Westwood Community School District (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 seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or 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 have 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 revenues, 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 revenues. 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 revenues are reported instead as general revenue.

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

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

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

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.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the School District reports the following non-major funds:

Cafeteria Fund – The Cafeteria Fund accounts for the activities of the food service operation at the various cafeteria locations. The School District charges users primarily for the direct costs of this program, which are subsidized by state and federal grants.

Building and Site Capital Projects Fund – The Building and Site Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects, which are primarily funded by settlements from asbestos abatement lawsuits.

Capital Project Sinking Fund – The Capital Projects Sinking Fund accounts for the acquisition of capital assets or construction of major capital projects, which are primarily funded by property taxes (sinking fund millage) and transfers from other funds.

Fiduciary Fund – The Fiduciary Fund is used to account for assets held by the School District in a trustee capacity or as an agent. Fiduciary Fund net position and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Student Activities Agency Fund – The Student Activities Agency Fund is used to record transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

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. Pooled investment income is generally allocated to each fund based on relative participation in the pool.

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.”

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. 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 July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

The School District has considered the impact of GASB Statement No. 77, Tax Abatement Disclosures and determined that there are no abatements that reduce property tax revenues.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Costs

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities received by the Cafeteria fund are recorded as inventory. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment and vehicles, are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost 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.

Building, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and Building Additions	20-50 years
Buses and Other Vehicles	5-15 years
Furniture and Other Equipment	5-20 years

Compensated Absences

The liability for compensated absences reported in the district-wide statement 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 method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

1) SUMMARY OF 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 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

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

Fund Balance 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 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 School District that can commit fund balance by passing a resolution. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

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 Board of Education or superintendent to assign fund balance. The superintendent may also assign fund balance to cover a gap between estimated revenue and expenditures 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.

Nonspendable fund balance amounts are not in spendable form or are legally or contractually required to be maintained intact.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Flow Assumptions

Sometimes, the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Pension and Other Postemployment Benefit (OPEB) Plans

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 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.

Comparative Data

Comparative data is not included in the School District's financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District only has two items that qualify for reporting in this category, which are the deferred outflows related to the 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 so will not be recognized as an inflow of resources (revenue) until that time.

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

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

1) SUMMARY OF 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 Michigan Public School Employees' Retirement System (MPERS). 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 \$10,115,816, deferred outflows of financial resources for OPEB contributions of \$839,672 made subsequent to the measurement date, and deferred inflows of financial resources for revenue received from State Aid in support of OPEB contributions of \$327,570 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 Pronouncement

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

Restricted Cash

Monies related to the Capital Project Fund and the School District's sinking funds are required to be set aside for specific purposes. These amounts have been classified as restricted assets.

2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the General 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 General Fund budget was amended during the year to take into account changes in State and local source revenue and related program expenditures.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Excess of Expenditures over Appropriations in Budgeted Funds

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

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
Support Services				
Operation & Maintenance	\$1,702,026	\$ 1,807,927	\$ 1,825,292	\$ (17,365)
Pupil Transportation	1,579,764	1,618,646	1,765,426	(146,780)

Fund Deficits – The School District had an accumulated fund deficit of \$371,344 in the General Fund at June 30, 2017. The School District is currently operating under an approved Deficit Elimination Plan with the Michigan Department of Education and Treasury. The approved Plan calls for the elimination of the General Fund deficit by June 2018. Additionally, the School District provides monthly financial reporting to the Departments of Education and Treasury as required by the approved Deficit Elimination Plan.

3) 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, 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 Board of Education has designated two banks for the deposit of School District funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in 1) bonds, bills or notes of the United States, or obligations the principal and interest of which are fully guaranteed by the United States Government; 2) certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state; 3) commercial paper rated prime at the time of purchase and maturing not more than 270 days from date of purchase; 4) certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state, but not the remainder of State statutory authority as listed above.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

3) DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2018, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Standard & Poor's Rating</u>	<u>%</u>
MILAF+ Cash Mgmt Class	\$ 574,988	1 day	AAAm	17.00%
MILAF+ MAX Class	2,710,768	1 day	AAAm	83.00%
	<u>\$ 3,285,756</u>			<u>100.00%</u>

Portfolio weighted average weighted maturity 1 day

As of June 30, 2018, out of \$3,285,756 in investment from MILAF, \$1,634,583 is included in cash and \$1,651,173 is included in investments in the attached financials.

The School District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. The pooled investment funds utilized by the District are the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investments pools as defined by GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to fair value disclosures.

Fair Value Measurements: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District has the ability to access.

Level 2: Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets

Inputs other than quoted prices that are observable for the assets or liabilities;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

3) DEPOSITS AND INVESTMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District had a deposit balance of \$1,066,488 (excluding outstanding checks and deposits in transit) of which \$357,356 was insured through the FDIC and \$709,132 was uninsured. The School District evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by pre-qualifying 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 structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

3) DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by; and, 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.

4) RECEIVABLES AND UNEARNED REVENUE

Receivables at June 30, 2018 consist primarily of state school aid due from the State of Michigan, and grant payments from the federal government. There are no applicable allowances for uncollectible accounts.

Government funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period.

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

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Payments Received Prior to Meeting all Eligibility Requirements:			
Grants and Categorical Aid Payments	\$ 118,646	\$ -	\$ 118,646
Grants and Other Receipts Deferred Due to Not Meeting the Availability Criteria	-	19,411	19,411
	<u>\$ 118,646</u>	<u>\$ 19,411</u>	<u>\$ 138,057</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

5) CAPITAL ASSETS

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

	Balance June 30, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital Assets not being Depreciated:				
Land	\$ 283,079	\$ -	\$ -	\$ 283,079
Total Assets not being Depreciated	<u>283,079</u>	<u>-</u>	<u>-</u>	<u>283,079</u>
Capital Assets being Depreciated:				
Building and Building Improvements	12,916,356	-	-	12,916,356
Site Improvements	1,122,561	-	-	1,122,561
Buses	491,792	-	-	491,792
Vehicles (Other than Buses)	110,312	-	-	110,312
Computer Equipment	932,726	-	-	932,726
Office Equipment	1,735,985	43,346	-	1,779,331
Total Assets being Depreciated	<u>17,309,732</u>	<u>43,346</u>	<u>-</u>	<u>17,353,078</u>
Total Governmental Capital Assets	<u>17,592,811</u>	<u>43,346</u>	<u>-</u>	<u>17,636,157</u>
Accumulated Depreciation:				
Building and Building Improvements	8,629,638	338,215	-	8,967,853
Site Improvements	685,626	38,638	-	724,264
Buses	491,792	-	-	491,792
Vehicles (Other than Buses)	110,312	-	-	110,312
Computer Equipment	932,726	-	-	932,726
Office Equipment	1,513,615	54,186	-	1,567,801
Subtotal	<u>12,363,709</u>	<u>431,039</u>	<u>-</u>	<u>12,794,748</u>
Net Assets being Depreciated	<u>4,946,023</u>	<u>(387,693)</u>	<u>-</u>	<u>4,558,330</u>
Net Governmental Capital Assets	<u>\$ 5,229,102</u>	<u>\$ (387,693)</u>	<u>\$ -</u>	<u>\$ 4,841,409</u>

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

6) INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 4,245,495	\$ 4,588,505
Building and Site Fund	-	71,974
Cafeteria Fund	427,102	-
Sinking Fund	-	13,807
Student Activities Fund	1,689	-
Total	<u>\$ 4,674,286</u>	<u>\$ 4,674,286</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

6) INTERFUND RECEIVABLES AND PAYABLES (Continued)

The amount due from the General Fund to the Cafeteria Fund is for expenditures originally paid through that fund. The amounts due from the Building and Site Fund and Sinking Fund represent amounts paid on behalf of those funds by the General Fund. All amounts due are scheduled to be repaid within one year.

7) LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. Long-term obligations include an energy conservation loan, compensated absences, and other payments to employees.

Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment Debt					
2010B Energy Bonds	\$ 800,000	\$ -	\$ 100,000	\$ 700,000	\$ 100,000
Total Installment Debt	800,000	-	100,000	700,000	100,000
Other Debt					
Compensated Absences	1,360,827	-	132,357	1,228,470	26,639
Total Long-Term Debt	<u>\$ 2,160,827</u>	<u>\$ -</u>	<u>\$ 232,357</u>	<u>\$ 1,928,470</u>	<u>\$ 126,639</u>

Bond Payable

General obligation bonds consist of the following:

2010B Energy Conservation Improvement Bonds due in annual installments of \$95,000 for two years, then \$100,000 thereafter, to \$1,390,000 through May 1, 2025 with the first payment beginning May 1, 2012; interest between 1.75% and 6.70%

\$ 700,000

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

7) LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the above governmental bond obligations are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 100,000	\$ 43,500	\$ 143,500
2020	100,000	37,900	137,900
2021	100,000	32,100	132,100
2022	100,000	26,000	126,000
2023	100,000	19,700	119,700
2024-2025	200,000	20,100	220,100
Total	\$ 700,000	\$ 179,300	\$ 879,300

8) NOTES PAYABLE

The School District participated in several borrowings of money in the forms of State Aid and Tax Anticipation Notes, pursuant to Act No. 451 of the Public Acts of 1976. This Act authorizes the borrowing of money in a single series of notes in anticipation of the collection of State Aid and Property Tax payments. The details of note payable balance at year end are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
State Aid Note Payable dated August 22, 2016 bearing interest at 1.359% and is due August 21, 2017	\$ 5,500,000	\$ -	\$ 5,500,000	\$ -
State Aid Note Payable dated August 21, 2017 bearing interest at 1.359% and is due August 20, 2018	-	4,000,000	-	4,000,000
State Aid Anticipation Note	\$ 5,500,000	\$ 4,000,000	\$ 5,500,000	4,000,000
Interest				59,434
Total				\$ 4,059,434

9) CAPITAL PROJECT SINKING FUND

The Capital Project Sinking Fund records capital project activities funded with the Sinking Fund Millage. For this fund, the School District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

10) LITIGATION, CONTINGENCIES AND RISK MANAGEMENT

The School District is the recipient of several Federal and State Grant programs. The expenditures for each program are subject to audit for technical compliance by an appropriate agency. In the event such audit procedures indicate that the School District is not in compliance, the Federal government could require repayment of funds to the grantor(s). In the opinion of management, such repayment, if any, is not likely to be material.

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees (workers' compensation) and natural disasters. For the year ended June 30, 2018, the School District purchased commercial insurance policies to satisfy any claims related to general liability, vehicle liability, property and casualty, athletic participation, employee health and accident and errors and omissions. The General Fund, since there is no internal Service Fund, accounts for all risk-financing activity.

During the year ended June 30, 2018, there was no significant reduction in insurance coverage in any of risk categories mentioned above. Additionally, the School District had no settlements in excess of insurance coverage during any of the past three fiscal years.

11) DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS

Plan Description

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

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

11) DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS (Continued)

Defined Benefit Pension Plan

Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Postemployment Healthcare Plan

The system provides medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the system 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 and Funded Status

Employers are required by Public Act 300 of 1980, as amended, 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 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 of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits.

Employer pension contributions and OPEB contribution to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 20-year period for the 2017 fiscal year.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

11) DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS (Continued)

Contributions and Funded Status (Continued)

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 elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	<u>Pension</u>	<u>OPEB</u>
October 1, 2017 – January 31, 2018	13.54% -17.89%	7.42% -7.67%
February 1, 2018 – September 30, 2018	13.54% -19.74%	7.42% -7.67%

Depending on the plan selected, 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.

Required contributions to the pension plan and OPEB plan from the School District were \$2,532,408 and \$843,160 for the year ended September 30, 2017.

The School District's contributions to the MPSERS plan for the years ended June 30, 2018, 2017, and 2016 were \$2,974,143, \$3,189,185 and \$3,113,015 respectively. For the year ended June 30, 2018, contributions also include a one-time payment to the School District of \$ 228,891 received under section 147 (c) (2) of the State Aid Act, which the school district then remitted as a contribution to the plan.

12) PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

NET PENSION LIABILITY

At June 30, 2018, the School District reported a liability of \$27,978,941 for its proportionate share of the MPSERS 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 rolled forward from September 2016. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was 0.10796739 percent, which was a decrease of .007 percent from its proportion measured as of September 30, 2016.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

12) PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

NET OPEB LIABILITY

At June 30, 2018, the School District reported a liability of \$9,590,465 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability 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 rolled forward from September 2016. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017 and September 30, 2016, the School District's proportion was 0.10829989 percent.

PENSION EXPENSE, 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 \$2,017,295. 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
Changes in assumptions	\$ 3,065,315	\$ -
Changes in proportion and differences between Reporting Unit Contributions and proportionate share of contributions	50,783	2,392,339
Difference between expected and actual experience	243,156	137,287
Net difference between projected and actual investment earnings	-	1,337,577
	<u>3,359,254</u>	<u>3,867,203</u>
Contributions subsequent to measurement date	<u>3,473,016</u>	<u>1,305,720</u>
Total	<u><u>\$ 6,832,270</u></u>	<u><u>\$ 5,172,923</u></u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)

June 30, 2018

12) PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

\$3,473,016 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The \$1,305,720 reported as deferred inflows of resources resulting from 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)

Year Ended June 30,	Amount
2018	\$ (373,050)
2019	188,789
2020	(64,995)
2021	(258,693)
Total	<u>\$ (507,949)</u>

OPEB EXPENSE, 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 \$642,301 At June 30, 2018; the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ -
Changes in proportion and differences between Reporting Unit Contributions and proportionate share of contributions	3,659	-
Difference between expected and actual experience	-	102,110
Net difference between projected and actual investment earnings	-	222,117
	<u>3,659</u>	<u>324,227</u>
Contributions subsequent to measurement date	653,752	-
Total	<u>\$ 657,411</u>	<u>\$ 324,227</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

12) PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

\$653,752 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2018	\$ (77,532)
2019	(77,532)
2020	(77,532)
2021	(77,532)
2022	(10,440)
Total	<u>\$ (320,568)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Entry age normal cost actuarial cost method
Investment rate of return - Pension	7.00 to 7.5 percent, net of investment expenses based on the groups
Investment rate of return - OPEB	7.5 percent, net of investment expenses based on the groups
Salary increases percent	3.50 to 12.30 percent, including wage inflation of 3.5%
Mortality basis	RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost-of-living pension adjustments	3.00 percent annual non-compounded for MIP members

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

12) PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

Actuarial Assumptions (Continued)

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.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan and OPEB investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.00%	5.60%
Alternative Investment Pool	18.00%	8.70
International Equity	16.00%	7.20
Fixed Income Pools	10.50%	(0.01)
Real Estate and Infrastructure Pools	10.00%	4.20
Absolute Return Pools	15.50%	5.00
Short-term Investment Pools	2.00%	(0.90)
	<u>100.00%</u>	

* Long-term rates of return are net of administrative expenses and 2.3% inflation.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

12) PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

Discount Rate

A discount rate of 7.5% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan). A discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long term expected rate of return on OPEB plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and OPEB plan's net fiduciary position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability. The system 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, net pension liability, and the net OPEB liability will increase for the measurement period ending September 30, 2018.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for the Hybrid Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
District's Proportionate Share of the Net Pension Liability	\$ 36,447,253	\$ 27,978,941	\$ 20,849,160

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements (Continued)
June 30, 2018

12) PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net OPEB Liability with Discount Rate Sensitivity Analysis	\$ 11,233,207	\$ 9,590,465	\$ 8,196,292

Sensitivity of the School District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability calculated using the assumed trend, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 6.50%	Current Healthcare Trend Rate 7.50%	1% Increase 8.50%
Net OPEB Liability with Healthcare Trend Rate Sensitivity Analysis	\$ 8,121,835	\$ 9,590,465	\$ 11,257,993

13) PAYABLE TO THE PENSION PLAN AND OPEB PLAN

At June 30, 2018, the School District reported a payable of \$73,071 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

There was no outstanding amount of contributions to the OPEB plan for the year ended June 30, 2018.

14) SUBSEQUENT EVENT

On August 20, 2018, the state aid anticipation note obtained in fiscal year 2017 was scheduled to mature (see Note 8). In order to pay off the matured balances of those notes and to borrow additional funds, the School District borrowed, one note (Series B), \$2,900,000 against anticipated state aid through the Michigan Municipal Bond Authority's pooled borrowing program. This new note will become due on August 20, 2019 at an interest rate between 2.5% per annum.

REQUIRED SUPPLEMENTAL INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT

Required Supplemental Information Budgetary Comparison Schedule – General Fund Year Ended June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE				
Local Sources	\$ 3,544,984	\$ 3,545,323	\$ 3,471,290	\$ (74,033)
State Sources	15,485,553	15,539,946	15,541,283	1,337
Federal Sources	2,994,053	3,342,346	2,804,748	(537,598)
Intermediate Sources	652,180	774,105	861,215	87,110
Total Revenues	22,676,770	23,201,720	22,678,536	(523,184)
EXPENDITURES				
Instruction				
Basic Programs	9,188,977	8,883,066	8,543,257	339,809
Added Needs	3,584,571	4,172,555	4,004,696	167,859
Total Instruction	12,773,548	13,055,621	12,547,953	507,668
Support Services				
Pupil Services	985,450	984,763	980,635	4,128
Instructional Staff	1,572,395	1,550,171	1,376,896	173,275
General Administration	573,465	579,441	577,072	2,369
School Administration	1,303,001	1,282,888	1,278,506	4,382
Business Services	859,941	877,877	866,401	11,476
Operation & Maintenance	1,702,026	1,807,927	1,825,292	(17,365)
Pupil Transportation	1,579,764	1,618,646	1,765,426	(146,780)
Central Services	439,722	439,411	422,695	16,716
Other Services	243,956	252,088	246,305	5,783
Community Services	12,243	25,928	19,474	6,454
Total Support	9,271,963	9,419,140	9,358,702	60,438
Total Expenditures	22,045,511	22,474,761	21,906,655	568,106
Outgoing Transfers & Other	119,045	-	-	-
Total Expenditures & Transfers	22,164,556	22,474,761	21,906,655	568,106
Excess Revenue Over Expenditures	\$ 512,214	\$ 726,959	771,881	\$ 44,922
FUND BALANCE (DEFICIT), Beginning of the Year			(371,344)	
FUND BALANCE (DEFICIT), Ending of the Year			\$ 400,537	

WESTWOOD COMMUNITY SCHOOL DISTRICT

Required Supplemental Information Schedule of the School District's Proportionate Share of the Net Pension Liability As of September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.10797%	0.11525%	0.11810%	0.12506%
School District's proportionate share of the net pension liability	\$ 27,978,941	\$ 28,753,692	\$ 28,844,977	\$ 27,546,717
School District's covered-employee payroll	8,755,473	9,655,864	9,926,977	10,726,740
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	319.56%	297.78%	290.58%	256.80%
Plan fiduciary net position as a percentage of the total pension liability	64.21%	63.27%	63.17%	66.20%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year. Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Required Supplemental Information Schedule of the School District's Pension Contributions Year Ended June 30, 2018

	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
Contractually Required Contribution	\$ 2,641,785	\$ 2,166,913	\$ 2,278,225	\$ 2,146,234
Contributions in Relation to the Contractually Required Contribution	2,641,785	2,166,913	2,278,225	2,146,234
Contribution Deficiency (Excess)	-	-	-	-
District's Covered-Employee Payroll	8,781,242	8,811,990	9,528,654	9,887,216
Contributions as a Percentage of Covered Employee Payroll	30.08%	24.59%	23.91%	21.70%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Required Supplemental Information Schedule of the School District's Proportionate Share of the Net OPEB Liability Year Ended June 30, 2018

	<u>2017</u>
School District's proportion of the net OPEB liability	0.10830%
School District's proportionate share of the net OPEB liability	\$ 9,590,465
School District's covered-employee payroll	8,755,473
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	109.54%
Plan fiduciary net position as a percentage of the total OPEB liability	36.39%

The amounts presented were determined as of September 30 of the preceding year. Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Required Supplemental Information Schedule of the School District's OPEB Contributions Year Ended June 30, 2018

	<u>Year Ended June 30, 2018</u>
Contractually Required Contribution	\$ 959,831
Contributions in Relation to the Contractually Required Contribution	959,831
Contribution Deficiency (Excess)	-
District's Covered-Employee Payroll	8,781,242
Contributions as a Percentage of Covered Employee Payroll	10.93%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WESTWOOD COMMUNITY SCHOOL DISTRICT

Notes to Pension Required Supplemental Information Schedules Year Ended June 30, 2018

Benefit Changes – There were no changes in benefit terms in 2018.

Changes in Assumptions – There were no changes of benefit assumptions in 2018.

OTHER SUPPLEMENTAL INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	SPECIAL REVENUE CAFETERIA	CAPITAL PROJECTS- BUILDING AND SITE	CAPITAL PROJECTS- SINKING FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Petty Cash	\$ 200	\$ -	\$ -	\$ 200
Investments	94,648	-	-	94,648
Restricted Investments	-	79,936	106,986	186,922
Due From Other Governmental Units	48,304	-	-	48,304
Due From Other Funds	427,102	-	-	427,102
Inventory	12,022	-	-	12,022
Total Assets	<u>\$ 582,276</u>	<u>\$ 79,936</u>	<u>\$ 106,986</u>	<u>\$ 769,198</u>
LIABILITIES				
Accounts Payable	\$ 93,412	\$ -	\$ -	\$ 93,412
Due To Other Funds	-	71,974	13,807	85,781
Total Liabilities	<u>93,412</u>	<u>71,974</u>	<u>13,807</u>	<u>179,193</u>
FUND BALANCES				
Nonspendable	12,022	-	-	12,022
Restricted for Capital Projects	-	7,962	93,179	101,141
Restricted for Food Service	476,842	-	-	476,842
Total Fund Balances	<u>488,864</u>	<u>7,962</u>	<u>93,179</u>	<u>590,005</u>
Total Liabilities and Fund Balances	<u>\$ 582,276</u>	<u>\$ 79,936</u>	<u>\$ 106,986</u>	<u>\$ 769,198</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Combining Statement of Revenue, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
June 30, 2018

	SPECIAL REVENUE CAFETERIA	CAPITAL PROJECTS- BUILDING AND SITE	CAPITAL PROJECTS- SINKING FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE				
Local Sources	\$ 54,445	\$ 1,094	\$ 1,465	\$ 57,004
State Sources	30,648	-	-	30,648
Federal Sources	1,097,926	-	-	1,097,926
Total Revenues	<u>1,183,019</u>	<u>1,094</u>	<u>1,465</u>	<u>1,185,578</u>
EXPENDITURES				
Support - Business				
Salaries	46,004	-	-	46,004
Benefits	27,517	-	-	27,517
Purchased Services	953,883	-	-	953,883
Supplies & Materials	75,895	-	-	75,895
Capital Outlay	47,687	-	-	47,687
Other Expenditures	645	-	-	645
Total Expenditures	<u>1,151,631</u>	<u>-</u>	<u>-</u>	<u>1,151,631</u>
Excess of Revenue over/(under) Expenditures	31,388	1,094	1,465	33,947
FUND BALANCE, Beginning of Year	<u>457,476</u>	<u>6,868</u>	<u>91,714</u>	<u>556,058</u>
FUND BALANCE, End of Year	<u>\$ 488,864</u>	<u>\$ 7,962</u>	<u>\$ 93,179</u>	<u>\$ 590,005</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Balance Sheet
General Fund
June 30, 2018

	GENERAL FUND	GRANT FUND	TOTAL
ASSETS			
Cash	\$ 1,912,464	\$ -	\$ 1,912,464
Petty Cash	200	-	200
Investments	1,718,209	-	1,718,209
Receivables			
Taxes	27,531	-	27,531
Accounts	5,513	-	5,513
Due From Other Governmental Units	2,841,335	406,091	3,247,426
Due From Other Funds	-	4,245,495	4,245,495
Prepaid Expenditures	263,809	-	263,809
Total Assets	\$ 6,769,061	\$ 4,651,586	\$ 11,420,647
LIABILITIES			
Accounts Payable	\$ 345,627	\$ -	\$ 345,627
Salaries Payable	1,368,457	-	1,368,457
Accrued Liabilities	520,030	-	520,030
Due to Other Funds	4,588,505	-	4,588,505
State Aid Anticipation Note	4,059,434	-	4,059,434
Unearned Revenue	118,646	-	118,646
Total Liabilities	11,000,699	-	11,000,699
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue	19,411	-	19,411
Total Deferred Inflow of Resources	19,411	-	19,411
FUND BALANCE (DEFICIT)			
Nonspendable	263,809	-	263,809
Surplus/(Deficit)	(4,514,858)	4,651,586	136,728
Total Fund Balance (Deficit)	(4,251,049)	4,651,586	400,537
Total Liabilities, Deferred Inflow of Resources and Fund Balance	\$ 6,769,061	\$ 4,651,586	\$ 11,420,647

WESTWOOD COMMUNITY SCHOOL DISTRICT

**Other Supplemental Information
Statement of Changes in Fund Deficit
General Fund
Year Ended June 30, 2018**

	<u>ACTUAL</u>
FUND BALANCE (DEFICIT), Beginning of Year	\$ (371,344)
Total Revenue	22,678,536
Total Expenditures	<u>21,906,655</u>
Excess Revenue over Expenditures	<u>771,881</u>
FUND BALANCE, Ending of Year	<u><u>\$ 400,537</u></u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Revenue
General Fund
Year Ended June 30, 2018

REVENUE FROM LOCAL SOURCES

Property Tax Levy	\$ 3,217,408
Interest from Investments	46,440
Facility Rental	19,043
Athletics	14,200
E-Rate Revenue	68,342
Miscellaneous	105,857
Total Local Sources	<u>3,471,290</u>

REVENUE FROM STATE SOURCES

Foundation	11,579,584
Special Education	1,167,175
MPERS Offset	1,490,039
State Aid - At Risk	1,190,103
State Aid Other	114,382
Total State Sources	<u>15,541,283</u>

REVENUE FROM FEDERAL SOURCES

Title I	1,681,368
Title IIA	309,686
IDEA Flow through	604,518
IDEA Preschool	20,356
IDEA CPE	28,515
JROTC	68,854
Carl Perkins	26,595
Medicaid Outreach	6,574
Other - Restricted	42,149
Title IV	16,133
Total Federal Sources	<u>2,804,748</u>

INTERMEDIATE SOURCES

County Spec Ed Reimbursement - Act 18	460,396
Career Tech Tuition	187,775
Medicaid Reimbursement and Others	213,044
Total Intermediate Sources	<u>861,215</u>

Total Revenue \$ 22,678,536

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Expenditures
General Fund
Year Ended June 30, 2018

INSTRUCTION

BASIC PROGRAMS

ELEMENTARY

Salaries	\$	2,328,141
Employee Benefits		1,642,099
Purchased Services		89,392
Supplies and Materials		58,816
Transfers		40,000

MIDDLE SCHOOL

Salaries		711,204
Employee Benefits		511,097
Purchased Services		29,642
Supplies and Materials		5,239
Transfers		7,000

HIGH SCHOOL

Salaries		1,424,770
Employee Benefits		933,152
Purchased Services		494,045
Supplies and Materials		20,040
Other Expenditures		1,192
Transfers		179,009

OTHER BASIC PROGRAMS

Salaries		25,284
Employee Benefits		11,122
Purchased Services		20,142
Supplies and Materials		11,871

Total Basic Programs	\$	8,543,257
-----------------------------	-----------	------------------

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Expenditures (Continued)
General Fund
Year Ended June 30, 2018

INSTRUCTION (Continued)

ADDED NEEDS

SPECIAL EDUCATION

Salaries	\$	1,225,824
Employee Benefits		912,816
Purchased Services		98,823
Supplies and Materials		4,372

COMPENSATORY EDUCATION

Salaries		518,544
Employee Benefits		350,585
Purchased Services		356,183
Supplies and Materials		432,298

CAREER & TECH EDUCATION

Salaries		44,288
Employee Benefits		28,799
Purchased Services		6,215
Supplies and Materials		25,949

Total Added Needs	\$	<u>4,004,696</u>
-------------------	----	------------------

Total Instruction	\$	<u>12,547,953</u>
--------------------------	----	-------------------

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Expenditures (Continued)
General Fund
Year Ended June 30, 2018

SUPPORTING SERVICES

PUPIL SERVICES

GUIDANCE

Salaries	\$	43,460
Employee Benefits		41,535

HEALTH

Purchased Services		1,550
Supplies and Materials		747

PSYCHOLOGICAL

Salaries		49,448
Employee Benefits		20,469
Purchased Services		100
Supplies and Materials		2,316

SPEECH

Salaries		96,826
Employee Benefits		44,327
Purchased Services		82,320
Supplies and Materials		612

SOCIAL WORKERS

Salaries		306,575
Employee Benefits		232,058
Purchased Services		54,623

OTHER PUPIL SERVICES

Salaries		1,512
Employee Benefits		711
Other Expenses		1,446

Total Pupil Services	\$	980,635
-----------------------------	-----------	----------------

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Expenditures (Continued)
General Fund
Year Ended June 30, 2018

SUPPORTING SERVICES (Continued)

INSTRUCTIONAL STAFF

IMPROVEMENT OF INSTRUCTION

Salaries	\$	194,441
Employee Benefits		99,148
Purchased Services		223,258
Supplies and Materials		539

INSTRUCTIONAL RELATED TECHNOLOGY

Salaries		35,568
Employee Benefits		25,021
Purchased Services		500
Supplies and Materials		52,427

DIRECTION OF INSTRUCTIONAL STAFF

Salaries		432,232
Employee Benefits		268,108
Purchased Services		296
Supplies and Materials		7,554

ACADEMIC STUDENT ASSESSMENT

Purchased Services		37,804
--------------------	--	--------

Total Instructional Staff \$ 1,376,896

GENERAL ADMINISTRATION

BOARD OF EDUCATION

Salaries	\$	6,150
Employee Benefits		471
Purchased Services		136,449
Supplies and Materials		13,620
Other Expenses		21,693

EXECUTIVE ADMINISTRATION

Salaries		260,646
Employee Benefits		120,975
Purchased Services		3,291
Supplies and Materials		5,508
Other Expenses		8,269

Total General Administration \$ 577,072

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Expenditures (Continued)
General Fund
Year Ended June 30, 2018

SUPPORTING SERVICES (Continued)

SCHOOL ADMINISTRATION

OFFICE OF PRINCIPAL

Salaries	\$	747,238
Employee Benefits		513,344
Purchased Services		13,192
Supplies and Materials		4,732

Total School Administration \$ 1,278,506

BUSINESS SERVICES

FISCAL SERVICES

Salaries	\$	261,131
Employee Benefits		256,134
Purchased Services		13,515
Supplies and Materials		5,112
Other Expenses		3,444

INTERNAL SERVICES

Purchased Services		24,675
--------------------	--	--------

OTHER BUSINESS

Purchased Services		85,132
Other Expenses		217,258

Total Business Services \$ 866,401

MAINTENANCE AND OPERATIONS

MAINTENANCE AND OPERATIONS

Salaries	\$	44,651
Employee Benefits		29,898
Purchased Services		1,166,378
Supplies and Materials		400,827

SECURITY SERVICES

Purchased Services		183,538
--------------------	--	---------

Total Maintenance and Operations \$ 1,825,292

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Expenditures (Continued)
General Fund
Year Ended June 30, 2018

SUPPORTING SERVICES (Continued)

PUPIL TRANSPORTATION

Salaries	\$	44,651
Employee Benefits		26,711
Purchased Services		1,693,698
Supplies and Materials		9
Other Expenses		357
		<hr/>
Total Pupil Transportation	\$	1,765,426

CENTRAL OFFICE AND TECHNOLOGY PERSONNEL

Salaries	\$	75,000
Employee Benefits		55,103
Purchased Services		21,340
Supplies and Materials		972
Other Expenses		342

TECHNOLOGY SERVICES

Salaries		70,196
Employee Benefits		70,101
Purchased Services		107,546
Supplies and Materials		22,095
		<hr/>

Total Central Office and Technology **\$** **422,695**

OTHER SUPPORT SERVICES

Salaries	\$	78,603
Employee Benefits		36,156
Purchased Services		96,446
Supplies and Materials		3,938
Capital Outlay		25,861
Other Expenses		5,301
		<hr/>

Total Other Support Services **\$** **246,305**

WESTWOOD COMMUNITY SCHOOL DISTRICT

**Other Supplemental Information
Statement of Expenditures (Continued)
General Fund
Year Ended June 30, 2018**

SUPPORTING SERVICES (Continued)

COMMUNITY SERVICE ACTIVITIES

COMMUNITY ACTIVITIES

Salaries	\$ 8,077
Employee Benefits	3,566
Supplies and Materials	<u>7,831</u>

Total Community Service Activities	<u>19,474</u>
------------------------------------	---------------

Total Supporting Services	<u>9,358,702</u>
----------------------------------	------------------

TOTAL EXPENDITURES	<u><u>\$ 21,906,655</u></u>
---------------------------	-----------------------------

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Revenue, Expenditures and Changes in
Fund Balance – Budget and Actual
Special Revenue Fund
Year Ended June 30, 2018

	CAFETERIA			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Local Sources	\$ 43,000	\$ 43,000	\$ 54,445	\$ 11,445
State Sources	36,083	36,083	30,648	(5,435)
Federal Sources	1,150,000	1,150,000	1,097,926	(52,074)
Total Revenues	1,229,083	1,229,083	1,183,019	(46,064)
EXPENDITURES				
Salaries	39,942	40,000	46,004	(6,004)
Benefits	21,742	22,000	27,517	(5,517)
Purchased Services	940,000	1,100,000	953,883	146,117
Supplies & Materials	57,000	60,000	75,895	(15,895)
Capital Outlay	10,000	10,000	47,687	(37,687)
Other Expenditures	3,200	3,200	645	2,555
Total Expenditures	1,071,884	1,235,200	1,151,631	83,569
Total Revenue Excess/(Under) Expenditures	\$ 157,199	\$ (6,117)	31,388	\$ 37,505
Fund Balance - Beginning of Year			457,476	
Fund Balance - End of Year			\$ 488,864	

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Combining Balance Sheet
Capital Project Funds
June 30, 2018

	<u>BUILDING & SITE FUND</u>	<u>SINKING FUND</u>	<u>COMBINED TOTAL</u>
ASSETS			
Restricted Investments	<u>\$ 79,936</u>	<u>\$ 106,986</u>	<u>\$ 186,922</u>
Total Assets	<u>\$ 79,936</u>	<u>\$ 106,986</u>	<u>\$ 186,922</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to Other Funds	<u>\$ 71,974</u>	<u>\$ 13,807</u>	<u>\$ 85,781</u>
Total Liabilities	<u>71,974</u>	<u>13,807</u>	<u>85,781</u>
FUND BALANCE			
Restricted for Capital Projects	<u>7,962</u>	<u>93,179</u>	<u>101,141</u>
Total Fund Balance	<u>7,962</u>	<u>93,179</u>	<u>101,141</u>
Total Liabilities and Fund Balance	<u>\$ 79,936</u>	<u>\$ 106,986</u>	<u>\$ 186,922</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance
Capital Project Funds
Year Ended June 30, 2018

	<u>BUILDING & SITE FUND</u>	<u>SINKING FUND</u>	<u>COMBINED TOTAL</u>
REVENUES			
Local Sources	\$ 1,094	\$ 1,465	\$ 2,559
Total Revenue	<u>1,094</u>	<u>1,465</u>	<u>2,559</u>
EXPENDITURES			
Capital Outlay	-	-	-
Total Program Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenue Over/(Under) Expenditures	1,094	1,465	2,559
FUND BALANCE, Beginning of Year	<u>6,868</u>	<u>91,714</u>	<u>98,582</u>
FUND BALANCE, End of Year	<u>\$ 7,962</u>	<u>\$ 93,179</u>	<u>\$ 101,141</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information Budgetary Comparison Schedule – Building and Site Fund Year Ended June 30, 2018

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local Sources	\$ 175	\$ 1,094	\$ 919
Total Revenues	<u>175</u>	<u>1,094</u>	<u>919</u>
EXPENDITURES			
Capital Outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess Revenue Over/(Under) Expenditures	<u>\$ (4,825)</u>	<u>\$ 1,094</u>	<u>\$ 5,919</u>
FUND BALANCE, Beginning of Year		<u>6,868</u>	
FUND BALANCE, End of Year		<u>\$ 7,962</u>	

WESTWOOD COMMUNITY SCHOOL DISTRICT

Other Supplemental Information
Statement of Net Position
Trust and Agency Funds
June 30, 2018

ASSETS

Cash in Bank	\$	102,757
Due from Other Funds		1,689
Petty Cash		150
Total Assets	\$	104,596

LIABILITIES AND FUND BALANCE

Due to Student and Other School Groups	\$	101,566
Funds Held in Trust		3,030
Total Liabilities and Fund Balance	\$	104,596

WESTWOOD COMMUNITY SCHOOL DISTRICT

**Other Supplemental Information
Statement of Revenue, Expenditures and
Changes in Net Position Private Purpose Funds
Trust and Agency Funds
Year Ended June 30, 2018**

	M. LOVE SCHOLARSHIP & BOOK SCHOLARSHIP
RECEIPTS	\$ -
DISBURSEMENTS	-
Excess Disbursements	-
FUNDS HELD IN TRUST, Beginning of the Year	<u>3,030</u>
FUNDS HELD IN TRUST, End of the Year	<u>\$ 3,030</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

**Other Supplemental Information
Schedule of Receipts and Disbursements and
Changes in Liability
Agency Funds
Year Ended June 30, 2018**

DUE TO STUDENT GROUPS - JULY 1, 2017	\$ 97,783
Receipts	<u>115,161</u>
Sub-Total	212,944
Disbursements	<u>111,378</u>
DUE TO STUDENT GROUPS - JUNE 30, 2017	<u><u>\$ 101,566</u></u>