



## **EAST GRAND RAPIDS PUBLIC SCHOOLS**

Kent County, Michigan

### **REGULAR Meeting of the East Grand Rapids Board of Education**

The Community Board Room at Woodcliff, 2915 Hall Street SE East Grand Rapids, MI 49506.

For Information: Phone 616-235-3535.

**Monday, October 22, 2018, 6:00 p.m.**

## **AGENDA**

1. Meeting Called to Order
2. Public Comments
3. Board Secretary's Report: Communications to and from the Board – Beth Milanowski
4. Student Council President's Report – Will Marsh

### **PRESENTATION / DISCUSSION**

5. Recognition of National Merit Semi-Finalists – Lori Johnston (Enclosure #5)

### **ACTION ITEMS – CONSENT AGENDA**

Background: In order to save time during the meeting, we are using a Consent Agenda. Items in the Consent Agenda include those that are considered routine or have been previously discussed by the Board of Education. Any Board Member may request to have any item removed for a separate discussion and vote.

Recommendation: Motion to approve items in the Consent Agenda Numbers 6 through 8.

6. Approval of Minutes of REGULAR Meeting of 09/17/2018 (Enclosure #6)
7. Approval of Minutes of SPECIAL Meeting of 10/01/2018 (Enclosure #7)
8. Approval of Payment of Bills – September 2018 (Enclosure #8)

### **OTHER ACTION ITEMS**

9. Acceptance of 2017-2018 Audit Report – Kevin Philipps (Enclosure #9)

Background: The audit was completed by Maner Costerisan this fall. The Board Finance Committee reviewed the report and recommends that the Board of Education receive the 2017-2018 Audit Report.

Recommendation: Motion to receive the 2017-2018 Audit Report as presented and recommended by the Board Finance Committee and Superintendent.

10. Approval of Proposed Amended Budget for 2018-2019 – Kevin Philipps (Enclosure #10)

Background: Each fall, the Board Finance Committee recommends a Budget Amendment to the Board of Education. The Finance Committee has reviewed the proposed amendment.

Recommendation: Motion to approve the amendment for the 2018-2019 budget as presented.

## 11. Approval of Blocktail Event

**Background:** The district received a request to hold Blocktail 2019, the Bissell Pet Foundation's annual fundraiser, on the EGRPS high school track/practice field and concession area on June 11, 2019, from 6-9pm. The board has reviewed Board Policy #9300, as well as the Michigan Liquor Control Code of 1998, and has been asked to consider approval of the event on school property. The Bissell Pet Foundation will provide a one-day beer/wine license and insurance to cover the facility and its participants, as well as security and clean-up. In order for this event to occur on school property, the board must approve of a one-time exception to waive board policy and allow alcohol to be served on school property for this specific event.

**Recommendation:** Motion to approve of a one-time exception to waive Board Policy #9300 and allow alcohol to be served on school property for Blocktail 2019 as described.

## ADMINISTRATIVE REPORTS

### 12. Superintendent

- Parent/Teacher Conferences

### 13. Assistant Supt. of Business

### 14. Assistant Supt. of Instruction

### 15. Board Member Reports

*Communications Committee* - Milanowski

*Facilities Committee* - Hessler

*Finance Committee* – Coles

*Joint Facilities Committee* - Bernecker

*Personnel Committee* - Bernecker

*Policy Review Committee* – Welch

*Legislative Liaison Committee* - Welch

#### Liaisons

*EGR Schools Foundation* – Wolford

*Community Action Council* – Coles

*Leadership & Youth Development (LYD)* – Hessler

*Parks & Recreation* – Hessler

*PTO Council* – Bernecker

*Parent Advocates for Special Education (PASE)* – Laackman

*Superintendent's Advisory Council (SAC)* – Milanowski

### 16. Adjournment

\* Minutes for this meeting will be available in the Superintendent's Office at 2915 Hall Street SE, East Grand Rapids, MI 49506.

\*\* If you plan to attend and have a special need and require accommodation to attend this meeting, please contact Dr. Heidi S. Kattula, Superintendent, at 616-235-3535.



**NATIONAL MERIT SCHOLARSHIP CORPORATION**

1560 Sherman Avenue, Suite 200, Evanston, Illinois 60201-4897 (847) 866-5100

BOARD ENCLOSURE

October 19, 2018

Item No. 5

**SEMIFINALISTS IN THE 2019  
NATIONAL MERIT® SCHOLARSHIP PROGRAM  
September 12, 2018 Announcement**

Contact: Eileen Artemakis or Matthew Budreau  
Public Information

Phone: (847) 866-5100  
Email: [mediainfo@nmerit.net](mailto:mediainfo@nmerit.net)  
Website: [www.nationalmerit.org](http://www.nationalmerit.org)

**Advance: For release on Wednesday, September 12, 2018**

**Note to editors: Semifinalists in your state are listed alphabetically by city and high school following this press release.**

*This material is prepared solely for news media to announce the names of Semifinalists; its use for any other purpose is prohibited.*

*Caution: Using numbers of Semifinalists to compare high schools, educational systems, or states will result in erroneous conclusions. The National Merit® Scholarship Program honors individual students who show exceptional academic ability and potential for success in rigorous college studies. The program does not measure the quality or effectiveness of education within a school, system, or state. For more information about the competition, please visit NMSC's website at [www.nationalmerit.org](http://www.nationalmerit.org).*

**Semifinalists in the 2019 National Merit® Scholarship Program**

(Evanston, Illinois) Today officials of National Merit Scholarship Corporation (NMSC) announced the names of approximately 16,000 Semifinalists in the 64<sup>th</sup> annual National Merit Scholarship Program. These academically talented high school seniors have an opportunity to continue in the competition for some 7,500 National Merit Scholarships worth more than \$31 million that will be offered next spring. To be considered for a Merit Scholarship® award, Semifinalists must fulfill several requirements to advance to the Finalist level of the competition. Over 90 percent of the Semifinalists are expected to attain Finalist standing, and about half of the Finalists will win a National Merit Scholarship, earning the Merit Scholar® title.

NMSC, a not-for-profit organization that operates without government assistance, was established in 1955 specifically to conduct the annual National Merit Scholarship Program. Scholarships are underwritten by NMSC with its own funds and by approximately 410 business organizations and higher education institutions that share NMSC's goals of honoring the nation's scholastic champions and encouraging the pursuit of academic excellence.

### **Steps in the 2019 Competition**

Over 1.6 million juniors in about 22,000 high schools entered the 2019 National Merit Scholarship Program by taking the 2017 Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT<sup>®</sup>), which served as an initial screen of program entrants. The nationwide pool of Semifinalists, representing less than one percent of U.S. high school seniors, includes the highest-scoring entrants in each state. The number of Semifinalists in a state is proportional to the state's percentage of the national total of graduating seniors.

To become a Finalist, the Semifinalist and his or her high school must submit a detailed scholarship application, in which they provide information about the Semifinalist's academic record, participation in school and community activities, demonstrated leadership abilities, employment, and honors and awards received. A Semifinalist must have an outstanding academic record throughout high school, be endorsed and recommended by a high school official, write an essay, and earn SAT<sup>®</sup> scores that confirm the student's earlier performance on the qualifying test.

From the approximately 16,000 Semifinalists, about 15,000 are expected to advance to the Finalist level, and in February they will be notified of this designation. All National Merit Scholarship winners will be selected from this group of Finalists. Merit Scholar designees are selected on the basis of their skills, accomplishments, and potential for success in rigorous college studies, without regard to gender, race, ethnic origin, or religious preference.

### **National Merit Scholarships**

Three types of National Merit Scholarships will be offered in the spring of 2019. Every Finalist will compete for one of 2,500 National Merit<sup>®</sup> \$2500 Scholarships that will be awarded on a state-representational basis. About 1,000 corporate-sponsored Merit Scholarship awards will be provided by approximately 230 corporations and business organizations for Finalists who meet their specified criteria, such as children of the grantor's employees or residents of communities where sponsor plants or offices are located. In addition, about 180 colleges and universities are expected to finance some 4,000 college-sponsored Merit Scholarship awards for Finalists who will attend the sponsor institution.

National Merit Scholarship winners of 2019 will be announced in four nationwide news releases beginning in April and concluding in July. These scholarship recipients will join some 338,000 other distinguished young people who have earned the Merit Scholar title.

# # #

## Our Mission

*Educating and inspiring each student  
to navigate successfully  
in a global community*

BOARD ENCLOSURE  
October 22, 2018  
Item No. 6

DRAFT

## EAST GRAND RAPIDS PUBLIC SCHOOLS

Kent County, Michigan

### REGULAR MEETING of the East Grand Rapids Board of Education

The James E. Morse Administration Center at Woodcliff  
2915 Hall Street SE, East Grand Rapids, MI 49506

Monday, September 17, 2018

### MINUTES

The **REGULAR MEETING** of the East Grand Rapids Public Schools Board of Education, Kent County, Michigan, was held on Monday, September 17, 2018, in the Community Board Room at the James E. Morse Administration Center, 2915 Hall Street SE, Grand Rapids, MI 49506.

#### **BOARD OF EDUCATION**

Present: Natalie Bernecker, Elizabeth Welch, Beth Milanowski, Brian Coles, Mark Hessler, Brad Laackman  
Absent: Robert Wolford  
Administration: Dr. Heidi Kattula, Kevin Philipps, Jenny Fee, Doug Jenkins, Anthony Morey, Shelly Schram, Carlye Allen, Caroline Breault-Cannon, Stephanie Thelen

#### Meeting Called to Order

President Bernecker called the meeting to order at 6:00 p.m.

#### Public Comments – None

President Bernecker expressed appreciation from the entire board for the district's handling of today's security alert. The administration and staff kept our students' safety as their top priority throughout the incident, and Bernecker thanked Dr. Kattula for her leadership. Communications were sent to EGRPS families throughout the day to keep them informed.

#### Board Secretary's Report: Communications to and from the Board – None

#### Student Council President's Report

Will Marsh, Student Council President, reported that preparations for Homecoming activities are underway and he shared some of the changes that will take place this year.

Member Wolford arrived at 6:10 p.m.

#### **ACTION ITEMS - CONSENT AGENDA**

Background: In order to save time during the meeting, we are using a Consent Agenda. Items in the Consent Agenda include those that are routine or have been previously discussed by the Board of Education. Any board member may request to have any item removed for a separate discussion and vote.

Recommendation: Motion to approve the items in the Consent Agenda, Numbers 5-8.

Approval of Minutes of REGULAR Meeting of 8/14/2018 (Enclosure #5)

Approval of Minutes of SPECIAL Meeting of 8/30/2018 (Enclosure #6)

Approval of Payment of Bills – August 2018 (Enclosure #7)

Second Reading and Approval of Revised Policy #8363 (Enclosure #8)

Member Laackman moved to approve Consent Agenda items 5-8. Member Hessler seconded the motion. Motion passed 7-0.

#### **OTHER ACTION ITEMS**

Approval of Design Development Drawings and Budget – 2019 Bond Construction Program – Kevin Philipps (Enclosure #9)

Background: Administration has been collaborating with our architects (GMB) and construction manager (OAK), to complete the design development drawings and budget for improvements planned for the high school, middle school, and Woodcliff in spring and summer of 2019. GMB will present the scope of work, and OAK will present the budget for these projects. The Facilities Committee has reviewed the drawings and budget, recommending approval.

Recommendation: Motion to approve the design development drawings and budget for the middle and high school improvements from the 2019 construction program as recommended.

Kevin Philipps, Assistant Superintendent of Business, introduced Rob DenBesten from GMB who provided an overview of the design development drawings which includes roofing, plumbing, and hardware projects; and Kris Ford from OAK provided the budget for improvements planned for the high school, middle school, and Woodcliff under the 2019 Bond Construction Program. A discussion was held among the board.

Member Hessler moved to approve design development drawings and budget for the middle and high school improvements from the 2019 construction program as recommended. Member Laackman seconded the motion. Motion passed 7-0.

Approval of Revised Grounds Maintenance Agreement with the City of East Grand Rapids – Kevin Philipps (Enclosure #10)

Background: The City of East Grand Rapids and school district have a “grounds maintenance agreement,” which defines how the City Parks and Recreation Department will maintain city and school grounds. This agreement has been in place since 1995, but never updated. City and District administration worked together recently to modernize the agreement to reflect current city and school grounds and facilities as well as current needs within the school district. The Finance Committee has reviewed the agreement and recommends approval.

Recommendation: Motion to approve the revised Grounds Maintenance Agreement with the City of East Grand Rapids as recommended.

Kevin Philipps presented an overview of the revised Grounds Maintenance Agreement with the City of East Grand Rapids. A discussion was held among the board.

Member Milanowski moved to approve the revised Grounds Maintenance Agreement with the City of East Grand Rapids as recommended. Member Welch seconded the motion. Motion passed 7-0.

Appoint Delegate Representatives to MASB Fall Conference Delegate Assembly – President Bernecker

Background: The Michigan Association of School Boards 2018 Delegate Assembly is meeting for the annual 2018 Fall Conference at the Amway Grand Hotel on Thursday, November 1 at 7:30pm. Three delegates may be appointed to represent the East Grand Rapids Board of Education.

Recommendation: Motion to appoint Delegate Representatives to MASB Fall Conference Delegate Assembly.

Member Bernecker moved to appoint Mark Hessler to represent the East Grand Rapids Board of Education at the MASB Fall Conference Delegate Assembly. Member Coles seconded the motion. Motion passed 7-0.

Approval of Superintendent Goals for 2018-2019 – Dr. Kattula (Enclosure #12)

Background: The Superintendent Goals for 2018-2019 are presented.

Recommendation: Motion to approve the finalized Superintendent’s Goals for 2018-2019 as presented.

President Bernecker reported that the board received Dr. Kattula’s Goals for 2018-2019 and shared that the goals are closely aligned with the district Strategic Plan and does not represent all the work of the administrative team in the district; rather, it is an overview of major items to focus on this year. Dr. Kattula reported that her goals represent some items that are reviewed on an annual basis and provided an overview of her goals as presented. Kattula also restated the events that occurred earlier today that resulted in a partial lockdown in our school buildings and thanked the administration and staff for their communication and efforts in keeping our students safe. Bernecker thanked Dr. Kattula and shared that the board is pleased with how things are moving forward, and today was a perfect example of leadership and team efforts. A discussion was held among the board.

Member Laackman moved to approve the Superintendent’s Goals for 2018-2019 as presented. Member Hessler seconded the motion. A discussion was held among the board. Motion passed 7-0. President Bernecker thanked Dr. Kattula for her work in establishing the goals.

Approval of New Teacher Contracts – Dr. Kattula (Enclosure #13)

Dr. Kattula announced the hiring of Shelly Gullett, middle school special education teacher.

Member Coles moved to approve the Teacher Contract as presented. Member Laackman seconded the motion. Motion passed 7-0.

**ADMINISTRATIVE REPORTS**

Superintendent

Dr. Kattula reported on the events that occurred today resulting in a partial lockdown of our school buildings. She thanked the administrative team, faculty, and staff for their support. Positive input was received from the community.

Dr. Kattula provided an overview of the upcoming Hearts of Gold activities/event, and communication will be sent to EGRPS families. She shared that she has also held discussions on ways to provide further district communications, including social media.

Dr. Kattula shared that she will attend the Michigan Association of Superintendents & Administrators (MASA) Fall Conference Wednesday-Friday this week. She is looking forward to attending the middle school Regatta on Friday. A board discussion followed Dr. Kattula’s reports.

Assistant Superintendent of Business

Kevin Philipps shared an update on student enrollment numbers, currently at 2,892 which is above the forecasted number by approximately 14 students. For an actual per-pupil count, we will need to consider the number of students that are not 1.0 FTE. The projected per-pupil blended FTE count is 2,889. This is a decrease compared to last year due to the larger high school classes trending out. Based on current enrollment numbers, eligible teachers would receive a salary increase as reflected in the salary formula included in the contract.

Assistant Superintendent of Instruction

Jenny Fee reported on New Teacher Orientation that was held in August. All teachers participated in August professional development sessions focused on literacy and reading. Eighty staff members attended Implicit Bias training; middle school staff attended Restorative Practices training; and K-5 staff attended NexGeneration Science training. Technology integration sessions were also held.

Fee shared that the EGR Schools Foundation provided funding for books for classroom libraries.

Fee reported on school safety, Title IX, and the implementation of OK2SAY at the middle school and high school.

Board Member Reports

*Communications Committee* – Member Milanowski reported on discussions relating to social media and a potential survey to parents on communication preferences.

*Facilities Committee* – No reports.

*Finance Committee* – Member Coles reported that a district audit was recently completed and the results of the audit report will be presented at a future board meeting. Committee reviewed health care costs and the board's support of the West Michigan Health Insurance Pool as the most affordable option.

*Joint Facilities Committee* – No reports.

*Personnel Committee* – No reports.

*Policy Review Committee* – Member Welch reported on the policy revision as presented and approved this evening.

*Legislative Liaison Committee* – Member Welch reported that a Legislative Town Hall was held on September 11, and Dr. Kattula moderated the event and it went well. Community members were very happy with the event and it was well organized.

Liaisons

*EGR Schools Foundation* – Member Wolford reported that the first meeting will be held tomorrow.

*Community Action Council* – No reports.

*Leadership & Youth Development (LYD)* – Member Milanowski reported that Senior Retreat went well. Tommy Kawel is looking at ways to work with our younger students.

*Parks & Recreation* – No reports.

*PTO Council* – No reports.

*Parent Advocates for Special Education (PASE)* – No reports.

*Superintendent's Advisory Council (SAC)* – No reports.

**ADJOURNMENT**

President Bernecker adjourned the meeting at 7:11 p.m.

Respectfully submitted,

Beth Milanowski, Secretary  
East Grand Rapids Public Schools Board of Education

\* Minutes for this meeting will be available in the Superintendent's Office at 2915 Hall St. SE, East Grand Rapids, MI 49506. The phone number is 235-3535.

\*\* If you plan to attend and have a special need and require accommodation to attend this meeting, please contact Dr. Heidi S. Kattula, Ed.D., Superintendent, at 235-3535.

**Our Mission**

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BOARD ENCLOSURE

October 22, 2018

Item No. 7

DRAFT

**EAST GRAND RAPIDS PUBLIC SCHOOLS**

Kent County, Michigan

**SPECIAL MEETING of the East Grand Rapids Board of Education**

The James E. Morse Administration Center at Woodcliff  
2915 Hall Street SE, East Grand Rapids, MI 49506

**Monday, October 1, 2018**

**MINUTES**

The **SPECIAL MEETING** of the East Grand Rapids Public Schools Board of Education, Kent County, Michigan, was held on Monday, October 1, 2018, in the Community Board Room at the James E. Morse Administration Center, 2915 Hall Street SE, Grand Rapids, MI 49506.

**BOARD OF EDUCATION**

Present: Natalie Bernecker, Elizabeth Welch, Brian Coles, Mark Hessler, Brad Laackman

Absent: Beth Milanowski, Robert Wolford

Administration: Dr. Heidi Kattula

Other: Dr. Rodney Green, MASB Consultant

Meeting Called to Order

President Bernecker called the meeting to order at 7:36 a.m.

Public Comments – None

**PRESENTATION / DISCUSSION ITEMS**

President Bernecker explained the purpose of today’s meeting and welcomed Dr. Rodney Green, MASB Consultant. Dr. Green facilitated the workshop on Superintendent Roles and Relationships and Board Governance and provided an in-depth presentation.

Member Milanowski arrived at 7:51 a.m.

A discussion was held among the board throughout the workshop.

President Bernecker thank Dr. Green for facilitating the meeting and providing the board with an informative session.

**ADJOURNMENT**

President Bernecker adjourned the meeting at 8:35 a.m.

Respectfully submitted,

Beth Milanowski, Secretary  
East Grand Rapids Public Schools Board of Education

\* Minutes for this meeting will be available in the Superintendent’s Office at 2915 Hall St. SE, East Grand Rapids, MI 49506. The phone number is 235-3535.

\*\* If you plan to attend and have a special need and require accommodation to attend this meeting, please contact Dr. Heidi S. Kattula, Ed.D., Superintendent, at 235-3535.

**BUSINESS OFFICE**

**MEMORANDUM**

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Date: October 22, 2018

To: Dr. Heidi S. Kattula, Ed.D., Superintendent  
The Board of Education

From: Kevin D. Philipps, Assistant Superintendent of Business

Subject: September 2018 Payment of Bills

APPROVE **September General Fund (11)** – checks #127350 through check #127417, with the exception of voided check #127366, in the total amount of \$809,467.66.

APPROVE **September Athletic Fund (21)** – checks #16003 through check #21813 in the total amount of \$26,186.52.

APPROVE **September Athletic Fund (31)** – check #1022, which was voided, in the amount of \$500.00.

APPROVE **September Sinking Fund (41)** – check #554 in the total amount of \$14,868.75.

APPROVE **September Capital Projects (43)** – no checks this month.

APPROVE **September Student Activity Fund (61)** – checks #26242 through #26279 in the total amount of \$35,197.68.

APPROVE **September Joint Facilities Fund** – no checks this month.

APPROVE **September Debt Retirement** – no checks this month.

BOARD ENCLOSURE

October 22, 2018

Item No. 9

**EAST GRAND RAPIDS PUBLIC SCHOOLS**

**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional**  
**supplementary information)**

**YEAR ENDED JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
East Grand Rapids Public Schools

### **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 East Grand Rapids Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the East Grand Rapids Public Schools' 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 East Grand Rapids Public Schools as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 13 to the financial statements, East Grand Rapids Public Schools implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Grand Rapids Public Schools basic financial statements. The additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2018 on our consideration of East Grand Rapids Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of East Grand Rapids Public Schools' 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 East Grand Rapids Public Schools' internal control over financial reporting and compliance.

*Maney Costeiran PC*

October 10, 2018

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

As management of the District, we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which immediately follow this section.

For the year ended June 30, 2018, East Grand Rapids Public Schools implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These changes are significant at the government-wide level.

**Overview of the Financial Statements**

This annual report consists of three parts: Management’s Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *District-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide statements.
- *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Required Supplementary Information and additional supplementary information follows and includes budget to actual comparison, required pension information, required other postemployment benefit information, combining and individual fund statements, schedule of debt maturities, and corresponding letter.

**District-wide Statements**

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows, liabilities, and deferred inflows. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The two District-wide statements report the District's net position, and how they have changed. Net position - the difference between the District's assets, deferred outflows, liabilities, and deferred inflows - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

**Condensed District-wide Financial Information**

The Statement of Net Position provides financial information on the District as a whole.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Assets:		
Current and other assets	\$ 7,432,279	\$ 7,892,412
Capital assets	66,966,208	70,108,426
Total assets	<u>74,398,487</u>	<u>78,000,838</u>
Deferred outflows	<u>12,632,845</u>	<u>7,010,955</u>
Liabilities:		
Other liabilities	4,125,769	4,498,855
Noncurrent liabilities	84,274,558	88,006,666
Net pension liability	46,377,719	44,035,408
Net other postemployment benefit liability	15,809,543	-
Total liabilities	<u>150,587,589</u>	<u>136,540,929</u>
Deferred inflows	<u>5,911,802</u>	<u>3,054,965</u>
Net position:		
Net investment in capital assets	(11,811,294)	(12,386,780)
Restricted for capital projects - sinking fund	312,941	427,627
Restricted for joint facilities	187,211	122,949
Unrestricted	<u>(58,156,917)</u>	<u>(42,747,897)</u>
Total net position	<u>\$ (69,468,059)</u>	<u>\$ (54,584,101)</u>
The 2017 figures have not been updated for the adoption of GASB 75.		

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The Statement of Activities presents changes in net position from operating results:

	Fiscal year ended			
	June 30, 2018		June 30, 2017	
	Amount	%	Amount	%
General revenues:				
Property taxes	\$ 9,368,576	24.03%	\$ 9,034,335	24.15%
State sources, unrestricted	21,459,078	55.03%	21,402,680	57.22%
Investment earnings	20,583	0.05%	36,974	0.10%
Other	526,206	1.35%	810,104	2.17%
Total general revenues	31,374,443	80.46%	31,284,093	83.64%
Program revenues:				
Charges for services	1,799,892	4.62%	1,615,663	4.32%
Operating grants	5,819,955	14.93%	4,502,663	12.04%
Total revenues	38,994,290	100.00%	37,402,419	100.00%
Expenses:				
Instruction	22,720,599	59.73%	21,370,431	58.94%
Support services	11,303,476	29.72%	10,845,764	29.91%
Community services	527,221	1.39%	508,202	1.40%
Food services	197,106	0.52%	214,996	0.59%
Interest on long-term debt	3,291,087	8.65%	3,315,932	9.15%
Total expenses	38,039,489	100.00%	36,255,325	100.00%
Change in net position	<u>\$ 954,801</u>		<u>\$ 1,147,094</u>	
The 2017 figures have not been updated for the adoption of GASB 75.				

The District's financial position is the product of many factors. Historical expenditure reductions and closely monitored spending practices helped ensure the financial stability of the General Fund.

The District's total revenues increased 4% to \$38.9 million. Unrestricted State aid accounted for 57% of the revenues, while property taxes amounted to 24%. Another 15% came from state and federal aid for specific programs and the remainder from fees charged for services, interest earnings and miscellaneous sources.

The total cost of all programs and services increased 5% to \$38.0 million. Increases in personnel expense and supporting services contributed to the increase in total District expenses for 2017-18. The District's budget committee was successful in developing a comprehensive budget plan which maintained academic programs for students in East Grand Rapids during 2017-18.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues surpassed expenses by \$954,801 on the Statement of Activities, decreasing the deficit in Net Position to \$69,468,059.

The District's improved financial position can be attributed to proactive budgeting, continually finding cost efficiencies and outstanding Community support.

- The adopted budget for 2017-2018 included a \$109 increase to the state foundation grant. State funding totaling \$2,528,923 (\$870 per pupil) was provided in 2017-2018 to offset state retirement costs. The District's enrollment decreased 31 students from 2016-2017 to 2017-2018.
- The support expressed by the community, with the recreational millage of 1.2678, resulted in additional revenue of \$881,999.
- The additional support expressed by the community from school foundation fundraising, which provided \$255,000 in support to maintain and add academic programs during 2017-2018.
- The District's work to identify over \$4,000,000 in cost efficiencies the last seven years allowed the District to have a structural surplus in 2017-2018.

The District has also worked to reduce costs in many areas through collaboration with other districts, changing contracted vendors, utilization of governmental reimbursement programs where possible and just shopping for the best price:

- The District continues to optimize revenue and reduce expense through the Federal E-Rate program and cooperative contracts for the purchase of utility services.
- The District continued its partnership with regional schools through Kent ISD (KISD) to create a regional transportation program for Special Education creating efficiencies and future additional revenues.
- The District partners with the City of East Grand Rapids to share multiple services which provides cost efficiencies and long range facility planning for jointly owned properties.

The administration will continue to leverage these and other potential cost saving programs for the next fiscal year. In response to the reduction in state school aid revenues, the District is continually streamlining expenditures and pursuing opportunities to increase revenues beyond state support.

- Local revenues including property taxes and major donations accounted for \$3.2 million, or about 10.6% of General Fund revenues.
- Most of the District's costs were financed by State Aid which represented 81% of General Fund revenues.
- The District continues to participate in the first regional self-funded employee benefits pool, which brings more competition to the school employee benefits marketplace and has increased the choice of benefit plan designs available. The District has utilized these new plan designs to lower the cost of benefits and provide the most overall cost effective plan for employees.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds’ statements explain the relationship (or difference) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**Financial Analysis of the District’s Funds**

The District uses funds to record and analyze financial information. East Grand Rapids Public School’s funds are described as follows:

**Major Funds**

General Fund

The General Fund is the primary operating fund. The General Fund had total revenues of \$30,537,816, total expenditures of \$30,342,575, and total other financing uses of \$60,566. It ended the fiscal year with a fund balance of \$2,796,190 up from \$2,661,515 as of June 30, 2018, for an increase of \$134,675.

Capital Projects - 2014 Building and Site Fund

The Capital Projects Building and Site Fund is funded by bond proceeds which are utilized to improve District facilities. Current year revenues totaled \$426, expenditures totaled \$126,412, leaving a remaining fund balance at June 30, 2018 of \$0. The projects for which the 2014 bonds sale were issued were considered substantially complete as of June 30, 2017

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Nonmajor Funds**

Special Revenue Funds

There are three Special Revenue Funds. Total revenues were \$1,144,775 total expenditures were \$1,141,115, and other financing sources were \$60,602. The ending fund balances in the Special Revenue Funds totaled \$197,174.

Debt Service Funds

The District operates seven Debt Service Funds. Total revenues were \$6,979,500, total expenditures were \$9,594,225 and other financing sources from loan proceeds were \$2,500,404. The ending fund balances in the Debt Service Funds totaled \$72,339.

Capital Projects Funds

There is one nonmajor Capital Projects Funds incorporated into the financial statements of the District. Total revenues were \$340,190 and total expenditures were \$414,876. Ending fund balances totaled \$727,941 at June 30, 2018.

Fiduciary Funds

The Student Activities Fund and the Scholarship Fund are operated as Trust and Agency Funds of the District. The assets of these funds are being held for the benefit of District students. Balances on hand at June 30, 2018 totaled \$658,657.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget twice. The amendments provide an update of the annual budget as the fiscal year proceeds and more information is known.

- Adjustments to revenues took into consideration the actual level of per pupil state funding as well as the actual student enrollment. These two factors determine how much total school aid will be received during the fiscal year. Expenditures are amended to reflect actual personnel costs and other operational changes realized during the fiscal year.
- The District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$148,882. Actual results for the year show a \$134,675 excess of revenues over expenditures.
- Actual revenues exceeded the budgeted revenues by \$146,356.
- The budgeted expenditures exceeded actual expenditures by \$138,467.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of 2018, the District had capital assets totaling \$115 million in a broad range of capital assets, including land, construction in process, school buildings, athletic facilities, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in the Notes to Financial Statements.)

At June 30, 2018, the District's investment in capital assets (net of accumulated depreciation) was \$66,966,208. Accumulated depreciation increased \$3,472,556, leaving a net decrease in the book value of capital assets of \$3,142,218. Net capital assets of the District at June 30, 2018 are detailed as follows:

	Cost	Accumulated depreciation	2018 Net book value	2017 Net book value
Land	\$ 450,000	\$ -	\$ 450,000	\$ 450,000
Land improvements	19,037,119	8,835,793	10,201,326	10,676,564
Buildings and additions	85,267,280	32,884,935	52,382,345	54,049,212
Furniture and equipment	10,298,033	6,418,555	3,879,478	4,862,835
Vehicles	313,795	260,736	53,059	69,815
	<u>\$ 115,366,227</u>	<u>\$ 48,400,019</u>	<u>\$ 66,966,208</u>	<u>\$ 70,108,426</u>

**Long-term Debt**

At year end, the District had total long-term liability of \$84 million, a net decrease of \$3,947,315 from June 30, 2018.

The District bond rating for general obligation debt remains at "A3". The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a District's boundaries. The District's other obligations include borrowings from the state school bond loan fund. We present more detailed information about our long-term liabilities in the Notes to Financial Statements.

	2018	2017
General obligations - net	\$ 74,112,227	\$ 81,182,678
School bond loan fund/School loan revolving fund	8,706,913	6,206,509
Compensated absences	1,087,370	464,638
	<u>\$ 83,906,510</u>	<u>\$ 87,853,825</u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- State student foundation funding for East Grand Rapids in 2017-2018 still has not recaptured all of the \$470 per student reduction realized in 2011-2012. Although funding has increased in recent years, the budget priorities of the state's legislators has limited those increases. Required contributions to the state school employee retirement system (MPSERS), as well as contributions to state community colleges and higher education universities from the School Aid Fund has prevented East Grand Rapids recapturing funding levels received eight years ago. Looking to the future, commitments made by the state's legislature towards non-education programs will place additional pressure on the state budget in the next few years. The District will prepare for potential reductions to overall state appropriations and the possible impact that would have on the School Aid Fund and student foundation funding levels.
- Student enrollment has decreased slightly over the last several years, and demographic projections indicate the decline will continue the next few years before stabilizing. A moderately declining enrollment, combined with a potential lack of stability in the funding stream from the State, could reduce state revenues and place stress on the District's General Fund.
- District administration continues to remain diligent in its decision-making, as the Board has been able to recapture structural balance in the General Fund budget and increase reserves to a stable level. Key to the structural balance were collective bargaining agreements ratified in August 2015 and extended through June 30, 2020. The agreements provide increases or decreases in staff compensation based on changes in total state revenues, health insurance costs and state retirement costs. The compensation formula significantly increases budget stability in the General Fund.
- Since the 2011-2012 fiscal year, the District has benefited from the fundraising efforts of the school's foundation to provide additional resources to the General Fund to maintain academic programming. On average, the foundation has provided \$300,000 per year. Continuation of the annual fundraising will be crucial to maintaining structural balance in the General Fund while maintaining current academic programming.
- In September 2012, the Governor signed P.A. 300 of 2012 - MPSERS Reform into law. This law is the first step by the legislature to reform the Michigan Public Schools Employee Retirement System (MPSERS) in order to increase affordability and sustainability into the future. The law capped the District's contribution to the system's unfunded liability at 20.96% of payroll. The State's School Aid Fund finances contributions in addition to the 20.96%. In 2017-2018, East Grand Rapids received \$1,856,940 to support the contributions above the capped unfunded liability rate. This contribution represented \$639 per student. The overall unfunded liability of the system will continue to increase moderately for the immediate future, requiring an increasing amount of State School Aid Fund dollars to satisfy annual required contributions. This will limit potential increases to the state per pupil foundation allowance.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- In July 2017, the Governor signed P.A. 92 of 2017 - MPSERS Reform into law. This new set of reforms introduced an enhanced defined contribution plan for new school employees and put other cost control measures in place to increase the affordability and sustainability of the system in the future.
  
- In 2010, Congress enacted the Patient Protection and Affordable Care Act (PPACA) in order to increase the number of Americans covered by health insurance and decrease the cost of health care. The law puts in place comprehensive health insurance reforms that will roll out over four years and beyond, with all changes taking place by 2016. The economic impact of healthcare cost increases continue to be a challenge for the District and its employees. District administration will continue working with its healthcare providers to implement provisions of the PPACA as they become required.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, East Grand Rapids Public Schools, 2915 Hall Street, East Grand Rapids, MI 49506.

## **BASIC FINANCIAL STATEMENTS**

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>Governmental activities</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 1,786,206
Investments	55,194
Receivables:	
Intergovernmental	4,702,089
Property taxes and other receivables	389,011
Due from trust and agency	237,130
Inventories	98,733
Prepays	162,968
Cash and cash equivalents - restricted 2014 capital projects fund	948
Capital assets not being depreciated	450,000
Capital assets, net of accumulated depreciation	66,516,208
<b>TOTAL ASSETS</b>	<b>74,398,487</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred charge on refunding	1,049,253
Related to pension	10,374,950
Related to other postemployment benefit	1,208,642
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>12,632,845</b>
<b>LIABILITIES:</b>	
Accounts payable	50,538
Accrued salaries and related items	2,107,906
Accrued retirement	784,638
Accrued interest	493,826
Due to trust and agency	700
Due to other governments	31,883
Unearned revenue	14,031
Notes payable	642,247
Noncurrent liabilities:	
Due within one year	6,992,087
Due in more than one year	76,914,423
Due in more than one year - accrued interest payable	368,048
Net pension liability	46,377,719
Net other postemployment benefit liability	15,809,543
<b>TOTAL LIABILITIES</b>	<b>150,587,589</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Related to pension	3,520,384
Related to other postemployment benefit	534,478
Related to state aid funding for pension and other postemployment benefit	1,856,940
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,911,802</b>
<b>NET POSITION:</b>	
Net investment in capital assets	(11,811,294)
Restricted for capital projects - sinking fund	312,941
Restricted for joint facilities	187,211
Unrestricted	(58,156,917)
<b>TOTAL NET POSITION</b>	<b>\$ (69,468,059)</b>

See notes to financial statements.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Net (expense)</u>
		<u>services</u>	<u>grants</u>	<u>revenue and</u>
				<u>changes in</u>
				<u>net position</u>
Governmental activities:				
Instruction	\$ 22,720,599	\$ 512,922	\$ 5,781,217	\$ (16,426,460)
Support services	11,303,476	562,866	36,782	(10,703,828)
Community services	527,221	521,328	1,956	(3,937)
Food services	197,106	202,776	-	5,670
Interest and fees on long-term debt	3,291,087	-	-	(3,291,087)
Total governmental activities	<u>\$ 38,039,489</u>	<u>\$ 1,799,892</u>	<u>\$ 5,819,955</u>	<u>(30,419,642)</u>
General revenues:				
Property taxes, levied for general purposes				1,219,456
Property taxes, levied for recreation fund				881,999
Property taxes, levied for capital projects - sinking fund				336,105
Property taxes, levied for debt service				6,931,016
State sources - unrestricted				21,459,078
Investment earnings				20,583
Other				526,206
Total general revenues				<u>31,374,443</u>
<b>CHANGE IN NET POSITION</b>				954,801
<b>NET POSITION, beginning of year, as restated</b>				<u>(70,422,860)</u>
<b>NET POSITION , end of year</b>				<u><u>\$ (69,468,059)</u></u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>General fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,118,102	\$ -	\$ 668,104	\$ 1,786,206
Cash and cash equivalents restricted capital projects	-	948	-	948
Investments	55,194	-	-	55,194
Receivables:				
Accounts receivable	363,451	-	25,560	389,011
Intergovernmental	4,702,089	-	-	4,702,089
Due from other funds	71,875	814	358,974	431,663
Due from agency funds	81,237	-	155,893	237,130
Inventories	98,733	-	-	98,733
Prepays	161,383	-	1,585	162,968
<b>TOTAL ASSETS</b>	<u>\$ 6,652,064</u>	<u>\$ 1,762</u>	<u>\$ 1,210,116</u>	<u>\$ 7,863,942</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 50,538	\$ -	\$ -	\$ 50,538
Accrued salaries and related items	2,102,524	-	5,382	2,107,906
Accrued retirement	784,638	-	-	784,638
Accrued interest	6,692	-	-	6,692
Due to other funds	222,621	1,762	207,280	431,663
Due to agency fund	700	-	-	700
Due to other governments	31,883	-	-	31,883
Unearned revenue	14,031	-	-	14,031
Notes payable	642,247	-	-	642,247
<b>TOTAL LIABILITIES</b>	<u>3,855,874</u>	<u>1,762</u>	<u>212,662</u>	<u>4,070,298</u>

See notes to financial statements.

	<u>General fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventories	\$ 98,733	\$ -	\$ -	\$ 98,733
Prepays	161,383	-	1,585	162,968
Restricted for:				
Debt service	-	-	72,339	72,339
Capital projects fund - sinking fund	-	-	312,941	312,941
Joint facilities	-	-	187,211	187,211
Recreation fund	-	-	9,963	9,963
Committed - sinking fund	-	-	415,000	415,000
Unassigned reported in:				
General fund	2,536,074	-	-	2,536,074
Food service fund	-	-	(1,585)	(1,585)
	<u>2,796,190</u>	<u>-</u>	<u>997,454</u>	<u>3,793,644</u>
<b>TOTAL FUND BALANCES</b>	<u>2,796,190</u>	<u>-</u>	<u>997,454</u>	<u>3,793,644</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,652,064</u>	<u>\$ 1,762</u>	<u>\$ 1,210,116</u>	<u>\$ 7,863,942</u>
<b>Total governmental fund balances</b>				\$ 3,793,644
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred charge on refunding				1,049,253
Deferred outflows of resources - related to pension				10,374,950
Deferred inflows of resources - related to pension				(3,520,384)
Deferred outflows of resources - related to other postemployment benefit				1,208,642
Deferred inflows of resources - related to other postemployment benefit				(534,478)
Deferred inflows of resources - related to state pension funding and other postemployment benefit				(1,856,940)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			\$ 115,366,227	
Accumulated depreciation is			<u>(48,400,019)</u>	66,966,208
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Bonds and other debt payable				(82,819,140)
Compensated absences and other benefits				(1,087,370)
Net pension liability				(46,377,719)
Net other postemployment benefits liability				(15,809,543)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid:				
Accrued interest debt				<u>(855,182)</u>
<b>Net position of governmental activities</b>				<u>\$ (69,468,059)</u>

See notes to financial statements.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018**

	<u>General fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 1,219,456	\$ -	\$ 8,149,120	\$ 9,368,576
Community service	891,195	-	-	891,195
Interest	-	426	19,465	19,891
Athletics	350,855	-	-	350,855
Other	788,160	-	88,421	876,581
Total local sources	3,249,666	426	8,257,006	11,507,098
State sources	24,838,355	-	4,683	24,843,038
Federal sources	432,800	-	-	432,800
Intermediate district and other transactions	2,016,995	-	202,776	2,219,771
Total revenues	30,537,816	426	8,464,465	39,002,707
<b>EXPENDITURES:</b>				
Current:				
Instruction	19,967,143	-	-	19,967,143
Support services	10,031,287	-	-	10,031,287
Community services	344,145	-	881,999	1,226,144
Food service	-	-	203,378	203,378
Joint facilities	-	-	55,738	55,738
Capital outlay	-	126,412	414,876	541,288

See notes to financial statements.

	<u>General fund</u>	<u>2014 Capital projects fund</u>	<u>Total nonmajor funds</u>	<u>Total governmental funds</u>
<b>EXPENDITURES (Concluded):</b>				
Debt service:				
Principal repayment	\$ -	\$ -	\$ 6,490,000	\$ 6,490,000
Interest	-	-	3,092,866	3,092,866
Other	-	-	11,359	11,359
Total expenditures	<u>30,342,575</u>	<u>126,412</u>	<u>11,150,216</u>	<u>41,619,203</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>195,241</u>	<u>(125,986)</u>	<u>(2,685,751)</u>	<u>(2,616,496)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	700	-	-	700
Proceeds from school loan revolving fund	-	-	2,500,404	2,500,404
Transfers in	-	664	60,602	61,266
Transfers out	<u>(61,266)</u>	<u>-</u>	<u>-</u>	<u>(61,266)</u>
Total other financing sources (uses)	<u>(60,566)</u>	<u>664</u>	<u>2,561,006</u>	<u>2,501,104</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>134,675</u>	<u>(125,322)</u>	<u>(124,745)</u>	<u>(115,392)</u>
<b>FUND BALANCES:</b>				
Beginning of year	<u>2,661,515</u>	<u>125,322</u>	<u>1,122,199</u>	<u>3,909,036</u>
End of year	<u>\$ 2,796,190</u>	<u>\$ -</u>	<u>\$ 997,454</u>	<u>\$ 3,793,644</u>

See notes to financial statements.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

<b>Net change in fund balances total governmental funds</b>	\$ (115,392)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(3,472,556)
Capital outlay	330,338
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	668,320
Accrued interest payable, end of the year	(855,182)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:	
Payment on debt	6,490,000
Proceeds from school loan revolving fund	(2,500,404)
Amortization of deferred charge on refunding	(166,093)
Amortization of premium on debt	580,451
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and other benefits, beginning of the year	464,638
Accrued compensated absences and other benefits, end of the year	(1,087,370)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	424,918
Other postemployment benefit related items	202,250
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period:	
State aid funding for pension and other postemployment benefit, beginning of the year	1,847,823
State aid funding for pension and other postemployment benefit, end of the year	(1,856,940)
<b>Change in net position of governmental activities</b>	<u><u>\$ 954,801</u></u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2018**

	<u>Agency fund</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 658,657
Due from East Grand Rapids Public Schools	<u>700</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 659,357</u></u>
<b>LIABILITIES:</b>	
Due to East Grand Rapids Public Schools	\$ 237,130
Due to student and other groups	<u>422,227</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 659,357</u></u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, and intergovernmental revenues.

**B. Reporting Entity**

The East Grand Rapids Public Schools (the “District”) is governed by the East Grand Rapids Public Schools Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

**C. Basis of Presentation - Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Presentation - Fund Financial Statements (Continued)**

The District reports the following major governmental funds:

The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2014 capital projects fund* accounts for the revenue and expenditures that are related to the net proceeds from the issuance of the general obligations bonds that are going to be used to erect, furnish, and equip additions to school buildings; remodel, furnish, and refurbish, and equip and re-equip school buildings; acquire, install, equip and re-equip school buildings for instructional technology; develop, improve, and equip sites; and pay the costs of issuing the bonds.

The Capital projects fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital projects fund, the District has complied with the applicable provisions of §1351a of the Revised School Code.

The District issued \$15,640,000 of bonds on June 26, 2014, at which time all funds were available for the intended purpose of the bond issue. Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2014 capital projects fund. The projects for which the 2014 bonds were issued were considered complete as of June 30, 2017 and the cumulative revenues and expenditures recognized for the construction period were as follows:

	2014 Bond
Revenues and other financing sources	\$ 2,015,055
Expenditures	\$ 17,655,055

The above revenue and other financing sources figure does not include the original 2014 bond proceeds of \$15,640,000.

**Other nonmajor funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, joint facilities fund and the recreation fund activities as special revenue funds.

*Food service fund* accounts for employees to operate the District’s food service program.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Presentation - Fund Financial Statements (Concluded)**

*Joint facilities fund* accounts for specific joint revenue and expenditures between the District and City of East Grand Rapids for jointly used facilities.

*Recreation fund* accounts for the special recreation millage for the purpose of providing funds for operating a system of public recreation and playgrounds.

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund - sinking fund* accounts for revenues and expenditures that have been restricted for the purchase and upgrade of facilities throughout the District. For this fund, the District has complied with the applicable provisions of §1212(1) of the revised school code and the State of Michigan Department of Treasury Letter No. 01-95.

*Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Measurement Focus and Basis of Accounting (Continued)**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Measurement Focus and Basis of Accounting (Concluded)**

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

**F. Budgetary Information**

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Budgetary Information (Concluded)**

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2018. The District does not consider these amendments to be significant.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

2. Investments (Concluded)

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Inventories and prepaids

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

4. Capital assets (Concluded)

Land and construction in progress, if any, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings and additions	40 - 50
Furniture and equipment	3 - 15
Vehicles	5 - 10
Land improvements	20

5. Defined benefit plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit, and pension and other postemployment benefit expense, information about the fiduciary net position of the Michigan Public 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Deferred outflows

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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefit related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

7. Deferred inflows

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

8. Net position flow assumption

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

In the computation of net investment in capital assets, school bond loan fund and school loan revolving fund principal proceeds of \$8,706,913 are considered capital related debt. Accrued interest on these two funds of \$368,048 is not considered capital related debt.

In addition, during the year ended June 30, 2015 the District issued bonded debt in the amount of \$19,995,000 used to make principal and interest payments related to the School Loan Revolving Fund and the School Bond Loan Fund. 23% of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2018 is \$2,992,385.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

9. Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, 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.

10. 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 District 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

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

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)**

10. Fund balance policies (Concluded)

Minimum unassigned fund balance - the District will maintain a minimum unassigned fund balance in its general fund ranging from 10% to 20% of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing deficiencies - when fund balance falls below the minimum 10% range, the District will replenish shortages/deficiencies using the budgetary strategies and timeframes described below:

- The District will reduce recurring expenditures to eliminate any structural deficit or,
- The District will increase revenues or pursue other funding sources, or,
- Some combination of the two options above.

Minimum fund balance deficiencies shall be replenished within the following time periods:

- Deficiency resulting in a minimum fund balance between 7.5% and 10% shall be replenished over a period not to exceed one year.
- Deficiency resulting in a minimum fund balance between 5% and 7.5% shall be replenished over a period not to exceed three years.
- Deficiency resulting in a minimum fund balance of less than 5% shall be replenished over a period not to exceed five years.

At June 30, 2018 The District's Board of Education had committed fund balances as follows:

- Capital projects (sinking fund) - \$415,000 of fund balance committed for athletic field turf replacement.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Revenues and Expenditures/Expenses**

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2018, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund:	
Non-Principal Residence Exemption (PRE) Commercial Personal Property	18.0000
Special revenue fund (Recreation fund):	
PRE, Non-PRE, Commercial Personal Property	1.2678
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	9.9500
Capital projects fund (Sinking Fund):	
PRE, Non-PRE, Commercial Personal Property	0.4831

3. Compensated absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**H. Revenues and Expenditures/Expenses (Concluded)**

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

<u>Investment type</u>	<u>Fair value</u>	<u>Weighted average maturity (years)</u>	<u>Standard &amp; Poor's rating</u>	<u>%</u>
MILAF+ Max Class	\$ 271	0.0027	AAAm	4.18%
MILAF+ Cash Mgmt Class	6,217	0.0027	AAAm	95.82%
Total fair value	<u>\$ 6,488</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2018, the fair value of the District’s investments is the same as the value of the pool shares.

MILAF funds are considered external investment pools as defined by the 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 the fair value disclosures.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

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

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2018, the District did not have investments in commercial paper and corporate bonds.

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

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2018, \$2,458,773 of the District's bank balance of \$2,958,773 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount on the financial statements is \$2,494,517.

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the 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 District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)**

**Fair value measurement.** The District is required to disclose amounts within a framework established for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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 District does not have any investments subject to the fair value measurement.

At June 30, 2018, the carrying amount is as follows:

Deposits - including fiduciary funds of \$658,657	\$ 2,494,517
Investments	6,488
	\$ 2,501,005
	\$ 2,501,005

The above amounts are reported in the financial statements as follows:

Fiduciary fund:	
Cash and cash equivalents	\$ 658,657
Government-wide:	
Cash and cash equivalents	1,786,206
Investments	55,194
Cash and cash equivalents - restricted 2014 capital projects fund	948
	\$ 2,501,005
	\$ 2,501,005

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2017	Additions	Deletions	Balance July 1, 2018
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 450,000	\$ -	\$ -	\$ 450,000
Capital assets, being depreciated:				
Land improvements	19,037,119	-	-	19,037,119
Building and additions	84,972,360	294,920	-	85,267,280
Furniture and equipment	10,262,615	35,418	-	10,298,033
Vehicles	313,795	-	-	313,795
Total capital assets, being depreciated	<u>114,585,889</u>	<u>330,338</u>	<u>-</u>	<u>114,916,227</u>
Accumulated depreciation:				
Land improvements	8,360,555	475,238	-	8,835,793
Building and additions	30,923,148	1,961,787	-	32,884,935
Furniture and equipment	5,399,780	1,018,775	-	6,418,555
Vehicles	243,980	16,756	-	260,736
Total accumulated depreciation	<u>44,927,463</u>	<u>3,472,556</u>	<u>-</u>	<u>48,400,019</u>
Net capital assets, being depreciated	<u>69,658,426</u>	<u>(3,142,218)</u>	<u>-</u>	<u>66,516,208</u>
Net governmental capital assets	<u>\$ 70,108,426</u>	<u>\$(3,142,218)</u>	<u>\$ -</u>	<u>\$ 66,966,208</u>

Depreciation expense for the fiscal year ended June 30, 2018 amounted to \$3,472,556. The District allocated depreciation expense to the following activities as follows:

Instruction	\$ 2,772,511
Support	516,969
Community service	183,076
	<u>\$ 3,472,556</u>

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2018 consist of the following:

	Government- wide
Other governmental units:	
State aid	\$ 4,447,842
Federal revenue	43,709
ISD and other	210,538
Total	<u>\$ 4,702,089</u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES (Concluded)**

Amounts reported as intergovernmental receivables include amounts due from federal, state and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

**NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES**

At June 30, 2018, the District has issued state aid anticipation notes payable outstanding of \$642,247. Proceeds of the notes were used to fund school operations. All of the notes are through the State of Michigan and have the following interest rates and maturities:

<u>Note</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Maturity date</u>
2017 A-1	\$ 1,000,000	1.27%	July 20, 2018
2017 A-2	500,000	1.49%	August 20, 2018

The State Aid notes are secured by the full faith and credit of the District as well as pledged state aid. Notes 2017 A-1 and 2017 A-2 required payments to an irrevocable set-aside account of \$857,753. At year-end the balance of these payments are considered defeased debt and are not included in the year-end balance. The current year changes are as follows:

<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>
\$ 864,748	\$ 1,500,000	\$ 1,722,501	\$ 642,247

**NOTE 6 - LONG-TERM DEBT**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM DEBT (Continued)**

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2018:

	Compensated absences and other benefits	School bond loan fund (SBLF)/ school loan revolving fund (SLRF)	Bonds and other debt	Total
Balance, July 1, 2017	\$ 464,638	\$ 6,206,509	\$ 81,182,678	\$ 87,853,825
Additions	622,732	2,500,404	-	3,123,136
Deletions	-	-	7,070,451	7,070,451
Balance, June 30, 2018	1,087,370	8,706,913	74,112,227	83,906,510
Due within one year	332,087	-	6,660,000	6,992,087
Due in more than one year	\$ 755,283	\$ 8,706,913	\$ 67,452,227	\$ 76,914,423

Borrowing from the State of Michigan - The school bond loan fund (SBLF) and school loan revolving fund (SLRF) payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest rates of 3.10% for the School Bond Loan Fund and 3.10% for the School Loan Revolving Fund notes have been assessed at June 30, 2018. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.95 mills. The school district is required to levy 7.95 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 9.95 debt mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the following amortization schedule.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM DEBT (Continued)**

Bonds payable at June 30, 2018 is comprised of the following issues:

2007 Building and site bonds due in annual installments of \$325,000 to \$380,000 through May 1, 2021 with interest of 4.00%.	\$ 1,045,000
2008 Building and site bonds due in annual installments of \$145,000 to \$210,000 through May 1, 2023 with interest of 4.00%.	910,000
2011 Refunding bonds due in annual installments of \$1,030,000 to \$1,580,000 through May 1, 2021 with interest of 4.00% to 4.20%.	3,750,000
2012 Refunding bonds due in annual installments of \$15,000 to \$1,625,000 through May 1, 2029 with interest of 2.50% to 4.00%.	12,925,000
2014 Refunding bonds due in annual installments of \$1,980,000 to \$1,990,000 through May 1, 2020 with interest of 5.00%.	3,970,000
2014 Building and site bonds due in annual installments of \$100,000 to \$1,255,000 through May 1, 2039 with interest of 2.00% to 5.00%.	15,240,000
2014 Series A refunding bonds due in annual installments of \$590,000 to \$1,225,000 through May 1, 2031 with interest of 5.00%.	12,330,000
2014 Series B refunding bonds due in annual installments of \$2,475,000 to \$2,740,000 through May 1, 2023 with interest of 2.10% to 3.15%.	12,990,000
2016 Refunding bonds due in annual installments of \$365,000 to \$640,000 through May 1, 2032 with interest of 4.00%.	<u>6,410,000</u>
Total general obligation	69,570,000
Plus unamortized issuance premium	4,542,227
Obligation for compensated absences and other benefits	1,087,370
Borrowing from the State of Michigan under the School Bond Loan Fund and School Loan Revolving Fund, with interest at 3.10% at June 30, 2018.	<u>8,706,913</u>
Total general long-term debt	<u><u>\$ 83,906,510</u></u>

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2018, \$62,425,000 bonds outstanding are considered defeased.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM DEBT (Concluded)**

The District entered into a 2016 early retirement incentive arrangement with certain employees. The agreement provides for a total payment to each individual of \$35,000, with one individual receiving \$34,500. This amount will be paid out in three equal payments January 2017, 2018 and 2019. Additionally, in 2018, the district entered into an early retirement incentive with additional employees. The agreement provides for a total payment to each individual of \$45,000, with one individual receiving \$60,000. This amount will be paid out in three equal payments January 2019, 2020 and 2021. There are currently 20 employees entitled to future payments totaling \$748,167. The liability has been recorded at the face amount, as the discounted present value approximates the face amount of the liability. This amount is included in the obligation for compensated absences and other benefits.

The annual requirements to amortize debt outstanding as of June 30, 2018, including interest payments of \$24,298,726 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts payable</u>
2019	\$ 6,660,000	\$ 2,922,795	\$ 9,582,795
2020	6,895,000	2,676,945	9,571,945
2021	5,605,000	2,414,440	8,019,440
2022	5,795,000	2,214,186	8,009,186
2023	6,010,000	2,004,860	8,014,860
2024 - 2028	18,240,000	7,345,050	25,585,050
2029 - 2033	12,840,000	3,402,950	16,242,950
2034 - 2038	6,270,000	1,254,750	7,524,750
2039	1,255,000	62,750	1,317,750
	<u>69,570,000</u>	<u>24,298,726</u>	<u>93,868,726</u>
Unamortized issuance premium	4,542,227	-	4,542,227
Compensated absences and other benefits	1,087,370	-	1,087,370
School bond loan fund/School loan revolving fund	8,706,913	368,048	9,074,961
	<u><u>\$ 83,906,510</u></u>	<u><u>\$ 24,666,774</u></u>	<u><u>\$ 108,573,284</u></u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2018 are as follows:

Receivable fund		Payable fund	
General fund	\$ 71,875	General fund	\$ 222,621
Joint facilities fund	160,188	Joint facilities fund	128,629
Debt service funds	54,812	Debt service funds	8,538
2014 capital projects	814	2014 capital projects	1,762
Sinking funds	128,629	Sinking funds	42,727
Recreation fund	15,345	Food service fund	27,386
	<u>\$ 431,663</u>		<u>\$ 431,663</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS**

**Plan Description**

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www://michigan.gov/ors](http://www://michigan.gov/ors) schools.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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 of the System.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Benefits Provided - Overall**

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

<u>Plan name</u>	<u>Plan type</u>	<u>Plan status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

**Benefits Provided - Pension**

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

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

**Pension Reform 2010**

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus Plan member. Pension Plus Plan is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus Plan members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Pension Reform 2012**

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

**Option 1** - Members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until terminate public school employment.

- Basic Plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

**Option 2** - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

**Option 3** - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Pension Reform 2012 (Concluded)**

**Option 4** - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

**Final Average Compensation (FAC)** - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

**Pension Reform of 2017**

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus Plan) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6%. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for 2 consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Benefits Provided - Other Postemployment Benefit (OPEB)**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group 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 health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

**Retiree Healthcare Reform of 2012**

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

**Regular Retirement (no reduction factor for age)**

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Member Contributions**

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

**Employer Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Postemployment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 22-year period for fiscal 2017.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other postemployment benefit
October 1, 2016 - September 30, 2017	15.27% - 19.03%	5.69% - 5.91%
October 1, 2017 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

The District's pension contributions for the year ended June 30, 2018 were equal to the required contribution total. Pension contributions were approximately \$4,785,000, with \$4,735,000 specifically for the Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2018 were equal to the required contribution total. OPEB benefits were approximately \$1,396,000, with \$1,337,000 specifically for the Defined Benefit Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

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

**Pension Liabilities**

At June 30, 2018, the District reported a liability of \$46,377,719 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2016 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the District's proportion was 0.17897% and 0.17650%.

<u>MPERS (Plan) Non-university employers</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Total pension liability	\$ 72,407,218,688	\$ 67,917,445,078
Plan fiduciary net position	\$ 46,492,967,573	\$ 42,968,263,308
Net pension liability	\$ 25,914,251,115	\$ 24,949,181,770
Proportionate share	0.17897%	0.17650%
Net pension liability for the District	\$ 46,377,719	\$ 44,035,408

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

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

For the year ended June 30, 2018, the District recognized pension expense of \$4,309,015.

At June 30, 2018, the Reporting Unit 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
Differences between expected and actual experience	\$ 403,054	\$ (227,566)
Changes of assumptions	5,081,048	-
Net difference between projected and actual earnings on pension plan investments	-	(2,217,160)
Changes in proportion and differences between employer contributions and proportionate share of contributions	459,239	(1,075,658)
Employer contributions subsequent to the measurement date	4,431,609	-
	\$ 10,374,950	\$ (3,520,384)

\$4,431,609, reported as deferred outflows of resources related to pensions resulting from district employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year ended September 30,	Amount
2018	\$ 424,376
2019	1,305,559
2020	722,596
2021	(29,574)

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

**OPEB Liabilities**

At June 30, 2018, the District reported a liability of \$15,809,543 for its proportionate share of the 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 date of September 30, 2016 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017, the District's proportion was 0.17853%.

<u>MPSERS (Plan) Non-university employers</u>	<u>September 30, 2017</u>
Total other postemployment benefit liability	\$ 13,920,945,991
Plan fiduciary net position	\$ 5,065,474,948
Net other postemployment benefit liability	\$ 8,855,471,043
Proportionate share	0.17853%
Net other postemployment benefit liability for the District	\$ 15,809,543

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,135,027.

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

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on other postemployment benefit plan investments	\$ -	\$ (168,325)
Differences between expected and actual experience	-	(366,153)
Changes in proportion and differences between employer contributions and proportionate share	3,287	-
Reporting Unit's contributions subsequent to the measurement date	1,205,355	-
	<u>\$ 1,208,642</u>	<u>\$ (534,478)</u>

\$1,205,355, reported as deferred outflows of resources related to OPEB resulting from district employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	Amount
2018	\$ (128,423)
2019	(128,423)
2020	(128,423)
2021	(128,423)
2022	(17,499)

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Actuarial Assumptions**

**Investment rate of return for pension** - 7.5% a year, compounded annually net of investment and administrative expenses for the non-hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the hybrid group (Pension Plus Plan).

**Investment rate of return for OPEB** - 7.5% a year, compounded annually net of investment and administrative expenses.

**Salary increases** - The rate of pay increase used for individual members is 3.5%.

**Inflation** - 3.0%.

**Mortality assumptions** - RP2000 Combined Healthy Life Mortality table, adjusted for mortality improvements to 2025 using projection scale BB (for men, 80% of the table rates were used and for women, 70% of the table rates were used).

**Experience study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2016. Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

**The long-term expected rate of return on pension and other postemployment benefit plan investments** - The pension rate was 7.5% (7% Pension Plus Plan), and the other postemployment benefit rate was 7.5%, net of investment and administrative expenses 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.

**Cost of living pension adjustments** - 3.0% annual non-compounded for MIP members.

**Healthcare cost trend rate for other postemployment benefit** - 7.5% for year one and graded to 3.5% to year twelve.

**Additional assumptions for other postemployment benefit only - applies to individuals hired before September 4, 2012:**

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Actuarial Assumptions (Continued)**

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

The target asset allocation at September 30, 2017 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment category</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Domestic Equity Pools	28.00%	5.60%
Private Equity Pools	18.00%	8.70%
International Equity Pools	16.00%	7.20%
Fixed Income Pools	10.50%	(0.10)%
Real Estate and Infrastructure Pools	10.00%	4.20%
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.

**Pension discount rate** - The discount rate used to measure the total pension liability was 7.5% (7.0% for Pension Plus Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OPEB discount rate** - The 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 school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)**

**Actuarial Assumptions (Continued)**

**Sensitivity of the net pension liability to changes in the discount rate** - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for Pension Plus Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Pension		
	1% Decrease (6.0% - 6.5%)	Discount rate (7.0% - 7.5%)	1% Increase (8.0% - 8.5%)
Reporting Unit's proportionate share of the net pension liability	\$ 60,414,743	\$ 46,377,719	\$ 34,559,440

**Sensitivity of the net OPEB liability to changes in the discount rate** - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Other postemployment benefit		
	1% Decrease (6.5%)	Discount rate (7.5%)	1% Increase (8.5%)
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 18,517,544	\$ 15,809,543	\$ 13,511,298

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Concluded)**

**Actuarial Assumptions (Concluded)**

**Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates** - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Other postemployment benefit		
	1% Decrease (6.5% decreasing to 2.5%)	Healthcare cost trend rates (7.5% decreasing to 3.5%)	1% Increase (8.5% decreasing to 4.5%)
Reporting Unit's proportionate share of the net other post- employment benefit liability	<u>\$ 13,388,558</u>	<u>\$ 15,809,543</u>	<u>\$ 18,558,403</u>

**Pension and OPEB Plan Fiduciary Net Position**

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2017 Comprehensive Annual Financial Report.

**Payable to the pension and OPEB plan** - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

**Other Information**

On December 20, 2017, the Michigan Supreme Court affirmed that Public Act 75 of 2010 is unconstitutional as it substantially impaired the employee's employment contracts by involuntarily reducing the employee's wages by 3%. As a result, the funds collected pursuant to Public Act 75 before the effective date of Public Act 300 of 2012, must be refunded to the employees in accordance with the Michigan Court of Claims judgment on the aforementioned court case. Effective September 30, 2017, the 3% contribution collected under Public Act 75, which amounted to approximately \$554 million (including interest), was posted as a liability on the plan's CAFR report.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - RISK MANAGEMENT**

The District participates in a pool, the West Michigan Risk Management Trust, with other school districts for boiler, property, fleet, casualty, crime, data processing, and errors and omissions insurance. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,214,378, respectively. The District has no liability for additional assessments based on the claims filed against the pool nor do they have rights to dividends. Excess insurance has been purchased to cover claims exceeding those amounts.

The District also participates in a pool, the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of \$1,528,055 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2018 claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 10 - TRANSFERS**

The general fund transferred \$602 to the food service fund and \$664 to the capital projects fund. These funds were transferred to subsidize the net loss in each of the funds.

The general fund also transferred \$60,000 to the joint facilities fund. These funds were transferred to help subsidize the costs of running the joint facilities.

**NOTE 11 - CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**NOTE 12 - SUBSEQUENT EVENTS**

The District has approved borrowing of \$1,500,000 for fiscal year 2019 to replace the notes payable as described in Note 5.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - SUBSEQUENT EVENTS (Concluded)**

Subsequent to year end, the District issued \$14,030,000 in new building and site construction bonds. The proceeds from the bonds will be used to erect, furnish and equip additions to school building, acquire, install and equip school building so instructional technology, and develop, improve and equip sites and paying a portion of the costs if issuing the bonds.

**NOTE 13 - NEW ACCOUNTING STANDARD**

For the year ended June 30, 2018, the District implemented the following new pronouncement: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Summary:**

GASB Statement No. 75 requires governments that participate in defined benefit Other Postemployment Benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

The restatement of the beginning of the year net position is as follows:

	Governmental activities
Net position as of July 1, 2017, as previously stated	\$ (54,584,101)
Adoption of GASB Statement No. 75:	
Net other postemployment benefit liability	(16,675,566)
Deferred outflows	1,337,937
Deferred inflows	(501,130)
Net position as of July 1, 2017, as restated	\$ (70,422,860)

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the District's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the District's 2021 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget</b>
<b>REVENUES:</b>				
Local sources	\$ 3,072,674	\$ 3,141,382	\$ 3,249,666	\$ 108,284
State sources	24,612,725	24,766,754	24,838,355	71,601
Federal sources	519,092	460,000	432,800	(27,200)
Incoming transfers and other	1,959,280	2,023,324	2,016,995	(6,329)
Total revenues	<u>30,163,771</u>	<u>30,391,460</u>	<u>30,537,816</u>	<u>146,356</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	18,359,542	18,607,137	18,493,180	113,957
Added needs	1,599,979	1,437,833	1,473,963	(36,130)
Total instruction	<u>19,959,521</u>	<u>20,044,970</u>	<u>19,967,143</u>	<u>77,827</u>
Supporting services:				
Pupil	1,591,345	1,674,009	1,628,487	45,522
Instructional staff	1,274,782	1,377,182	1,374,011	3,171
General administration	618,557	710,886	694,663	16,223
School administration	1,953,016	1,969,108	1,933,020	36,088
Business	619,475	643,271	647,059	(3,788)
Operations and maintenance	2,192,238	2,181,816	2,209,239	(27,423)
Transportation	282,500	244,500	277,526	(33,026)
Central	454,655	483,120	462,974	20,146
Other	763,765	825,084	804,308	20,776
Total supporting services	<u>9,750,333</u>	<u>10,108,976</u>	<u>10,031,287</u>	<u>77,689</u>
Community services	345,539	327,096	344,145	(17,049)
Total expenditures	<u>30,055,393</u>	<u>30,481,042</u>	<u>30,342,575</u>	<u>138,467</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>108,378</u>	<u>(89,582)</u>	<u>195,241</u>	<u>284,823</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	700	700	-
Transfers out	(60,000)	(60,000)	(61,266)	(1,266)
Total other financing sources (uses)	<u>(60,000)</u>	<u>(59,300)</u>	<u>(60,566)</u>	<u>(1,266)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 48,378</u>	<u>\$ (148,882)</u>	<u>134,675</u>	<u>\$ 283,557</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,661,515</u>	
End of year			<u>\$ 2,796,190</u>	

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.17897%	0.17650%	0.17974%	0.18680%
Reporting Unit's proportionate share of net pension liability	\$ 46,377,719	\$ 44,035,408	\$ 43,902,163	\$ 41,145,766
Reporting Unit's covered-employee payroll	\$ 15,180,971	\$ 14,890,588	\$ 15,040,473	\$ 15,689,804
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	305.50%	295.73%	291.89%	262.25%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED OF THE YEAR ENDED JUNE 30)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 4,734,833	\$ 4,096,554	\$ 3,886,587	\$ 3,369,408
Contributions in relation to statutorily required contributions	<u>4,734,833</u>	<u>4,096,554</u>	<u>3,886,587</u>	<u>3,369,408</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 15,481,233	\$ 14,788,844	\$ 14,983,171	\$ 15,699,750
Contributions as a percentage of covered-employee payroll	30.58%	27.70%	25.94%	21.46%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S  
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2017
Reporting Unit's proportion of net other postemployment benefit liability (%)	0.17853%
Reporting Unit's proportionate share of net other post employment benefit liability	\$ 15,809,543
Reporting Unit's covered-employee payroll	\$ 15,180,971
Reporting Unit's proportionate share of net other postemployment benefit liability as a percentage of its covered-employee payroll	104.14%
Plan fiduciary net position as a percentage of total other postemployment benefit liability (Non-university employers)	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2018
Statutorily required other postemployment benefit contributions	\$ 1,337,277
Other postemployment benefit contributions in relation to statutorily required contributions	1,337,277
Contribution deficiency (excess)	\$ -
Reporting Unit's covered-employee payroll (OPEB)	\$ 15,481,233
Other postemployment benefit contributions as a percentage of covered-employee payroll	8.64%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

**Changes of benefits terms:** There were no changes of benefits terms in 2017.

**Changes of assumptions:** There were no changes of benefit assumptions in 2017.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>LOCAL SOURCES:</b>		
Property taxes	\$ 1,219,456	\$ 1,160,240
Other local revenue:		
Community services	891,195	735,583
Athletics	350,855	337,988
Other	<u>788,160</u>	<u>1,025,644</u>
<b>TOTAL LOCAL SOURCES</b>	<u>3,249,666</u>	<u>3,259,455</u>
<b>STATE SOURCES:</b>		
State aid	<u>24,838,355</u>	<u>24,201,735</u>
<b>FEDERAL SOURCES:</b>		
Title I	85,393	131,357
Title II	44,064	57,286
I.D.E.A.	298,450	317,527
Other grants	<u>4,893</u>	<u>6,792</u>
<b>TOTAL FEDERAL SOURCES</b>	<u>432,800</u>	<u>512,962</u>
<b>INTERMEDIATE DISTRICT TRANSACTIONS:</b>		
Intermediate school district	<u>2,016,995</u>	<u>1,383,253</u>
<b>OTHER:</b>		
Miscellaneous	<u>-</u>	<u>9,328</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 30,537,816</u></u>	<u><u>\$ 29,366,733</u></u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>INSTRUCTION:</b>		
Basic programs:		
Elementary	\$ 7,635,707	\$ 7,297,041
Middle school	4,451,632	4,280,911
High school	6,126,661	5,712,817
Preschool	279,180	269,987
Total basic programs	<u>18,493,180</u>	<u>17,560,756</u>
Added needs:		
Special education	1,384,985	1,425,359
Compensatory education	88,978	118,749
Total added needs	<u>1,473,963</u>	<u>1,544,108</u>
<b>TOTAL INSTRUCTION</b>	<u>19,967,143</u>	<u>19,104,864</u>
<b>SUPPORT SERVICES:</b>		
Pupil:		
Guidance services	541,336	489,972
Physical therapist services	98,597	95,026
Psychological services	265,624	257,692
Speech pathology	260,300	213,608
Social work services	293,509	327,627
Teacher consultant	49,499	47,425
Other pupil services	119,622	123,316
Total pupil	<u>1,628,487</u>	<u>1,554,666</u>
Instructional staff:		
Curriculum improvement	727,720	614,177
Educational media services	4,853	5,023
Technology department	384,140	388,892
Supervision and direction	198,182	168,828
Performing arts center	59,116	61,863
Total instructional staff	<u>1,374,011</u>	<u>1,238,783</u>
General administration:		
Board of Education	143,867	142,566
Executive administration	550,796	457,735
Total general administration	<u>694,663</u>	<u>600,301</u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>SUPPORT SERVICES (Concluded):</b>		
School administration:		
Office of the principal	\$ 1,922,527	\$ 1,858,154
Other school administrative services	<u>10,493</u>	<u>7,852</u>
Total school administration	<u>1,933,020</u>	<u>1,866,006</u>
Business:		
Fiscal services	531,421	482,966
Print center	80,676	69,755
Other business services	<u>34,962</u>	<u>81,042</u>
Total business	<u>647,059</u>	<u>633,763</u>
Operation and maintenance	<u>2,209,239</u>	<u>2,186,513</u>
Pupil transportation services	<u>277,526</u>	<u>271,853</u>
Central services:		
Planning and evaluation	1,622	1,576
Communication services	18,251	22,391
Staff/professional services	11,036	39,803
Management information services	<u>432,065</u>	<u>416,006</u>
Total central services	<u>462,974</u>	<u>479,776</u>
Other supporting services:		
Athletics	<u>804,308</u>	<u>802,597</u>
TOTAL SUPPORT SERVICES	<u>10,031,287</u>	<u>9,634,258</u>
<b>COMMUNITY SERVICES:</b>		
Community activities	106	109
Before and after child care	342,189	330,789
Non-public school pupils	<u>1,850</u>	<u>1,555</u>
TOTAL COMMUNITY SERVICES	<u>344,145</u>	<u>332,453</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 30,342,575</u></u>	<u><u>\$ 29,071,575</u></u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2018**

	<u>Special revenue</u>	<u>Debt service</u>	<u>Nonmajor capital projects</u>	<u>Total nonmajor governmental funds</u>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 26,065	\$ 642,039	\$ 668,104
Receivables:				
Accounts receivable	25,560	-	-	25,560
Due from other funds	175,533	54,812	128,629	358,974
Due from agency funds	155,893	-	-	155,893
Prepaid expenses	1,585	-	-	1,585
<b>TOTAL ASSETS</b>	<u>\$ 358,571</u>	<u>\$ 80,877</u>	<u>\$ 770,668</u>	<u>\$ 1,210,116</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accrued salaries and related	\$ 5,382	\$ -	\$ -	\$ 5,382
Due to other funds	156,015	8,538	42,727	207,280
<b>TOTAL LIABILITIES</b>	<u>161,397</u>	<u>8,538</u>	<u>42,727</u>	<u>212,662</u>
<b>FUND BALANCES:</b>				
Nonspendable - prepaids	1,585	-	-	1,585
Restricted for:				
Debt service funds	-	72,339	-	72,339
Joint facilities fund	187,211	-	-	187,211
Recreation fund	9,963	-	-	9,963
Capital projects - sinking fund	-	-	312,941	312,941
Committed for:				
Sinking fund - athletic field turf	-	-	415,000	415,000
Unassigned - food service fund	(1,585)	-	-	(1,585)
<b>TOTAL FUND BALANCES</b>	<u>197,174</u>	<u>72,339</u>	<u>727,941</u>	<u>997,454</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 358,571</u>	<u>\$ 80,877</u>	<u>\$ 770,668</u>	<u>\$ 1,210,116</u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2018**

	<u>Special revenue</u>	<u>Debt service</u>	<u>Nonmajor capital projects</u>	<u>Total nonmajor governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 881,999	\$ 6,931,016	\$ 336,105	\$ 8,149,120
Local revenue	60,000	-	-	60,000
Investment earnings	-	15,380	4,085	19,465
Other revenue	-	28,421	-	28,421
Total local sources	941,999	6,974,817	340,190	8,257,006
State sources	-	4,683	-	4,683
Interdistrict sources	202,776	-	-	202,776
Total revenues	1,144,775	6,979,500	340,190	8,464,465
<b>EXPENDITURES:</b>				
School lunch	203,378	-	-	203,378
Recreation fund	881,999	-	-	881,999
Joint facilities fund	55,738	-	-	55,738
Capital outlay	-	-	414,876	414,876
Debt service:				
Principal repayment	-	6,490,000	-	6,490,000
Interest expense	-	3,092,866	-	3,092,866
Other expense	-	11,359	-	11,359
Total expenditures	1,141,115	9,594,225	414,876	11,150,216
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	3,660	(2,614,725)	(74,686)	(2,685,751)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from school loan revolving fund	-	2,500,404	-	2,500,404
Transfers in	60,602	-	-	60,602
Total other financing sources (uses)	60,602	2,500,404	-	2,561,006
<b>NET CHANGE IN FUND BALANCES</b>	64,262	(114,321)	(74,686)	(124,745)
<b>FUND BALANCES:</b>				
Beginning of year	132,912	186,660	802,627	1,122,199
End of year	\$ 197,174	\$ 72,339	\$ 727,941	\$ 997,454

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018  
(with comparative totals for June 30, 2017)**

	Food service	Recreation fund	Joint facilities fund	Totals	
				2018	2017
<b>ASSETS</b>					
<b>ASSETS:</b>					
Accounts receivable	\$ 25,560	\$ -	\$ -	\$ 25,560	\$ 66,189
Due from other funds	-	15,345	160,188	175,533	111,612
Due from agency funds	241	-	155,652	155,893	155,768
Prepays	1,585	-	-	1,585	-
<b>TOTAL ASSETS</b>	<b>\$ 27,386</b>	<b>\$ 15,345</b>	<b>\$ 315,840</b>	<b>\$ 358,571</b>	<b>\$ 333,569</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accrued salaries and related	\$ -	\$ 5,382	\$ -	\$ 5,382	\$ 6,676
Due to other funds	27,386	-	128,629	156,015	193,981
<b>TOTAL LIABILITIES</b>	<b>27,386</b>	<b>5,382</b>	<b>128,629</b>	<b>161,397</b>	<b>200,657</b>
<b>FUND BALANCES:</b>					
Nonspendable - prepaids	1,585	-	-	1,585	-
Restricted for:					
Joint facilities fund	-	-	187,211	187,211	122,949
Recreation fund	-	9,963	-	9,963	9,963
Unassigned reported in - food service	(1,585)	-	-	(1,585)	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>9,963</b>	<b>187,211</b>	<b>197,174</b>	<b>132,912</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 27,386</b>	<b>\$ 15,345</b>	<b>\$ 315,840</b>	<b>\$ 358,571</b>	<b>\$ 333,569</b>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2018  
(with comparative totals for the year ended June 30, 2017)**

	Food service	Recreation fund	Joint facilities fund	Totals	
				2018	2017
<b>REVENUES:</b>					
Property taxes	\$ -	\$ 881,999	\$ -	\$ 881,999	\$ 863,448
Interdistrict sources	202,776	-	-	202,776	215,979
Local revenue	-	-	60,000	60,000	60,000
Total revenues	202,776	881,999	60,000	1,144,775	1,139,427
<b>EXPENDITURES:</b>					
Salaries	143,806	287,106	-	430,912	395,180
Employee benefits	59,157	193,279	-	252,436	265,624
Purchased services	345	16,500	-	16,845	23,434
Supplies	-	385,114	36,438	421,552	413,687
Capital outlay	-	-	19,300	19,300	27,440
Miscellaneous	70	-	-	70	-
Total expenditures	203,378	881,999	55,738	1,141,115	1,125,365
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	(602)	-	4,262	3,660	14,062
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	602	-	60,000	60,602	65,204
Total other financing sources (uses)	602	-	60,000	60,602	65,204
<b>NET CHANGE IN FUND BALANCES</b>					
	-	-	64,262	64,262	79,266
<b>FUND BALANCES:</b>					
Beginning of year	-	9,963	122,949	132,912	53,646
End of year	\$ -	\$ 9,963	\$ 187,211	\$ 197,174	\$ 132,912

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018  
(with comparative totals for June 30, 2017)**

ASSETS	Debt service funds							Totals	
	2007	2011	2012	2014	2014 Building and site	2014 SBLF refunding	2006/2014 Refunding	2018	2017
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 1,255	\$ 1,204	\$ 1,937	\$ 11,098	\$ 1,842	\$ 5,823	\$ 2,906	\$ 26,065	\$ 185,328
Receivables:									
Due from other funds	4,264	3,076	6,696	14,951	4,946	12,747	8,132	54,812	7,388
<b>TOTAL ASSETS</b>	<u>\$ 5,519</u>	<u>\$ 4,280</u>	<u>\$ 8,633</u>	<u>\$ 26,049</u>	<u>\$ 6,788</u>	<u>\$ 18,570</u>	<u>\$ 11,038</u>	<u>\$ 80,877</u>	<u>\$ 192,716</u>
 <b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES:</b>									
Due to other funds	\$ 697	\$ 466	\$ 1,010	\$ 2,089	\$ 752	\$ 2,482	\$ 1,042	\$ 8,538	\$ 6,056
<b>FUND BALANCES:</b>									
Restricted for debt service	4,822	3,814	7,623	23,960	6,036	16,088	9,996	72,339	186,660
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,519</u>	<u>\$ 4,280</u>	<u>\$ 8,633</u>	<u>\$ 26,049</u>	<u>\$ 6,788</u>	<u>\$ 18,570</u>	<u>\$ 11,038</u>	<u>\$ 80,877</u>	<u>\$ 192,716</u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2018  
(with comparative totals for the year ended June 30, 2017)**

	Debt service funds						Totals		
	2007/2016 Refunding	2011	2012	2014	2014 Building and Site	2014 SBLF refunding	2006/2014 Refunding	2018	2017
<b>REVENUES:</b>									
Local sources:									
Property taxes	\$ 595,298	\$ 384,514	\$ 836,664	\$ 1,887,138	\$ 618,007	\$ 1,593,222	\$ 1,016,173	\$ 6,931,016	\$ 6,709,432
Interest	1,311	471	1,848	4,429	931	4,232	2,158	15,380	13,294
Other revenue	2,441	1,577	3,431	7,738	2,534	6,533	4,167	28,421	-
Total local revenues	599,050	386,562	841,943	1,899,305	621,472	1,603,987	1,022,498	6,974,817	6,722,726
State sources	402	260	565	1,275	418	1,077	686	4,683	13,439
Total revenues	599,452	386,822	842,508	1,900,580	621,890	1,605,064	1,023,184	6,979,500	6,736,165
<b>EXPENDITURES:</b>									
Principal retirement	470,000	15,000	965,000	1,965,000	100,000	2,435,000	540,000	6,490,000	6,315,000
Interest	353,038	516,638	191,760	237,800	754,500	395,630	643,500	3,092,866	3,262,110
Miscellaneous expense	1,859	436	1,720	2,574	913	2,368	1,489	11,359	11,245
Total expenditures	824,897	532,074	1,158,480	2,205,374	855,413	2,832,998	1,184,989	9,594,225	9,588,355
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(225,445)	(145,252)	(315,972)	(304,794)	(233,523)	(1,227,934)	(161,805)	(2,614,725)	(2,852,190)
<b>OTHER FINANCING SOURCES (USES):</b>									
Proceeds from school loan revolving fund	202,024	141,999	305,221	288,593	228,301	1,191,290	142,976	2,500,404	2,986,880
<b>NET CHANGE IN FUND BALANCES</b>	(23,421)	(3,253)	(10,751)	(16,201)	(5,222)	(36,644)	(18,829)	(114,321)	134,690
<b>FUND BALANCES:</b>									
Beginning of year	28,243	7,067	18,374	40,161	11,258	52,732	28,825	186,660	51,970
End of year	\$ 4,822	\$ 3,814	\$ 7,623	\$ 23,960	\$ 6,036	\$ 16,088	\$ 9,996	\$ 72,339	\$ 186,660

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NONMAJOR CAPITAL PROJECTS FUNDS  
BALANCE SHEET  
JUNE 30, 2018  
(with comparative totals for June 30, 2017)**

		<b>Totals</b>	
<b>ASSETS</b>	<b>Sinking fund</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 642,039	\$ 642,039	\$ 673,288
Accounts receivable	-	-	214
Due from other funds	128,629	128,629	129,125
<b>TOTAL ASSETS</b>	<b>\$ 770,668</b>	<b>\$ 770,668</b>	<b>\$ 802,627</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Liabilities:			
Due to other funds	\$ 42,727	\$ 42,727	\$ -
<b>FUND BALANCES:</b>			
Fund balance:			
Committed - athletic field turf	415,000	415,000	375,000
Restricted	312,941	312,941	427,627
<b>TOTAL FUND BALANCES</b>	<b>727,941</b>	<b>727,941</b>	<b>802,627</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 770,668</b>	<b>\$ 770,668</b>	<b>\$ 802,627</b>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
NONMAJOR CAPITAL PROJECTS FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2018  
(with comparative totals for the year ended June 30, 2017)**

	<u>Sinking fund</u>	<u>Totals</u>	
		<u>2018</u>	<u>2017</u>
<b>REVENUES:</b>			
Local sources:			
Property taxes	\$ 336,105	\$ 336,105	\$ 327,351
Interest on investments	4,085	4,085	976
Total revenues	<u>340,190</u>	<u>340,190</u>	<u>328,327</u>
<b>EXPENDITURES:</b>			
Capital outlay	<u>414,876</u>	<u>414,876</u>	<u>164,425</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(74,686)</u>	<u>(74,686)</u>	<u>163,902</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(74,686)</u>	<u>(74,686)</u>	<u>163,902</u>
<b>FUND BALANCES:</b>			
Beginning of year	<u>802,627</u>	<u>802,627</u>	<u>638,725</u>
End of year	<u><u>\$ 727,941</u></u>	<u><u>\$ 727,941</u></u>	<u><u>\$ 802,627</u></u>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 AGENCY FUNDS  
 STATEMENT OF ASSETS AND LIABILITIES  
 JUNE 30, 2018 AND 2017**

<b>ELEMENTARY AGENCY FUND</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash equivalents, deposits and investments	\$ 658,657	\$ 637,744
Due from East Grand Rapids Public Schools	700	4,039
<b>TOTAL ASSETS</b>	<b>\$ 659,357</b>	<b>\$ 641,783</b>
<b>LIABILITIES</b>		
Due to East Grand Rapids Public Schools	\$ 237,130	\$ 202,110
Due to student groups and other	422,227	439,673
<b>TOTAL LIABILITIES</b>	<b>\$ 659,357</b>	<b>\$ 641,783</b>

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2007 Building and Site Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	4.00%	\$ 325,000	\$ 20,900	\$ 20,900	\$ 366,800
2020	4.00%	340,000	14,400	14,400	368,800
2021	4.00%	380,000	7,600	7,600	395,200
Total 2007 bonded debt		<u>\$ 1,045,000</u>	<u>\$ 42,900</u>	<u>\$ 42,900</u>	<u>\$ 1,130,800</u>

The above bonds dated December 10, 2007, were initially authorized for \$8,440,000 for the purpose of constructing, furnishing and equipping improvements to Mehney and Memorial Fields; erecting, furnishing and equipping additions to the high school to include an auxiliary gym, training center and additional seating at the pool; constructing, furnishing and equipping a field event center to include team rooms, concessions and restrooms; erecting, furnishing and equipping an addition to Woodcliff Center for tennis center restroom/concessions; and developing and improving sites; and paying the costs of the bonds.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2008 Building and Site Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	4.00%	\$ 145,000	\$ 18,200	\$ 18,200	\$ 181,400
2020	4.00%	145,000	15,300	15,300	175,600
2021	4.00%	200,000	12,400	12,400	224,800
2022	4.00%	210,000	8,400	8,400	226,800
2023	4.00%	210,000	4,200	4,200	218,400
Total 2007 bonded debt		<u>\$ 910,000</u>	<u>\$ 58,500</u>	<u>\$ 58,500</u>	<u>\$ 1,027,000</u>

The above bonds dated February 28, 2008, were initially authorized for \$4,040,000 for the purpose of constructing, furnishing and equipping improvements to Mehney and Memorial Fields; erecting, furnishing and equipping additions to the high school to include an auxiliary gym, training center and additional seating at the pool; constructing, furnishing and equipping a field event center to include team rooms, concessions and restrooms; erecting, furnishing and equipping an addition to Woodcliff Center for tennis center restroom/concessions; and developing and improving sites; and paying the costs of the bonds.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2011 Refunding Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	4.00%	\$ 1,030,000	\$ 76,580	\$ 76,580	\$ 1,183,160
2020	4.00%	1,140,000	55,980	55,980	1,251,960
2021	4.20%	1,580,000	33,180	33,180	1,646,360
Total 2011 bonded debt		<u>\$ 3,750,000</u>	<u>\$ 165,740</u>	<u>\$ 165,740</u>	<u>\$ 4,081,480</u>

The above bonds dated January 13, 2011 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$8,750,000.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2012 Refunding Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	2.50%	\$ 15,000	\$ 258,150	\$ 258,150	\$ 531,300
2020	2.50%	15,000	257,962	257,963	530,925
2021	2.75%	20,000	257,775	257,775	535,550
2022	4.00%	1,610,000	257,500	257,500	2,125,000
2023	4.00%	1,610,000	225,300	225,300	2,060,600
2024	4.00%	1,625,000	193,100	193,100	2,011,200
2025	4.00%	1,620,000	160,600	160,600	1,941,200
2026	4.00%	1,615,000	128,200	128,200	1,871,400
2027	4.00%	1,600,000	95,900	95,900	1,791,800
2028	4.00%	1,615,000	63,900	63,900	1,742,800
2029	4.00%	1,580,000	31,600	31,600	1,643,200
Total 2012 bonded debt		<u>\$ 12,925,000</u>	<u>\$ 1,929,987</u>	<u>\$ 1,929,988</u>	<u>\$ 16,784,975</u>

The above bonds dated January 5, 2012 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$13,095,000

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2014 Refunding Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	5.00%	\$ 1,980,000	\$ 99,250	\$ 99,250	\$ 2,178,500
2020	5.00%	1,990,000	49,750	49,750	2,089,500
Total 2014 bonded debt		<u>\$ 3,970,000</u>	<u>\$ 149,000</u>	<u>\$ 149,000</u>	<u>\$ 4,268,000</u>

The above bonds dated February 5, 2014 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$11,460,000

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2014 Building and Site Bond

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	5.00%	\$ 100,000	\$ 374,750	\$ 374,750	\$ 849,500
2020	2.00%	100,000	372,250	372,250	844,500
2021	2.25%	150,000	371,250	371,250	892,500
2022	2.50%	215,000	369,563	369,563	954,126
2023	5.00%	235,000	366,875	366,875	968,750
2024	5.00%	270,000	361,000	361,000	992,000
2025	5.00%	285,000	354,250	354,250	993,500
2026	5.00%	350,000	347,125	347,125	1,044,250
2027	5.00%	420,000	338,375	338,375	1,096,750
2028	5.00%	495,000	327,875	327,875	1,150,750
2029	5.00%	655,000	315,500	315,500	1,286,000
2030	5.00%	940,000	299,125	299,125	1,538,250
2031	5.00%	1,000,000	275,625	275,625	1,551,250
2032	5.00%	1,250,000	250,625	250,625	1,751,250
2033	5.00%	1,250,000	219,375	219,375	1,688,750
2034	5.00%	1,250,000	188,125	188,125	1,626,250
2035	5.00%	1,255,000	156,875	156,875	1,568,750
2036	5.00%	1,255,000	125,500	125,500	1,506,000
2037	5.00%	1,255,000	94,125	94,125	1,443,250
2038	5.00%	1,255,000	62,750	62,750	1,380,500
2039	5.00%	1,255,000	31,375	31,375	1,317,750
Total 2014 bonded debt		<u>\$ 15,240,000</u>	<u>\$ 5,602,313</u>	<u>\$ 5,602,313</u>	<u>\$ 26,444,626</u>

The above bonds dated June 26, 2014, were initially authorized for \$15,640,000 for the purpose of erecting, furnishing and equipping additions to school buildings; remodeling, furnishing, and refurnishing, and equipping and re-equipping school buildings; acquiring, installing, equipping and re-equipping school buildings for instructional technology; developing, improving, and equipping sites; and paying the costs of issuing the Bonds.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2014 Series A Refunding Bond

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	5.00%	\$ 590,000	\$ 308,250	\$ 308,250	\$ 1,206,500
2020	5.00%	640,000	293,500	293,500	1,227,000
2021	5.00%	685,000	277,500	277,500	1,240,000
2022	5.00%	735,000	260,375	260,375	1,255,750
2023	5.00%	835,000	242,000	242,000	1,319,000
2024	5.00%	910,000	221,125	221,125	1,352,250
2025	5.00%	1,010,000	198,375	198,375	1,406,750
2026	5.00%	1,055,000	173,125	173,125	1,401,250
2027	5.00%	1,105,000	146,750	146,750	1,398,500
2028	5.00%	1,155,000	119,125	119,125	1,393,250
2029	5.00%	1,180,000	90,250	90,250	1,360,500
2030	5.00%	1,205,000	60,750	60,750	1,326,500
2031	5.00%	1,225,000	30,625	30,625	1,286,250
Total 2014 bonded debt		<u>\$ 12,330,000</u>	<u>\$ 2,421,750</u>	<u>\$ 2,421,750</u>	<u>\$ 17,173,500</u>

The above bonds dated December 17, 2014, were initially authorized for \$13,395,000 for the purpose of refunding all or part of that portion of the outstanding 2006 School Building and Site Bonds, dated June 13, 2006, which are callable on or after May 1, 2016.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2014 Series B Refunding Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	2.10%	\$ 2,475,000	\$ 177,117	\$ 177,118	\$ 2,829,235
2020	2.52%	2,525,000	151,130	151,130	2,827,260
2021	2.80%	2,590,000	119,315	119,315	2,828,630
2022	3.00%	2,660,000	83,055	83,055	2,826,110
2023	3.15%	2,740,000	43,155	43,155	2,826,310
Total 2014 bonded debt		<u>\$ 12,990,000</u>	<u>\$ 573,772</u>	<u>\$ 573,773</u>	<u>\$ 14,137,545</u>

The above bonds dated December 17, 2014, were initially authorized for \$19,995,000 for the purpose of (i) refunding certain outstanding indebtedness of the School District to the State of Michigan under the State of Michigan School Bond Qualification and Loan Program; and (ii) paying a portion of the costs of issuing the Bonds.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2018**

2016 Refunding Bonds

Fiscal year	Interest rate	Principal due May 1,	Interest due		Total due annually
			May 1	November 1	
2019	4.00%	\$ -	\$ 128,200	\$ 128,200	\$ 256,400
2020	4.00%	-	128,200	128,200	256,400
2021	4.00%	-	128,200	128,200	256,400
2022	4.00%	365,000	128,200	128,200	621,400
2023	4.00%	380,000	120,900	120,900	621,800
2024	4.00%	600,000	113,300	113,300	826,600
2025	4.00%	620,000	101,300	101,300	822,600
2026	4.00%	625,000	88,900	88,900	802,800
2027	4.00%	630,000	76,400	76,400	782,800
2028	4.00%	635,000	63,800	63,800	762,600
2029	4.00%	635,000	51,100	51,100	737,200
2030	4.00%	635,000	38,400	38,400	711,800
2031	4.00%	645,000	25,700	25,700	696,400
2032	4.00%	640,000	12,800	12,800	665,600
		<u>\$ 6,410,000</u>	<u>\$ 1,205,400</u>	<u>\$ 1,205,400</u>	<u>\$ 8,820,800</u>

The above bonds dated May 26, 2016 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$6,410,000.

**EAST GRAND RAPIDS PUBLIC SCHOOLS  
SCHOOL LOAN BORROWING PROGRAMS  
JUNE 30, 2018**

Year ended June 30	School Bond Loan Fund			School Loan Revolving Fund		
	Loan proceeds	Interest	Total	Loan proceeds	Interest	Total
Prior years	\$ 3,829,056	\$ 1,905,751	\$ 5,734,807	\$ 9,279,935	\$ 1,016,355	\$ 10,296,290
2013	-	249,160	249,160	1,081,603	330,381	1,411,984
2014	-	210,758	210,758	1,170,380	421,152	1,591,532
2015	(3,828,335)	(2,463,858)	(6,292,193)	(11,531,918)	(1,978,889)	(13,510,807)
2015	-	98,201	98,201	299,809	212,941	512,750
2016	-	26	26	2,919,099	28,931	2,948,030
2017	-	24	24	2,986,880	121,908	3,108,788
2018	-	25	25	2,500,404	215,182	2,715,586
Total	\$ 721	\$ 87	\$ 808	\$ 8,706,192	\$ 367,961	\$ 9,074,153

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education  
East Grand Rapids Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Grand Rapids Public Schools as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the East Grand Rapids Public Schools' basic financial statements and have issued our report thereon dated October 10, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Manes Costeiran PC*

October 10, 2018

October 10, 2018

To Board of Education  
East Grand Rapids Public Schools

In planning and performing our audit of the financial statements of East Grand Rapids Public Schools as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered East Grand Rapids Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 10, 2018 on the financial statements of East Grand Rapids Public Schools. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows.

**Prior year recommendations/comments - open**

Decentralized cash receipts

Currently the District collects receipts in multiple areas; i.e., business office, athletics department, and daycare. Due to the limited size of the athletic department and daycare, there is a limited amount of segregation of duties on the receipt process. Typically, one person in each department collects, records, and deposits all the receipts taken in. The information is then forwarded to the business office for recording in the general ledger. Since one person handles the entire receipt process in each individual department, we recommend that the department supervisor review monthly receipts for reasonableness and timelines such as the receivable/paid report for daycare or the pay to participate listing for athletics, to ensure the proper collection and postings are taking place.

We also encourage the deposit information be forwarded to the accounting department in a more timely manner. This could be accomplished by obtaining equipment from your bank for on-site scanning of deposits.

**Status:** Cash receipts are still decentralized as of June 30, 2018. Management has been discussing the concerns and issues surrounding the cash receipts process and they are continuing to look for new ways to improve their controls in this area.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Manes Costeiran PC*

October 10, 2018

To the Board of Directors  
East Grand Rapids Public Schools

We have audited the financial statements of East Grand Rapids Public Schools for the year ended June 30, 2018, and have issued our report thereon dated October 10, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of East Grand Rapids Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of East Grand Rapids Public Schools' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

## Significant Audit Findings

### *1. Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by East Grand Rapids Public Schools are described in Note 1 to the financial statements. During 2018 the District implemented Governmental Accounting Standard No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The application of existing policies was not changed during 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.

Management's estimate in calculating the liability for employee compensated absences:

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets:

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We did not identify any sensitive disclosures.

### *2. Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

4. *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

5. *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 10, 2018.

6. *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the East Grand Rapids Public Schools' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the East Grand Rapids Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. *Other Matters*

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Education and management of East Grand Rapids Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Manes Costeiran PC*

BOARD ENCLOSURE

October 22, 2018

Item No. 10



# 2018-2019 Amended Budget

East Grand Rapids Public Schools



# Discussion Topics

-  **Budget Assumption changes from June to October**
-  **Proposed 2018-2019 General Fund Budget Amendment**  
- Review of June adoption, summary of changes since June
-  **Additional 2018-2019 Budget Detail**
-  **Factors influencing future years forecast**
-  **Budget Forecast for 2019-2020 & 2020-2021**
-  **Summary & Questions**



# **2018-2019 Amended Budget**



# Budget Assumptions: June to October

	June	October
<b>Revenues:</b>		
Foundation Allowance	\$8,064	\$8,064
Student Enrollment	2,875	2,890
Enhancement Millage per student	\$215	\$225
EGRNow!	\$239,709	\$239,709
<b>Expenses:</b>		
Salary Formula:	1.0% base + step	2.0% base + step
Additional Staffing:	(0.6 FTE HS), 0.4 Reading, 0.5 Spec Ed	Additional: 1.0 FTE Kindergarten, 0.6 MS, 0.5 Psych
Health Care (% increase)	3.4%	3.4%
State Retirement	26.18%	26.18%
Utilities (% increase)	5.00%	5.00%



# 2018-2019 Amended Budget

	2018-2019 Original Budget	2018-2019 Amended Budget	Variance F/(U)
Revenues	\$30,393,330	\$30,795,708	\$402,378
Expenses	<u>\$30,378,415</u>	<u>\$30,784,486</u>	<u>(\$406,071)</u>
<b>Change in Fund Reserve</b>	<b>\$14,915</b>	<b>\$11,222</b>	<b>(\$3,693)</b>
Beginning Unreserved Fund Reserve	\$2,796,190	\$2,796,190	
Ending Unreserved Fund Reserve	\$2,811,105	<b>\$2,807,412</b>	
Ending Fund Reserve %	9.3%	<b>9.1%</b>	



# Amended Budget – Change in Revenues

- **\$402,378 Overall Increase from June**

• <b>Foundation Grants</b>	<b>\$50,000</b>
• <b>Foundation Allowance</b>	<b>\$120,960</b>
• <b>State At-Risk (31a)</b>	<b>\$54,350</b>
• <b>State Special Education</b>	<b>\$23,350</b>
• <b>Early Childhood</b>	<b>\$91,000</b>
• <b>Act 18</b>	<b>\$40,891</b>
• <b>Enhancement Millage</b>	<b>\$32,280</b>
• <b>0.5 FTE Psych increase</b>	<b>(\$42,000)</b>
• <b>Others</b>	<b>\$31,547</b>



# Amended Budget – Change in Expenses

- **\$406,071 Overall increase from June**

• <b>Foundation Grants</b>	<b>\$50,000</b>
• <b>Salaries</b>	<b>\$196,096</b>
• <b>Retirement/FICA</b>	<b>\$67,000</b>
• <b>Substitute Teaching</b>	<b>\$63,000</b>
• <b>Classroom Supplies</b>	<b>\$22,085</b>
• <b>Health/Dental</b>	<b>(\$6,341)</b>
• <b>Others</b>	<b>\$14,231</b>



# **2018-2019 Additional Budget Detail**



# Programs funded by Local funds

<b>Enhancement Millage:</b>		<b>Recreational Millage:</b>	
<b>Funding:</b>	<b>\$650,405</b>	<b>Funding:</b>	<b>\$908,257</b>
Elementary Specials (Partial)	\$268,000	Custodial Services (40%)	\$425,000
Elementary Reading (Partial)	\$175,000	PAC Mgmt. (50%)	\$55,500
Elementary Class Size	\$90,000	High School Pool	\$91,000
High School Counseling	\$87,000	Fields/Playgrounds	\$115,000
Classroom Tech Support	\$35,000	Utilities (27%)	\$222,000
<b>EGRNow/Forever:</b>			
<b>Funding:</b>	<b>\$239,709</b>		
Elementary Parapro's (Full)	\$130,000		
World Language (Partial)	\$80,000		
PAC Management (30%)	\$30,000		

# Classroom Programs operating with shortfalls

<b>Special Services:</b>		<b>At Risk/Reading:</b>	
<b>Funding:</b>		<b>Funding:</b>	
Foundation Allowance	\$226,723	Section 31a (At Risk)	\$139,415
State 28% cost reimbursement	\$441,785	Section 35a (Early Literacy)	<u>\$40,320</u>
State 70% transportation reimbursement	\$90,000	<b>Total</b>	<b>\$179,735</b>
Act 18 (County)	\$1,267,682	<b>Expenses:</b>	
IDEA (Federal)	<u>\$299,638</u>	Literacy Coordinator	\$128,250
<b>Total</b>	<b>\$2,325,828</b>	Reading Support Teachers	<u>\$229,850</u>
<b>Expenses:</b>		<b>Total</b>	<b>\$358,100</b>
Teachers	\$954,533	<b>Shortfall</b>	<b>(\$178,365)</b>
Itinerants (Psych, OT, Speech, etc.)	\$1,036,638		
Paraprofessionals	\$416,950	<b>Title I:</b>	
Administrative	\$200,439	Funding	\$83,086
Transportation	\$128,000	Expenses (0.8 FTE at MS)	<u>\$106,498</u>
Supplies	\$30,000	<b>Shortfall</b>	<b>(\$23,412)</b>
Center Based Programs (Net Cost)	<u>\$40,000</u>		
<b>Total</b>	<b>\$2,806,560</b>		
<b>Shortfall</b>	<b>(\$480,732)</b>		

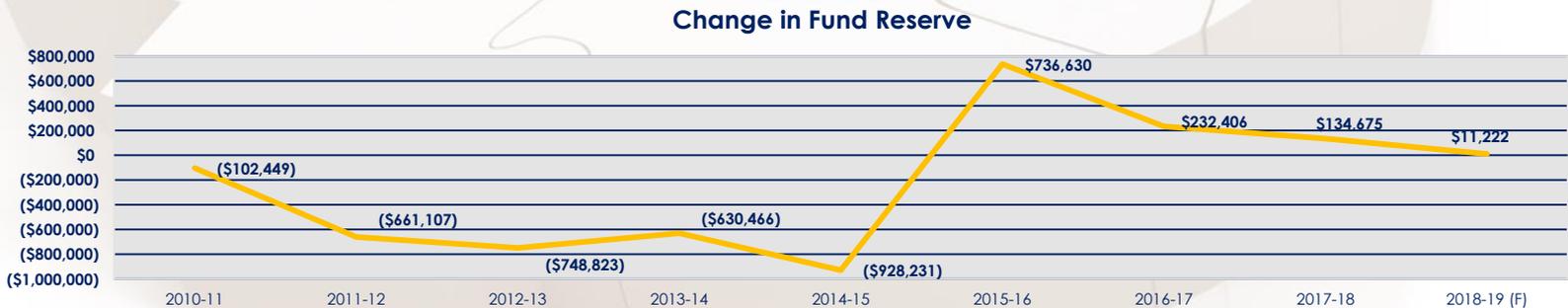
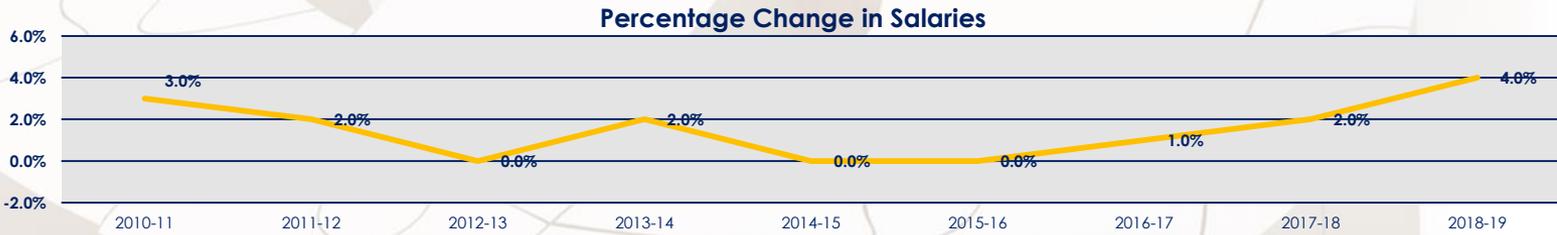
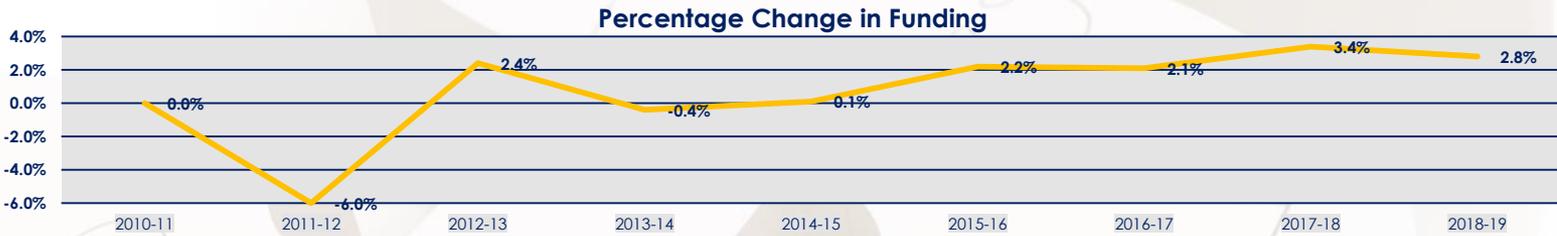


# Woodcliff Early Childhood Program Finances

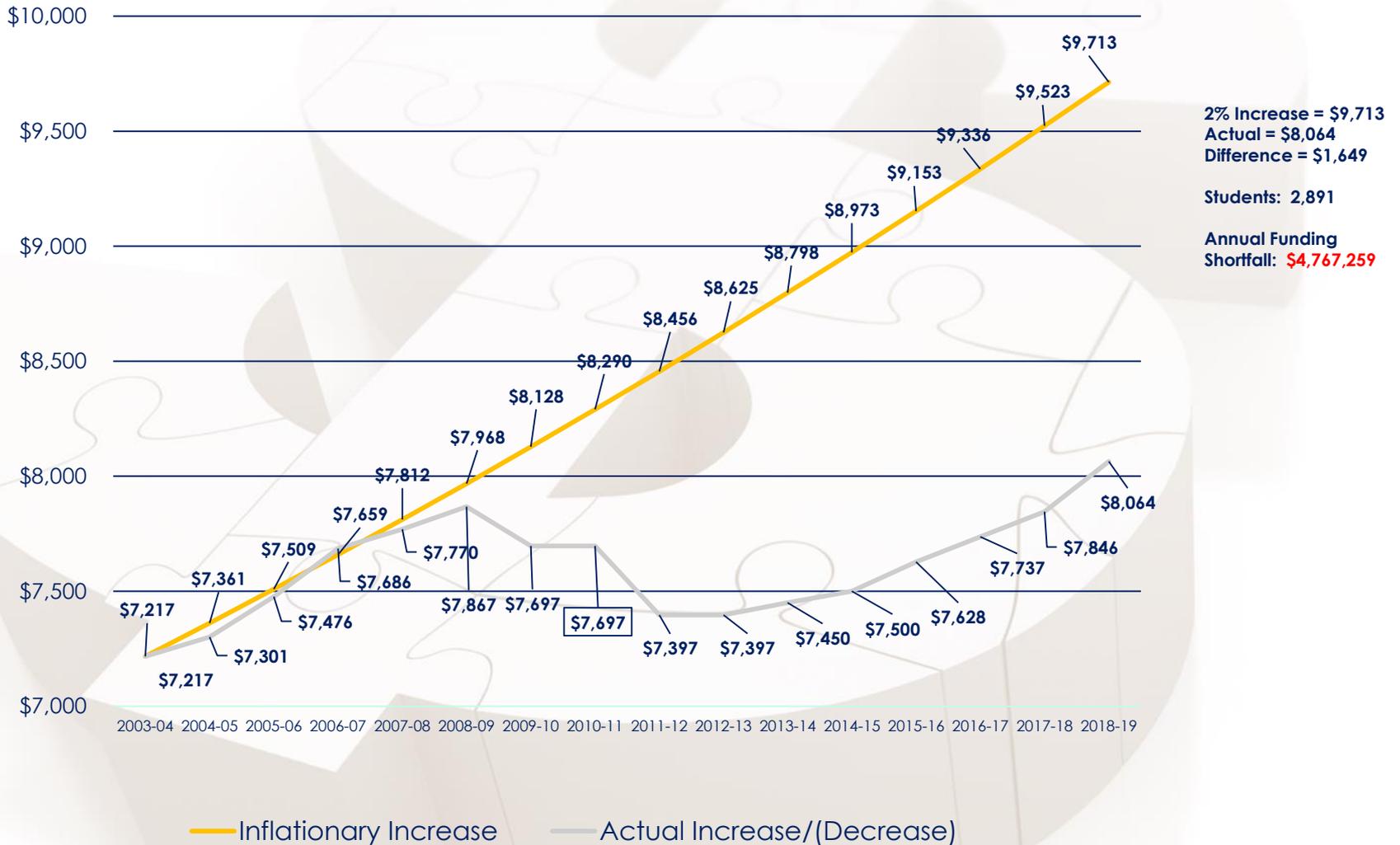
	Before & After Care	Pre-School	Total
<b>Revenue:</b>	<b>\$507,000</b>	<b>\$366,000</b>	<b>\$873,000</b>
<b>Expenses:</b>			
Salaries	\$20,000	\$140,000	\$160,000
Health/Dental	\$10,000	\$77,000	\$87,000
Retirement/FICA	\$9,250	\$65,000	\$74,250
Contracted Personnel	\$225,000	\$29,500	\$254,500
Snacks	\$7,500	\$4,000	\$11,500
Supplies/Miscellaneous	<u>\$30,000</u>	<u>\$13,000</u>	<u>\$43,000</u>
<b>Total</b>	<b>\$301,550</b>	<b>\$328,500</b>	<b>\$630,050</b>
<b>Surplus/(Shortfall)</b>	<b>\$205,250</b>	<b>\$37,500</b>	<b>\$242,950</b>

# Funding, Salaries, Change in Fund Reserve 10 year history

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Per-Pupil	\$7,867	\$7,867	\$7,397	\$7,397	\$7,450	\$7,500	\$7,628	\$7,737	\$7,846	\$8,064	\$8,214
EGRNow!	\$0	\$0	\$0	\$175	\$90	\$50	\$86	\$138	\$87	\$83	\$52
Enhance Millage	<u>\$0</u>	<u>\$211</u>	<u>\$225</u>	<u>\$230</u>							
<b>Total</b>	<b>\$7,867</b>	<b>\$7,867</b>	<b>\$7,397</b>	<b>\$7,572</b>	<b>\$7,540</b>	<b>\$7,550</b>	<b>\$7,714</b>	<b>\$7,875</b>	<b>\$8,144</b>	<b>\$8,372</b>	<b>\$8,496</b>



# Per Pupil Funding: Actual vs. 2% inflationary increase



2% Increase = \$9,713  
 Actual = \$8,064  
 Difference = \$1,649  
  
 Students: 2,891  
  
 Annual Funding  
 Shortfall: **\$4,767,259**



# **Factors influencing Future Years Forecast**



# Funding Factors

	2019-20	2020-21	2021-22
<b>State Funding:</b>			
Projected School Aid Fund Growth	\$326.4 million	\$389.1 million	\$400.7 million
Projected state student enrollment	1,476,000	1,476,000	1,476,000
Projected SAF growth per student	\$221	\$264	\$271

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
County Taxable Value Growth %	(2.39)	(2.28)	(0.07)	1.63	3.22	0.53	3.40	4.81
District Taxable Value Growth %	1.27	1.79	3.69	3.50	4.48	3.27	3.70	5.10

- **School Aid Fund Growth:**

- How much of SAF growth is invested in foundation allowance:
  - **MPSERS:** Dedicated Gains policy taking discount rate to about 7.1% in 2019-20. \$88 million in SAF dollars allocated this school year to support the reduction from 8.0% to 7.5%. Also need to monitor impact of 2017 pension reforms and cost to system.
  - **Higher Education:** \$900 million from the SAF allocated to community colleges (100% of state funding), and universities this year. Still over \$1 billion in state university funding in state's general fund. Will additional university funding shift from GF to SAF?
  - **General Fund budget pressures:** Allocation of GF funds to repair roads ramps up in 2019-20 (\$325 million), reaching full amount in 2020-21 (\$600 million). Are excess SAF funds utilized to support GF?



# Student Enrollment

June 2018	Student Enrollment	Graduating Seniors	Kinder/Y'5	Elementary Students	MS Students	HS Students
2018-2019	2,875	232	185*	1,194	690	970
2019-2020	2,850	243	185*	1,178	685	976
2020-2021	2,825	248	185*	1,171	701	942
2021-2022	2,810	239	185*	1,163	676	958

October 2018	Student Enrollment	Graduating Seniors	Kinder/Y'5	Elementary Students	MS Students	HS Students
2018-2019	2,889	232	213	1,226	683	980
2019-2020	2,875	243	195*	1,216	671	988
2020-2021	2,860	248	195*	1,213	698	949
2021-2022	2,845	239	195*	1,219	668	958

- Future kindergarten classes assume 10 schools of choice students
- Kent County birth rates have improved last couple of years, EGR's ratio of kindergartners to total births has increased as well



# Factors influencing district expenses

Cost of Increases:	Total Cost	Cost per Pupil
1% base scale increase w/Ret & FICA	\$209,000	\$73
Step increment increase (2.0%) w/Ret & FICA	\$417,550	\$145
2.5% health care state cap increase	\$75,000	\$26
5% Utility increase	<u>\$45,000</u>	<u>\$16</u>
<b>Total</b>	<b>\$746,550</b>	<b>\$260</b>
1% increase to retirement rate	\$156,000	<b>\$55</b>

- **Year Over Year cost drivers :**

- \$42 per student required to cover normal state health insurance cap increase and increase in price of utilities
- \$260 per student required to provide increase to employees equal to rate of inflation
  - Per pupil Foundation allowance has been increased by \$200 or more only three times in last 15 years (\$218 this year, \$210 in 2006-07, and \$200 in 2002-03)
- If cost of MPSERS continue to increase, does School Aid Fund offset increases, or is retirement rate increased?

- **Staff Turnover:**

- The turnover of 30 teachers for the 2018-19 school year reduced total salaries by approximately \$500,000.
- Current retirement incentive payments will be completed in 2020-21, providing a reduction in expense for 2021-22 of \$210,000.



# **Future Year Budget Forecast**



# Future Year Budget Assumptions

	2018-19 Amended	2019-2020	2020-2021
<b>Revenues:</b>			
Foundation Allowance	\$8,064	\$8,214	\$8,314
Foundation Allowance increase		\$150	\$100
Student Enrollment	2,891	2,875	2,860
Enhancement Millage per student	\$225	\$230	\$235
EGRNow/Forever!	\$239,709	\$150,000	\$200,000
<b>Expenses:</b>			
Salaries:	2.0% base + step	Step increase	1% overall
Additional Staffing:	1.0 (K), 0.6 MS, 0.5 Psych	No change	(1.0) HS
Health Care (% increase)	3.4%	1.9%	2.5%
State Retirement	26.18%	26.18%	26.18%
Utilities (% increase)	5%	5%	5%



# Future Years Financial Forecast

	2018-2019 Amended Budget	2019-2020 Forecast	2020-2021 Forecast
Revenues	\$30,795,708	\$31,078,092	\$31,348,503
Expenses	<u>\$30,784,486</u>	<u>\$31,189,772</u>	<u>\$31,471,380</u>
Change in Fund Reserve	\$11,222	(\$111,680)	(\$122,877)
Beginning Unreserved Fund Reserve	\$2,796,190	\$2,820,803	\$2,695,732
Ending Unreserved Fund Reserve	\$2,807,412	\$2,695,732	\$2,572,855
Ending Fund Reserve %	9.1%	8.6%	8.2%



# Future Forecast Highlights

Year over Year change	2019-2020	2020-2021
<b>Revenues:</b>		
Foundation Allowance increase	\$431,250	\$286,000
Student Enrollment	(\$130,000)	(\$123,000)
EGRNow/Forever:	(\$90,000)	\$50,000
Act 18	\$25,000	\$25,000
Enhancement Millage	\$11,000	\$11,000
Section 147 (School Aid Support of MPSERS)	<u>\$50,000</u>	<u>\$13,000</u>
<b>Total</b>	<b>\$282,384</b>	<b>\$270,411</b>
<b>Expenses:</b>		
Salaries	\$285,000	\$159,000
Retirement/FICA	\$135,000	\$73,000
Health Care	\$75,000	\$77,500
Retirement Incentive Payments	<u>(\$58,000)</u>	<u>\$0</u>
<b>Total</b>	<b>\$405,286</b>	<b>\$281,608</b>



# Summary

- **Structurally Balanced Budget for 2018-2019**
  - Includes largest compensation increase for staff in 9 years
- **2018-2019 would be fourth consecutive year of a structurally balanced budget**
  - Fund reserve increased from dangerous 5.7% level to 9.2%, but work remains to get to 10% goal.
- **Large turnover in staff has reduced personnel costs for future**
- **Student enrollment continues to decline, but hopefully at a slower rate than previously expected**
- **School Aid Fund projections for continued growth**
  - How much of the growth is invested in K-12 funding?
  - Projection assumes continued economic expansion. Slowdown in economy would change projections significantly.
- **MPSERS:**
  - Legislators & Office of Retirement Services making multiple changes to solidify funding ratios and health of system
  - How will the changes impact either state funding or district retirement expenses?
- **State Budget:**
  - Impact of road funding legislation ramps up in 2019-20
  - Impact of tax credits, reductions & eliminations on future year state budgets
  - Shifting of appropriations between state General Fund and School Aid Fund



# Discussion / Questions

**East Grand Rapids Public Schools**  
**General Appropriations Act**  
**2018-2019 Fiscal Year**

**General Fund**  
**Amendment – October 22, 2018**

RESOLVED, that this resolution shall be the General Fund appropriation of East Grand Rapids Public Schools for the fiscal year ending June 30, 2019, a resolution to make appropriations, to provide for the expenditure of the appropriations, and to provide for the disposition of all income received by East Grand Rapids Public Schools.

BE IT FURTHER RESOLVED, that the total revenues and fund balance estimated to be available for appropriations in the General Fund of East Grand Rapids Public Schools for the fiscal year ending June 30, 2019 is:

Revenue:	
Local	\$2,968,477
State	\$25,012,470
Federal	\$421,795
Athletics	\$344,000
Incoming Transfers & Other Transactions	<u>\$2,048,966</u>
Total Revenue	\$30,795,708
Fund Reserve, July 1, 2018	<u>\$2,796,190</u>
Total Available Funds	<u>\$33,591,898</u>

BE IT FURTHER RESOLVED, that \$30,784,486 of the total available to appropriate in the General Fund is hereby appropriated in the amounts and for the purpose set forth below:

Expenditures:	
Instruction	
Basic Program	\$18,672,133
Added Needs	\$1,526,698
Support Services	
Pupil	\$1,767,403
Instructional Staff	\$1,244,933
General Administration	\$655,991
School Administration	\$2,030,116
Business Services	\$641,885
Operations & Maintenance	\$2,174,543
Pupil Transportation	\$276,500
Central Services	\$548,024
Athletics	\$843,601
Community Services	\$342,661
Outgoing Transfers & Other Transactions	<u>\$60,000</u>
Total Appropriated	\$30,784,486
Ending Fund Reserve, June 30, 2019	<u>\$2,807,412</u>
Total Appropriations & Fund Reserve	<u>\$33,591,898</u>