

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

JUNE 30, 2018



Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

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August 22, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Ewart Public Schools
Ewart, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ewart Public Schools, Ewart, Michigan as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evert Public Schools, Evert, Michigan as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 3.R to the financial statements, Evert 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 required supplementary information, as identified in the table of contents, on pages iv through x and 39-44 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 Evert Public Schools' basic financial statements. The Combining and Individual Fund Financial Statements and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Other Information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2018, on our consideration of Evert 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 Evert 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 Evert Public Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

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

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Evart Public Schools' financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents the information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide statements distinguish functions of the District that are principally supported by state aid and property taxes (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, food service activities, athletic activities, community services, interest and other transactions.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Evart Public Schools, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories, governmental funds and fiduciary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds The District is a trustee, or fiduciary, for assets that belong to other organizations. 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's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

C. Summary of Net Position

The following schedule summarizes the net position at fiscal years ended June 30: The prior year has not been restated to include the new GASB 75 Standards-*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

	2018	2017
Assets		
Current Assets	\$ 4,541,933	\$ 7,206,438
Non Current Assets		
Capital Assets	19,887,323	17,748,209
Less Accumulated Depreciation	(7,282,331)	(7,416,982)
Total Non Current Assets	12,604,992	10,331,227
Total Assets	17,146,925	17,537,665
Deferred Outflows of Resources	3,252,967	1,741,990

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

	2018	2017
Liabilities		
Current Liabilities	1,491,420	2,096,058
Non Current Liabilities	26,172,101	21,131,124
Total Liabilities	27,663,521	23,227,182
Deferred Inflows of Resources	1,639,206	758,385
Net Position		
Net Investment in Capital Assets	5,751,312	5,921,496
Restricted for Debt Service	248,501	180,441
Unrestricted - (Deficit)	(14,902,648)	(10,807,849)
Total Net Position - (Deficit)	\$ (8,902,835)	\$ (4,705,912)

D. Analysis of Financial Position

During the fiscal year ended June 30, 2018, the District's net position increased by \$476,386. Some of the more significant factors affecting net position during the year is discussed below:

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2018, \$375,141 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2018, \$2,648,906 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, the current year's depreciation and current year disposal of capital assets is an increase to capital assets in the amount of \$2,273,765 for the fiscal year ended June 30, 2018.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

3. Pension and Other Postemployment Benefits Expense

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increase or decreases in any given year. For the year ended June 30, 2018, the District reported minimal changes in net position related to GASB 68 and 75, which indicates that the District's proportionate share of the net pension and OPEB liabilities remained virtually the same as the prior year.

E. Results of Operations

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30. The prior year has not been restated to include the new GASB No. 75 Standards – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:

	2018	2017
General Revenues		
Property Taxes	\$ 2,380,998	\$ 2,382,732
Investment Earnings	23,755	44,795
State Sources	4,747,104	4,552,296
Other	103,760	84,270
Total General Revenues	7,255,617	7,064,093
Program Revenues		
Charges for Services	145,563	138,649
Operating Grants and Contributions	2,630,597	2,469,170
Capital Grants and Contributions	0	36,633
Total Program Revenues	2,776,160	2,644,452
Total Revenues	10,031,777	9,708,545
Expenses		
Instruction	5,644,104	5,292,799
Supporting Services	2,876,984	3,225,892
Food Service Activities	383,555	269,050
Community Services	5,024	15,995
Interest on Long-Term Debt	270,613	279,880
Unallocated Depreciation	375,141	303,995
Total Expenses	9,555,421	9,387,611
Change in Net Position	\$ 476,356	\$ 320,934

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

F. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Major Fund			
General Fund	\$ 1,731,527	\$ 1,233,836	\$ 497,691
2016 Capital Projects Fund	1,097,746	3,782,487	(2,684,741)
Nonmajor Funds			
Food Service Fund	193,816	124,165	69,651
2016 Debt Retirement Fund	297,001	230,274	66,727
 Total Governmental Funds	 <u>\$ 3,320,090</u>	 <u>\$ 5,370,762</u>	 <u>\$ (2,050,672)</u>

In 2018, the General Fund balance increased due to keeping most expenditures under the budgeted amounts.

The 2016 Capital Projects Fund decreased due to \$2,709,424 of expenditures of bond proceeds.

The Food Service Fund balance increased primarily due to an increase in Federal Aid and a decrease in expenditures in comparison to the prior year.

The 2016 Debt Retirement Fund increased its fund balance due to local revenues exceeding the debt payment made to meet the ongoing debt obligations of the fund.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. The Board prior to the close of the fiscal year must approve any amendments made to the operating budget on or before June 30.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

For the 2017-2018 fiscal year, the District amended the general fund budget as needed during the year. The following schedule shows a comparison of the original general fund budget; the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>TOTAL REVENUES</u>	\$ 8,356,995	\$ 8,978,818	\$ 8,885,221
<u>EXPENDITURES</u>			
Instruction	\$ 5,494,335	\$ 5,373,240	\$ 5,267,388
Supporting Services	3,277,562	3,178,505	3,108,219
Community Services	4,000	5,000	5,024
Non-Public Schools	13,000	4,711	3,587
Debt Service	0	0	29,262
Total Expenditures	\$ 8,788,897	\$ 8,561,456	\$ 8,413,480

The revenue budget was amended as it became clearer on the amounts the District would receive for State and Federal Funding, as well as funding from the Intermediate School District. The expenditures were amended because many of the expenditures are revenue driven and once the revenue picture became clearer, the District was able to allocate additional funds for expenditures it hadn't allocated for in its original budget.

The total revenues variance between final budget and actual was \$93,597, which is due mostly to Federal Sources revenue being less than anticipated. The total expenditures variance was \$148,066. The expenditure variance was caused by the District budgeting with caution to avoid exceeding the budget. These variances are relatively small in comparison to total budgeted figures.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2018, the District has \$19,887,323 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to \$375,141 bringing the accumulated depreciation to \$7,282,331 as of June 30, 2018.

Major capital asset additions to the current fiscal year include:

- A new floor scrubber in the amount of \$9,022
- Library Books in the amount of \$9,250
- A new bus in the amount of \$84,000
- Building Improvements in the amount of \$2,273,76

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2018

2. *Long-Term Debt*

At June 30, 2018, the District had \$7,275,000 in bonded debt outstanding. This represents a decrease of \$200,000 from the amount outstanding at the close of the prior fiscal year. Additionally, the estimated liability for compensated absences, the net OPEB liability and the net pension liability are \$162,618, \$4,656,572 and \$13,622,562 respectively. More information on the long-term debt of the District can be found in the footnotes of this report.

Factors Bearing on the District's Future

At the time that 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:

- Although the economic condition in the country and in the State of Michigan is improving, uncertainty yet surrounds the level at which districts will be funded for the student foundation allowance for the 2018-2019 fiscal year.
- As with other employers, the District continues to face increases in rates paid for employee benefits, particularly health insurance and retirement.

Request for Information

This financial report is designed to provide our 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, please contact Evert Public Schools, 321 North Hemlock, P.O. Box 917, Evert, Michigan 49631.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 2,248,294
Restricted Cash	1,119,713
Accounts Receivable	2,848
Due from Other Governmental Units	1,164,214
Inventory	6,864
	<hr/>
Total Current Assets	4,541,933

NON CURRENT ASSETS

Capital Assets	19,887,323
Less Accumulated Depreciation	(7,282,331)
	<hr/>
Total Non Current Assets	12,604,992

TOTAL ASSETS

17,146,925

DEFERRED OUTFLOWS OF RESOURCES

Related to Pensions	2,953,205
Related to Other Postemployment Benefits	299,762
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,252,967

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	108,156
Accrued Expenses	247,118
Accrued Interest Payable	48,500
Salaries Payable	487,812
Due to Other Governmental Units	342,737
Unearned Revenue	36,020
Bond Payable - Due within One Year	210,000
Capital Lease - Current Portion	11,077
	<hr/>
Total Current Liabilities	1,491,420

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2018

<u>NON CURRENT LIABILITIES</u>	
Bonds Payable (Net of Current Portion)	7,730,349
Net Pension Liability	13,622,562
Other Postemployment Benefits Liability	4,656,572
Compensated Absences	<u>162,618</u>
 Total Non Current Liabilities	 <u>26,172,101</u>
 TOTAL LIABILITIES	 <u>27,663,521</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Pensions	1,481,780
Related to Other Postemployment Benefits	<u>157,426</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>1,639,206</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	5,751,312
Restricted for Debt Service	248,501
Unrestricted (Deficit)	<u>(14,902,648)</u>
 TOTAL NET POSITION (DEFICIT)	 <u>\$ (8,902,835)</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>GOVERNMENTAL ACTIVITIES NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 5,644,104	\$ 16,175	\$ 1,565,269	\$ 0	\$ (4,062,660)
Supporting Services	2,876,984	58,269	569,052	0	(2,249,663)
Food Service Activities	383,555	71,119	496,276	0	183,840
Community Services	5,024	0	0	0	(5,024)
Interest on Long Term Debt	270,613	0	0	0	(270,613)
Unallocated Depreciation	375,141	0	0	0	(375,141)
Total Governmental Activities	\$ 9,555,421	\$ 145,563	\$ 2,630,597	\$ 0	(6,779,261)
 <u>GENERAL REVENUES</u>					
Property Taxes - General Purposes					1,831,988
Property Taxes - Debt Service					549,040
Investment Earnings					23,755
State Sources					4,747,104
Other					103,760
Total General Revenues					7,255,647
Change in Net Position					476,386
<u>NET POSITION</u> - Beginning of Year - (As Restated) - (Deficit)					(9,379,221)
<u>NET POSITION</u> - End of Year - (Deficit)					\$ (8,902,835)

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2018

	GENERAL FUND	2016 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 1,775,497	\$ 0	\$ 472,797	\$ 2,248,294
Restricted Cash	0	1,119,713	0	1,119,713
Accounts Receivable	2,848	0	0	2,848
Due from Other Funds	0	0	11,631	11,631
Due from Other Governmental Units	1,162,654	0	1,560	1,164,214
Inventory	0	0	6,864	6,864
TOTAL ASSETS	\$ 2,940,999	\$ 1,119,713	\$ 492,852	\$ 4,553,564
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 84,656	\$ 21,967	\$ 1,533	\$ 108,156
Accrued Expenditures	246,616	0	502	247,118
Salaries Payable	487,812	0	0	487,812
Due to Other Funds	11,631	0	0	11,631
Due to Other Governmental Units	342,737	0	0	342,737
Unearned Revenue	36,020	0	0	36,020
Total Liabilities	1,209,472	21,967	2,035	1,233,474
<u>FUND BALANCE</u>				
Nonspendable				
Inventory	0	0	6,864	6,864
Restricted for:				
Food Service	0	0	186,952	186,952
Debt Service	0	0	297,001	297,001
Capital Projects	0	1,097,746	0	1,097,746
Assigned for Subsequent Year				
Budget Shortfall	471,399	0	0	471,399
Unassigned	1,260,128	0	0	1,260,128
Total Fund Balance	1,731,527	1,097,746	490,817	3,320,090
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,940,999	\$ 1,119,713	\$ 492,852	\$ 4,553,564

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2018

Total Governmental Fund Balances \$ 3,320,090

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of the capital assets is	\$ 19,887,323	
Accumulated depreciation is	<u>(7,282,331)</u>	12,604,992

The issuance of long-term debt provides current financial resources to funds, while the repayment of the principle 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, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the bond issue.

Bond Discount (Premium)	(735,644)	
Accumulated Amortization	<u>70,295</u>	(665,349)

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds Payable		(7,275,000)
Compensated Absences		(162,618)
Capital Lease Payable		(11,077)

Accrued interest is not included as a liability in government funds, it is recorded when paid. (48,500)

Some liabilities, including net pension obligations, are not due and payable and payable in the current period and, therefore, are not reported in the funds.

Net Pension Liability		(13,622,562)
Other Postemployment Liability		(4,656,572)

Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflow of Resources		3,252,967
Deferred Inflow of Resources		<u>(1,639,206)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (8,902,835)

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

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	GENERAL FUND	2016 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 2,021,175	\$ 20,683	\$ 621,827	\$ 2,663,685
State Sources	6,209,665	0	37,580	6,247,245
Federal Sources	463,499	0	464,077	927,576
Other Transactions	190,882	0	0	190,882
Total Revenues	<u>8,885,221</u>	<u>20,683</u>	<u>1,123,484</u>	<u>10,029,388</u>
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	4,244,630	0	0	4,244,630
Added Needs	1,011,048	0	0	1,011,048
Adult/Continuing Education	11,710	0	0	11,710
Supporting Services				
Pupil	326,671	0	0	326,671
Instructional Staff	124,648	0	0	124,648
General Administration	94,307	0	0	94,307
School Administration	545,973	0	0	545,973
Business	218,615	0	0	218,615
Operation and Maintenance	805,298	2,584,448	0	3,389,746
Pupil Transportation Services	605,699	84,000	0	689,699
Central Services	160,866	36,976	0	197,842
Athletics	226,142	0	0	226,142
Food Service Activities	0	0	460,048	460,048
Community Services				
Community Activities	5,024	0	0	5,024
Non-Public Schools				
Pupil Services	3,587	0	0	3,587
Debt Service				
Principal	11,630	0	200,000	211,630
Interest	0	0	301,108	301,108
Other Transactions	17,632	0	0	17,632
Total Expenditures	<u>8,413,480</u>	<u>2,705,424</u>	<u>961,156</u>	<u>12,080,060</u>
Excess (Deficiency) of Revenues				
Over Expenditures	471,741	(2,684,741)	162,328	(2,050,672)

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	GENERAL FUND	2016 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	25,950	0	0	25,950
Transfers Out	0	0	(25,950)	(25,950)
Total Other Financing Sources (Uses)	25,950	0	(25,950)	0
Net Change in Fund Balance	497,691	(2,684,741)	136,378	(2,050,672)
<u>FUND BALANCE -</u>				
Beginning of Year	1,233,836	3,782,487	354,439	5,370,762
<u>FUND BALANCE -</u>				
End of Year	<u>\$ 1,731,527</u>	<u>\$ 1,097,746</u>	<u>\$ 490,817</u>	<u>\$ 3,320,090</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

Net Change in Fund Balances Total Governmental Funds \$ (2,050,672)

Amounts reported for governmental 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	(375,141)
Capital Outlay	2,648,906

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the bond issue.

Amortization of Bond Premium	30,243
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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 Year	49,833
Accrued Interest Payable - End of Year	(48,500)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

Repayment of Bond Principal	200,000
Repayment of Installment Contract	10,549

Employees Compensated Absences and Early Retirement Incentives 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:

Compensated Absences - Beginning of Year	168,595
Compensated Absences - End of Year	(162,618)

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

Governmental funds report district pension and other postemployment benefits contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions is reported as an expense:

Items related to Pensions	(7,596)
Items related to Other Postemployment Benefits	10,368

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension and other postemployment benefit contributions subsequent to the measurement date:

Change in State Aid Funding for Pension and Other Postemployment Benefits	<u>2,419</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 476,386</u></u>
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The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2018

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 116,911
<u>LIABILITIES</u>	
Due to Groups and Organizations	<u>116,911</u>
<u>NET POSITION</u>	<u>\$ 0</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Evert Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District (the "District") is located in Osceola, Mecosta, and Clare Counties with its administrative offices located in Evert, Michigan. The District operates under an elected 7-member board of education and provides services to its 879 students in elementary, middle school, high school, special education and adult education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government 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 generally accepted accounting principles. 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.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

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 government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. 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.

The District reports the following major governmental fund:

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 2016 *Capital Projects Fund* accounts for the acquisition of capital assets or the construction of major capital projects.

Other non-major funds:

The *special revenue (School Food Service) fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service activities in a special revenue fund.

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

Additionally, the District reports the following fiduciary fund:

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.

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

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, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

current financial resources or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year end). 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). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

- a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
- b) A public hearing is conducted during June to obtain taxpayer comments.
- c) Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. 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 financial 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.
- d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g) Budgeted amounts are as originally adopted on June 26, 2017, or as amended by the School Board of Education throughout the year.

2. *Excess of Expenditures over Appropriations*

Excess of expenditures over appropriations occurred in the following funds:

General Fund:

Support Services – Athletic activities expenditures of \$226,142 exceeded appropriations of \$192,463 by \$33,679.

Community Services – Community activity expenditures of \$5,024 exceeded appropriations of \$5,000 by \$24.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Debt Service – Principal expenditures of \$11,630 exceeded appropriations of \$0, by \$11,630.

Prior Period Adjustment expenditures of \$17,632 exceeded appropriations of \$0 by \$17,632.

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.

2. Investments

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the District to invest as follows:

- a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.
- b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The District's deposits and investments are held separately by several of the District's funds.

3. Inventory and Prepaid Items

Inventory is valued at cost on a first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made 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. The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year end to indicate the portion of the governmental fund balances that are nonspendable.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

4. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date received.

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.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Land Improvements	20 years
Buildings and Additions	50 years
Machinery and Equipment	5-20 years
Transportation Equipment	8 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

5. Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefits liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *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 two item that qualifies for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide *Statement of Net Position*. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year for which they apply. Details can be found in footnote 3-E and 3-F.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The 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 two item that qualifies for reporting in this category. They are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. Details can be found in footnote 3-E and 3-F.

7. *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.

8. *Fund Balance Flow Assumption*

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.

9. *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 governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) 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 governing board has by resolution authorized the superintendent to assign fund balance. The board 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.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

10. *Unearned Revenue*

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned revenue that is related to state and local grants/donations, with restrictions on how they can be spent, being received but as of the year end have not been spent.

11. *Use of Estimates*

The process of preparing basic 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 expenditures. 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.

12. *Restricted Assets*

Certain cash resources are classified as restricted assets on the balance sheet because their use is limited by applicable spending requirements and they are maintained in separate bank accounts.

H. Revenues and Expenditures/Expenses

1. *State Revenue*

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide 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 year ended June 30, 2018 the foundation allowance was based on pupil membership counts taken in February of 2017 and October of 2017. For fiscal year ended June 30, 2018, the per pupil foundation allowance was \$7,631 for Evart Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2017 to August 2018. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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, which are not expended by the close of the fiscal year are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. Program Revenues

Amounts reported as program revenue 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 or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

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

<u>Fund</u>	<u>Mills</u>
General Fund - Non-Homestead Real	18.00
General Fund - Commercial PPT	6.00
Debt Service Fund - Homestead and Non-Homestead	2.44

4. Compensated Absences

District policy permits certain employees to accumulate earned but unused sick pay benefits which are paid when the employee separates from service with the District. A liability is recorded in the statement of net position for such amounts. No liability is recorded for accumulated vacation since hours earned do not vest.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes budgetary violations that occurred for the year ended June 30, 2018.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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, the District's bank balance was \$3,546,000 and \$2,760,630 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The risk is spread amongst the District's funds. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the deposits.

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 (NRSOs).

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.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

Fair Market Value Disclosure - 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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

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. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

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

The carrying amount of deposits and investments is as follows:

	<u>Total</u>
Deposits – including Fiduciary Funds of \$116,911	<u>\$ 3,484,893</u>

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

	<u>Total</u>
Cash - Fiduciary Funds	\$ 116,911
Cash - District-Wide	2,248,269
Cash - District-Wide - Restricted	<u>1,119,713</u>
	<u>\$ 3,484,893</u>

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B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor are as follows:

	GENERAL	NON-MAJOR	TOTAL
Accounts Receivable	\$ 2,848	\$ 0	\$ 2,848
Due from Other Governmental Units	1,162,654	1,560	1,164,214
Total Receivables	\$ 1,165,502	\$ 1,560	\$ 1,167,062

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets				
Land/Land Improvements	\$ 1,259,338	\$ 0	\$ 0	\$ 1,259,338
Construction in Progress	3,682,521	0	3,682,521	0
Buildings and Additions	7,907,761	6,229,155	0	14,136,916
Machinery and Equipment	3,734,940	18,272	407,447	3,345,765
Transportation Equipment	1,163,649	84,000	102,345	1,145,304
Subtotal	17,748,209	6,331,427	4,192,313	19,887,323
Less Accumulated Depreciation				
Land/Land Improvements	7,972	613	0	8,585
Buildings and Additions	3,524,381	115,519	0	3,639,900
Machinery and Equipment	3,327,297	125,717	407,447	3,045,567
Transportation Equipment	557,332	133,292	102,345	588,279
Accumulated Depreciation	7,416,982	375,141	509,792	7,282,331
Net Capital Assets	\$ 10,331,227	\$ 5,956,286	\$ 3,682,521	\$ 12,604,992

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Depreciation for the fiscal year ended June 30, 2018 amounted to \$375,141. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Defined Benefit Plan and Post-Employment Benefits

Plan Description – The Michigan Public School Employees’ Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board’s authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www://Michigan.gov/mspers-cafr,

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

Benefit Provided - Overall

Introduction

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension 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 Member Investment Plan (MIP). Basic plan member’s contributions range from 0% to 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990

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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% to 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 (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus 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 members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

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 their after 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

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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.

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 accounts. 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 the Defined Contribution Plan 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) 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 two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

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. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the

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balance deducted from the monthly pension of each retiree healthcare 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 credited service provided member worked through 60th 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.

Member Contributions

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

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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 post-employment benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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

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

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:

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
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 \$1,323,194.

The Districts OPEB contributions for the year ended June 30, 2018 were approximately \$315,198.

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

E. 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 \$13,622,562 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

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determined. At September 30, 2017 and 2016, the District's proportion was 0.0525678% and .0520292%.

MPSERS (Plan) Non-University Employers Net Pension Liability – As of September 30, 2017 and September 30, 2016

	<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	<u>46,492,967,573</u>	<u>42,968,263,308</u>
Net Pension Liability	<u>\$ 25,914,251,115</u>	<u>\$ 24,949,181,770</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.21%	63.27%
Net Pension Liability as a Percentage of Covered Payroll	309.13%	295.81%

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

For the year ended June 30, 2018, the District recognized total pension expense of \$784,887. This amount excludes contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 118,389	\$ 66,843
Changes of assumptions	1,492,460	0
Net difference between projected and actual earnings on pension plan investments	0	651,248
Changes in proportion and differences between District contributions and proportionate share of contributions	100,485	217,786
District section 147c revenue related to District Pension contributions subsequent to the measurement date	0	545,903
District contributions subsequent to the measurement date	<u>1,241,871</u>	<u>0</u>
Total	<u>\$ 2,953,205</u>	<u>\$ 1,481,780</u>

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\$1,241,871 reported as deferred outflows of resources and \$545,903 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2018	\$ 157,182
2019	412,142
2020	220,218
2021	(14,085)
	\$ 775,457

F. 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 4,656,572 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 0.05258412%.

MPERS (Plan) Non-University Employers Net OPEB Liability – As of September 30, 2017 and September 30, 2016

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Total OPEB Liability	\$ 13,920,945,991	\$ 14,071,279,615
Plan Fiduciary Net Position	5,065,474,948	4,730,719,539
OPEB Liability	\$ 8,855,471,043	\$ 9,340,560,076
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	36.39%	33.62%
OPEB Liability as a Percentage of Covered Payroll	105.64%	unknown

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

For the year ended June 30, 2018, the District recognized total OPEB expense of \$304,830.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 49,579
Changes of assumptions	0	0
Net difference between projected and actual earnings on OPEB plan investments	0	107,847
Changes in proportion and differences between District contributions and proportionate share of contributions	82	0
District contributions subsequent to the measurement date	299,680	0
Total	\$ 299,762	\$ 157,426

\$299,680 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2018	\$ (38,024)
2019	(38,024)
2020	(38,024)
2021	(38,024)
2022	(5,248)
	\$ (157,344)

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G. Actuarial Valuations and Assumptions of the Pension and OPEB Plans

Investment rate of return for pension – 7.5% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 8.0% 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

Coverage Election at Retirement – 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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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%
Alternative Investment Pools	18.00%	8.70%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	-0.10%
Real Estate & Infrastructure Pools	10.00%	4.20%
Absolute Return Pools	15.50%	5.00%
Short-Term Investment Pools	2.00%	-0.90%
	<u>100%</u>	

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

Pension Discount Rate

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

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 project 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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.5% (7.0% for the Pension Plus plan), as well as what the District's proportionate

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share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease (Non-Hybrid/Hybrid) 6.5% / 6.0%	Rate Assumption (Non-Hybrid/Hybrid) 7.5% / 7.0%	1% Increase (Non-Hybrid/Hybrid) 8.5% / 8.0%
\$ 17,745,667	\$ 13,622,562	\$ 10,151,170

Sensitivity of the District's Proportionate Share 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 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease 6.5%	Current Single Discount Rate Assumption 7.5%	1% Increase 8.5%
\$ 5,454,191	\$ 4,656,572	\$ 3,979,642

Sensitivity of 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 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease (6.5% decreasing to 2.5%)	Current Healthcare Cost Trend Rates (7.5% decreasing to 3.5%)	1% Increase (8.5% decreasing to 4.5%)
\$ 3,943,490	\$ 4,656,572	\$ 5,466,226

H. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2016 Comprehensive Annual Financial Report.

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I. Payables to the Pension Plan

As of June 30, 2018, the District is current on all required pension and OPEB plan payments. As of June 30, 2018, the District reported payables in the amount of \$220,176 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

J. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The Schools participate in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

K. Long-Term Liabilities

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.

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

	Bonds	Capital Lease Obligations	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Long-Term Liabilities at						
July 1, 2017	\$ 7,475,000	\$ 21,626	\$ 168,595	\$ 12,980,860	\$ 4,911,651	\$25,557,732
Increase in Debt	0	0	0	1,874,697	154,310	2,029,007
Debt Retired	(200,000)	(10,549)	(5,977)	(1,232,995)	(409,389)	(1,858,910)
Long-Term Liabilities at						
June 30, 2018	7,275,000	11,077	162,618	13,622,562	4,656,572	25,727,829
Less Current Portion	(210,000)	(11,077)	unknown	unknown	unknown	(221,077)
Total Due After One Year	\$ 7,065,000	\$ 0	\$ 162,618	\$ 13,622,562	\$ 4,656,572	\$25,506,752

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The District's liability obligations at June 30, 2018, are comprised of the following issues:

2016 Building and Site Bonds due is annual installments of \$210,000 to \$475,000 through May 1, 2040, with interest of 4.00%	\$ 7,275,000
Compensated Absences of Employee Vested Sick Pay Accumulations	162,618
Capital Lease Obligations due in installments of \$11,077 through November 11, 2018, with interest of 5.00%	11,077
Net Other Postemployment Liability	4,656,572
Net Pension Liability	<u>13,622,562</u>
 TOTAL LONG-TERM LIABILITIES	 <u><u>\$ 25,727,829</u></u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2018, including interest payments of \$3,795,000 are as follows:

YEAR ENDING JUNE 30,	BOND PRINCIPAL	INTEREST	TOTAL
2019	\$ 210,000	\$ 291,000	\$ 501,000
2020	220,000	282,600	502,600
2021	230,000	273,800	503,800
2022	240,000	264,600	504,600
2023	250,000	255,000	505,000
2024-2028	1,405,000	1,117,000	2,522,000
2029-2033	1,710,000	812,600	2,522,600
2034-2038	2,075,000	442,000	2,517,000
2039-2040	935,000	56,400	991,400
	<u>\$7,275,000</u>	<u>\$ 3,795,000</u>	<u>\$ 11,070,000</u>

The annual requirements to amortize the accumulated compensated absences and the net pension liability are not included above because it is unknown when they will actually be paid.

Compensated absences and the net pension liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

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EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

L. Interfund Receivables and Payables

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 0	\$ 11,631
2016 Debt Retirement Fund	11,631	0
	\$ 11,631	\$ 11,631

The outstanding balances between funds result mainly from the time lag between the dates that (1) recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2018 are expected to be repaid within one year.

M. Interfund Transfers

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 25,950	\$ 0
School Service Fund - Food Service	0	25,950
	\$ 25,950	\$ 25,950

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The food service fund transferred \$25,950 to the General Fund for indirect costs.

N. GASB Statement No. 77 (Tax Abatements)

It has been determined that the District has granted tax abatements as defined by GASB Statement No. 77. However, the total of these abatements is less than \$5,000, and it has been determined they are not significant enough to warrant disclosure.

O. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. Subsequent Event

In July 2018, the district approved roof projects at the Elementary School, the Middle School and the High School in the amount of \$237,098.

No adjustment was made to the financial statements for the year ended June 30, 2018, related to this subsequent event.

3. Single Audit

Current federal guidelines require entities with federal expenditures exceeding \$750,000 to have a "single audit" of federally funded programs. This audit is being performed and the reports based thereon will be issued under a separate cover.

P. 2016 School Building and Site Capital Projects Fund

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

Q. Leases

1. Capital Lease Obligations

The District has entered into a lease agreement for financing the acquisition of a 2016 Ford F250 truck with western plow. This lease qualifies as a capital lease for accounting purposes, and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The truck purchased under the capital lease totals a cost of \$33,256 and is included in the capital assets of the District. The amortization of this truck and plow has been included in the District's depreciation expense. Obligations of the District's governmental activities under capital leases at June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Total Lease Payments	\$ 11,077	\$ 554	\$ 11,631

R. New Accounting Standards

The District implemented the following new pronouncements: 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 statements 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

EVART PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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:

Net Position - Governmental Activities - As Previously Reported, June 30, 2017	\$ (4,705,912)
Adoption of GASB Statement 75:	
Net Other Postemployment Benefit Liability	(4,911,651)
Deferred outflows related to Other Postemployment Benefits	387,047
Deferred inflows related to Other Postemployment Benefits	<u>(148,705)</u>
Net Position - Governmental Activities - Restated as of June 30, 2017	<u>\$ (9,379,221)</u>

NOTE 4 – UPCOMING ACCOUNTING PRONOUNCEMENTS

The District is currently evaluating the impact these standards will have on the financial statements when adopted.

GASB Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the District's 2020 fiscal 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 Account 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.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2018

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 1,944,081	\$ 2,024,052	\$ 2,021,175
State Sources	5,878,095	6,231,429	6,209,665
Federal Sources	361,819	538,727	463,499
Other Transactions	173,000	184,610	190,882
Total Revenues	8,356,995	8,978,818	8,885,221
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	4,156,183	4,316,556	4,244,630
Added Needs	1,328,941	1,038,721	1,011,048
Adult/Continuing Education	9,211	17,963	11,710
Supporting Services			
Pupil	354,391	336,606	326,671
Instructional Staff	190,260	163,430	124,648
General Administration	102,306	97,646	94,307
School Administration	546,120	548,232	545,973
Business	227,854	220,175	218,615
Operation and Maintenance	818,610	824,093	805,298
Pupil Transportation Services	667,163	628,723	605,699
Central Services	171,622	167,137	160,866
Athletics	199,236	192,463	226,142
Community Services			
Community Activities	4,000	5,000	5,024
Non-Public Schools			
Pupil Services	13,000	4,711	3,587
Debt Service			
Principal			11,630
Prior Period Adjustment	0	0	17,632
Total Expenditures	8,788,897	8,561,456	8,413,480
Excess (Deficiency) of Revenues Over Expenditures	(431,902)	417,362	471,741
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In	0	0	25,950
Net Change in Fund Balance	(431,902)	417,362	497,691
<u>FUND BALANCE</u> - Beginning of Year	1,233,836	1,233,836	1,233,836
<u>FUND BALANCE</u> - End of Year	\$ 801,934	\$ 1,651,198	\$ 1,731,527

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2018

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)							0.52570%	0.05203%	0.05243%	0.05423%
District's proportionate share of net pension liability							\$ 13,622,562	\$ 12,980,860	\$ 12,805,734	\$ 11,945,288
District's covered payroll							4,438,437	4,382,250	4,363,808	4,602,567
District's proportionate share of net pension liability as a percentage of its covered payroll							306.92%	296.21%	293.45%	259.54%
Plan fiduciary net position as a percentage of total pension liability							64.21%	63.27%	63.17%	66.20%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2018

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions							\$ 1,323,194	\$ 1,258,730	\$ 1,213,043	\$ 1,021,749
Contributions in relation to statutorily required contributions *							1,323,194	1,258,730	1,213,043	1,021,749
Contribution deficiency (excess)							\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll							\$ 4,363,510	\$ 4,576,930	\$ 4,381,052	\$ 4,390,142
Contributions as a percentage of covered payroll							30.32%	27.50%	27.69%	23.27%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2018

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)										0.05257%
District's proportionate share of net OPEB liability										\$ 4,656,572
District's covered payroll										4,438,437
District's proportionate share of net OPEB liability as a percentage of its covered payroll										104.91%
Plan fiduciary net position as a percentage of total OPEB liability										36.39%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2018

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions										\$ 315,198
Contributions in relation to statutorily required contributions *										315,198
Contribution deficiency (excess)										\$ 0
Covered Payroll										\$ 4,363,510
Contributions as a percentage of covered payroll										7.22%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2018

A. Changes of Benefit Terms:

There were no changes of benefit terms for the plan year ended September 30, 2017.

B. Changes of Assumptions:

There were no changes of benefit assumptions for the plan year ended September 30, 2017.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2018

	<u>FOOD SERVICE</u>	<u>2016 DEBT RETIREMENT FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 187,427	\$ 285,370	\$ 472,797
Due from Other Funds	0	11,631	11,631
Due from Other Governments	1,560	0	1,560
Inventory	6,864	0	6,864
TOTAL ASSETS	<u>\$ 195,851</u>	<u>\$ 297,001</u>	<u>\$ 492,852</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,533	\$ 0	\$ 1,533
Accrued Expenditures	502	0	502
Total Liabilities	<u>2,035</u>	<u>0</u>	<u>2,035</u>
<u>FUND BALANCE</u>			
Nonspendable			
Inventory	6,864	0	6,864
Restricted for:			
Food Service	186,952	0	186,952
Debt Service	0	297,001	297,001
Total Fund Balance	<u>193,816</u>	<u>297,001</u>	<u>490,817</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 195,851</u>	<u>\$ 297,001</u>	<u>\$ 492,852</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2018

	<u>FOOD SERVICE</u>	<u>2016 DEBT RETIREMENT FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>			
Local Sources	\$ 71,273	\$ 550,554	\$ 621,827
State Sources	20,299	17,281	37,580
Federal Sources	464,077	0	464,077
	<hr/>		
Total Revenues	555,649	567,835	1,123,484
	<hr/>		
<u>EXPENDITURES</u>			
Food Service Activities	460,048	0	460,048
Debt Service	0	501,108	501,108
	<hr/>		
Total Expenditures	460,048	501,108	961,156
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	95,601	66,727	162,328
	<hr/>		
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In/(Out)	(25,950)	0	(25,950)
	<hr/>		
Net Change in Fund Balance	69,651	66,727	136,378
	<hr/>		
<u>FUND BALANCE</u> - Beginning of Year	124,165	230,274	354,439
	<hr/>		
<u>FUND BALANCE</u> - End of Year	\$ 193,816	\$ 297,001	\$ 490,817
	<hr/> <hr/>		

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ 1,775,497	\$ 1,370,148
Due from Other Funds	0	4,042
Accounts Receivable	2,848	0
Due from Other Governmental Units	1,162,654	1,092,455
	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,940,999	\$ 2,466,645
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 84,656	\$ 52,597
Accrued Expenditures	246,616	270,925
Salaries Payable	487,812	506,057
Due to Other Funds	11,631	4,985
Due to Other Governmental Units	342,737	366,484
Unearned Revenue	36,020	31,761
	<hr/>	<hr/>
Total Liabilities	1,209,472	1,232,809
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Assigned for Subsequent Year Budget Shortfall	471,399	431,902
Unassigned	1,260,128	801,934
	<hr/>	<hr/>
Total Fund Balance	1,731,527	1,233,836
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,940,999	\$ 2,466,645
	<hr/> <hr/>	<hr/> <hr/>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2017

	2018		2017
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 2,024,052	\$ 2,021,175	\$ 2,021,978
State Sources	6,231,429	6,209,665	5,761,902
Federal Sources	538,727	463,499	537,855
Other Transactions	184,610	190,882	309,393
Total Revenues	8,978,818	8,885,221	8,631,128
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	1,615,888	1,575,570	1,755,014
Middle School	1,544,284	1,541,315	1,529,477
High School	1,122,904	1,119,123	1,084,151
Early Childhood Education	0	0	110,650
Summer School	33,480	8,622	7,334
Added Needs			
Special Education	691,404	686,368	573,836
Compensatory Education	347,317	324,680	381,807
Adult/Continuing Education	19,813	11,710	9,146
Supporting Services			
Pupil			
Guidance Services	107,745	107,076	109,073
Health Services	350	289	1,354
Social Work Services	43,998	43,997	56,507
Other Pupil Services	184,513	175,309	149,982
Instructional Staff			
Improvement of Instruction	64,386	30,311	54,532
Educational Media Services	59,755	59,201	43,317
Technology Assisted Instruction	18,285	18,124	46,126
Supervision and Direction of Instructional Staff	19,154	17,012	17,698
General Administration			
Board of Education	41,350	38,440	45,502
Executive Administration	56,296	55,867	54,857
School Administration			
Office of the Principal	548,232	545,973	538,638

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2017

	2018		2017
	BUDGET	ACTUAL	ACTUAL
Business			
Fiscal Services	193,675	192,645	179,880
Other Business Services	26,500	25,970	23,780
Operation and Maintenance	824,093	805,298	768,473
Pupil Transportation Services	628,723	605,699	642,083
Central Services			
Staff Personnel Services	33,597	26,907	21,923
Technology	133,540	133,959	149,376
Support Services - Other			
Athletics	192,463	226,142	276,511
Community Services			
Community Activities	5,000	5,024	6,981
Non-Public Schools			
Pupil Services	4,711	3,587	9,014
Debt Service			
Principal	0	11,630	11,630
Prior Period Adjustments	0	17,632	0
Total Expenditures	8,561,456	8,413,480	8,658,652
Excess (Deficiency) of Revenues Over Expenditures	417,362	471,741	(27,524)
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from Capital Lease	0	0	33,256
Transfers In	0	25,950	25,950
Total Other Financing Sources (Uses)	0	25,950	59,206
Net Change in Fund Balance	417,362	497,691	31,682
<u>FUND BALANCE</u> - Beginning of Year	1,202,154	1,233,836	1,202,154
<u>FUND BALANCE</u> - End of Year	\$ 1,619,516	\$ 1,731,527	\$ 1,233,836

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 1,848,091	\$ 1,831,988
Tuition		
Drivers Education Tuition	12,000	16,175
GSRP Tuition	0	0
Earnings on Investments and Deposits	1,700	1,404
Rental of School Property	22,200	22,200
Donations	7,349	9,579
USF Refunds	600	581
Athletics	0	36,069
Miscellaneous	132,112	103,179
	<hr/>	<hr/>
Total Local Sources	2,024,052	2,021,175
	<hr/>	<hr/>
<u>STATE SOURCES</u>		
Grants-In-Aid Unrestricted		
State School Aid		
Proposal A Obligation	2,100,654	2,085,396
Discretionary Payment	2,602,500	2,602,460
High School Pupil Support	6,460	6,459
Headlee Obligation/Data Collection	22,301	20,343
Adult Education Participants	55,832	55,832
MPERS Adjustment	747,900	747,854
Isolated Districts	39,944	39,944
Early Literacy Targeted Instruction	11,970	11,970
Computer Adaptive Tests	3,054	3,054
First Robotics	0	2,023
Dual Enrollment	900	900
Grants-In-Aid Restricted		
State School Aid		
At Risk	436,524	430,241
Special Education Headlee	203,390	203,189
	<hr/>	<hr/>
Total State Sources	6,231,429	6,209,665
	<hr/>	<hr/>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>		
Grants-In-Aid Restricted		
Title I	408,920	371,587
Title II - Part A - Improving Teacher Quality	104,373	66,860
Title V	14,434	14,434
Title IV	10,000	9,916
Medicaid Administrative Outreach	1,000	702
	<hr/>	<hr/>
Total Federal Sources	538,727	463,499
	<hr/>	<hr/>
<u>OTHER TRANSACTIONS</u>		
Transfers Intermediate School District		
Special Education	156,610	156,601
School Based Medicaid	28,000	34,281
	<hr/>	<hr/>
Total Other Transactions	184,610	190,882
	<hr/>	<hr/>
TOTAL REVENUES	<u>\$ 8,978,818</u>	<u>\$ 8,885,221</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	\$ 825,949	\$ 825,172
Employee Benefits	662,503	662,170
Purchased Services	63,822	24,715
Supplies and Materials	63,114	63,044
Other Expenditures	500	469
Total Elementary	1,615,888	1,575,570
 <u>Middle School</u>		
Salaries	852,901	852,103
Employee Benefits	630,926	629,990
Purchased Services	8,060	7,691
Supplies and Materials	51,773	50,907
Other Expenditures	624	624
Total Middle School	1,544,284	1,541,315
 <u>High School</u>		
Salaries	590,075	589,839
Employee Benefits	432,837	431,271
Purchased Services	67,230	66,527
Supplies and Materials	32,362	31,086
Other Expenditures	400	400
Total High School	1,122,904	1,119,123
 <u>Summer School</u>		
Salaries	18,686	1,271
Employee Benefits	6,318	418
Supplies and Materials	8,476	6,933
Total Summer School	33,480	8,622
 <u>Added Needs</u>		
<u>Special Education</u>		
Salaries	402,564	399,997
Employee Benefits	285,390	283,409
Purchased Services	3,250	2,951
Supplies	200	11
Total Special Education	691,404	686,368

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
<u>Compensatory Education</u>		
Salaries	216,633	204,929
Employee Benefits	115,181	107,941
Purchased Services	0	599
Supplies and Materials	1,500	0
Other Expenditures	14,003	11,211
Total Compensatory Education	347,317	324,680
 <u>Adult/Continuing Education</u>		
Salaries	9,313	8,400
Employee Benefits	3,597	2,705
Purchased Services	568	3
Supplies and Materials	6,335	602
Total Adult/Continuing Education	19,813	11,710
 TOTAL INSTRUCTION	5,375,090	5,267,388
 <u>SUPPORTING SERVICES</u>		
<u>Pupil</u>		
<u>Guidance Services</u>		
Salaries	69,737	69,682
Employee Benefits	37,308	36,791
Supplies and Materials	700	603
Total Guidance Services	107,745	107,076
<u>Health Services</u>		
Supplies and Materials	350	289
Total Health Services	350	289
<u>Social Work Services</u>		
Purchased Services	43,998	43,997
Total Health Services	43,998	43,997
<u>Other Pupil Services</u>		
Salaries	113,555	108,522
Employee Benefits	61,583	57,413
Purchased Services	7,325	7,325
Outgoing Transfers and Other Transactions	2,050	2,049
Total Other Pupil Services	184,513	175,309

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	35,165	16,558
Employee Benefits	12,184	5,607
Purchased Services	9,895	3,411
Supplies and Materials	3,231	2,266
Other Expense	3,911	2,469
Total Improvement of Instruction	64,386	30,311
 <u>Educational Media Services</u>		
Salaries	30,500	30,384
Employee Benefits	20,755	20,400
Supplies and Materials	8,500	8,417
Total Educational Media Services	59,755	59,201
 <u>Technology Assisted Instruction</u>		
Purchased Services	2,350	1,864
Supplies and Materials	15,935	16,260
Total Technology Assisted Instruction	18,285	18,124
 <u>Supervision and Direction of Instructional Staff</u>		
Salaries	10,591	10,591
Employee Benefits	7,713	5,863
Purchased Services	600	558
Other Expense	250	0
Total Supervision and Direction of Instructional Staff	19,154	17,012
 <u>General Administration</u>		
<u>Board of Education</u>		
Salaries	4,000	3,254
Employee Benefits	750	699
Purchased Services	31,800	29,918
Supplies and Materials	2,200	2,104
Other Expense	2,600	2,465
Total Board of Education	41,350	38,440

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Executive Administration</u>		
Salaries	40,000	40,000
Employee Benefits	8,696	8,690
Purchased Services	4,100	4,085
Supplies and Materials	2,000	1,700
Other Expenditures	1,500	1,392
Total Executive Administration	56,296	55,867
 <u>School Administration</u>		
<u>Office of the Principal</u>		
Salaries	313,680	313,519
Employee Benefits	231,812	229,783
Purchased Services	2,740	2,671
Total Office of the Principal	548,232	545,973
 <u>Business</u>		
<u>Fiscal Services</u>		
Salaries	102,400	101,939
Employee Benefits	80,625	80,341
Purchased Services	8,650	8,372
Supplies and Materials	2,000	1,993
Total Fiscal Services	193,675	192,645
 <u>Other Business Services</u>		
Insurance	26,000	25,970
Other Expenditures	500	0
Total Other Business Services	26,500	25,970
 <u>Operation and Maintenance</u>		
Salaries	234,000	233,482
Employee Benefits	205,114	204,444
Purchased Services	162,225	151,991
Supplies and Materials	221,754	215,381
Capital Outlay	1,000	0
Total Operation and Maintenance	824,093	805,298

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	BUDGET	ACTUAL
<u>Pupil Transportation Services</u>		
Salaries	279,550	275,617
Employee Benefits	199,233	197,835
Purchased Services	18,500	18,341
Supplies and Materials	115,700	111,007
Capital Outlay	12,785	1,013
Other Expense	2,955	1,886
Total Pupil Transportation Services	628,723	605,699
 <u>Central Services</u>		
<u>Staff Personnel Services</u>		
Salaries	16,677	16,677
Employee Benefits	5,625	5,624
Purchased Services	11,295	4,606
Total Staff Personnel Services	33,597	26,907
 <u>Technology</u>		
Salaries	67,700	67,657
Employee Benefits	38,240	38,198
Purchased Services	15,200	15,775
Supplies and Materials	12,400	12,329
Total Technology	133,540	133,959
 <u>Support Services - Other</u>		
<u>Athletics</u>		
Salaries	125,750	125,613
Employee Benefits	49,660	49,608
Purchased Services	17,053	26,389
Supplies and Materials	0	3,559
Capital Outlay	0	15,264
Other Expenditures	0	5,709
Total Athletics	192,463	226,142
TOTAL SUPPORTING SERVICES	3,176,655	3,108,219

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>COMMUNITY SERVICES</u>		
<u>Community Activities</u>		
Supplies and Materials	5,000	5,024
<u>NON-PUBLIC SCHOOLS</u>		
<u>Pupil Services</u>		
Purchased Services	4,711	3,587
<u>DEBT SERVICE</u>		
Principal	0	11,630
<u>PRIOR PERIOD ADJUSTMENTS</u>	0	17,632
TOTAL EXPENDITURES	<u>\$ 8,561,456</u>	<u>\$ 8,413,480</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - FOOD SERVICE
BALANCE SHEET

AS OF JUNE 30, 2018

ASSETS

Cash	\$ 187,427
Due From Other Governments	1,560
Inventory - Food	<u>6,864</u>
 TOTAL ASSETS	 <u>\$ 195,851</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,533
Accrued Expenditures	<u>502</u>
 Total Liabilities	 <u>2,035</u>

FUND BALANCE

Nonspendable	
Inventory	6,864
Restricted for Food Service	<u>186,952</u>
 Total Fund Balance	 <u>193,816</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 195,851</u>
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2018

REVENUES

Local Sources	
Food Sales to Pupils	\$ 42,041
Headstart	16,519
Ala Carte Sales	6,544
Food Sales to Adults	2,857
Refunds and Rebates	3,158
Interest on Investments	154
State Sources	
State Aid - Regular	20,299
Federal Sources	
Federal Aid	425,861
U.S.D.A. Entitlement Commodities	38,216
Total Revenues	<u>555,649</u>

EXPENDITURES

Salaries	122,594
Employee Benefits	53,532
Purchased Services	11,434
Supplies and Materials	
Food Purchases	170,811
Milk	35,019
Donated Commodities	38,216
Miscellaneous Supplies	10,177
Capital Outlay	16,810
Other Expense	1,455
Total Expenditures	<u>460,048</u>

Excess (Deficiency) of Revenues Over Expenditures 95,601

OTHER FINANCING SOURCES (USES)

Transfer Out (25,950)

Net Change in Fund Balance 69,651

FUND BALANCE - Beginning of Year 124,165

FUND BALANCE - End of Year \$ 193,816

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Restricted Cash	\$ 1,119,713	\$ 4,382,002
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 21,967	\$ 599,515
<u>FUND BALANCE</u>		
Restricted for Capital Projects	1,097,746	3,782,487
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 1,119,713	 \$ 4,382,002

EVART, MICHIGAN

2016 CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2018</u>	<u>2017</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	<u>\$ 20,683</u>	<u>\$ 43,106</u>
<u>EXPENDITURES</u>		
Capital Improvements	2,668,448	3,634,487
Technology	<u>36,976</u>	<u>24,897</u>
Total Expenditures	<u>2,705,424</u>	<u>3,659,384</u>
Net Change in Fund Balance	(2,684,741)	(3,616,278)
<u>FUND BALANCE</u> - Beginning of Year	<u>3,782,487</u>	<u>7,398,765</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,097,746</u>	<u>\$ 3,782,487</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 DEBT RETIREMENT FUND
BALANCE SHEET

JUNE 30, 2018

ASSETS

Cash	\$ 285,370
Due from Other Funds	11,631

TOTAL ASSETS	<u>\$ 297,001</u>
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LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
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FUND BALANCE

Restricted for Debt Service	<u>297,001</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 297,001</u>
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 DEBT RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2018

REVENUES

Local Sources	
Property Tax Levy	\$ 549,040
Earnings on Investments and Deposits	1,514
State Sources	<u>17,281</u>
 Total Revenues	 <u>567,835</u>

EXPENDITURES

Redemption of Serial Bonds	200,000
Interest on Debt	299,000
Paying Agent Fees	500
Taxes Abated	<u>1,608</u>
 Total Expenditures	 <u>501,108</u>

Net Change in Fund Balance 66,727

FUND BALANCE - Beginning of Year 230,274

FUND BALANCE - End of Year \$ 297,001

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2018

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/01/17	(Including Transfers)		6/30/18
Athletic Revolving Account				
Boy's Basketball Camp	\$ 1,561	\$ 518	\$ 471	\$ 1,608
Girl's Basketball Camp	1,682	4,366	4,970	1,078
Girl's Volleyball	714	920	53	1,581
Cross Country	3,039	12,340	14,559	820
Baseball	4,913	7,690	6,498	6,105
Business Club	447	0	0	447
Care for Kids	170	0	0	170
Cat Shack Store	855	0	0	855
Champions of Evert	0	22,600	20,174	2,426
Cheerleaders	1,446	8,097	8,960	583
Class of 2002	786	0	0	786
Class of 2011	1	0	1	0
Class of 2014	396	0	0	396
Class of 2016	971	0	0	971
Class of 2017	52	55	55	52
Class of 2018	4,527	2,502	3,750	3,279
Class of 2019	2,128	695	2,710	113
Class of 2020	9,449	17,419	6,903	19,965
Class of 2021	145	2,008	430	1,723
Class of 2022	1,002	1,721	1,242	1,481
Class of 2023	6	628	0	634
Class of 2024	383	762	1,024	121
Class of 2025	0	2,515	2,338	177
Computer Club	609	0	0	609
Community Education Bookstore	22	0	22	0
Drama Class	578	0	0	578
Elementary Bookstore	11,163	4,841	5,086	10,918
Elementary Leader in Me	1,456	3,894	3,482	1,868
Flower Fund	54	390	382	62
Football	5,472	17,112	19,840	2,744
Forensics	360	0	0	360
French Club	114	0	0	114
Future Homemakers of America	9	0	0	9
Girls on the Run	479	0	174	305
Great Outdoors	2	0	0	2
High School Art	19	0	0	19

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2018

	BALANCE 7/01/17	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/18
High School Bookstore	1,080	2,821	3,901	0
High School Choir	517	0	0	517
High School Shop	604	0	0	604
High School Tree Fund	361	0	0	361
High School Yearbook	1,874	5,043	4,784	2,133
Ice Mountain Development Project	286	0	286	0
Interest Account	(75)	1,525	87	1,363
J Stevens BB/SB Memorial Fund	1,120	0	0	1,120
Middle School Bookstore	2,657	18,399	19,473	1,583
Middle School Physical Education	2,500	7,302	8,444	1,358
Middle School Track	238	0	0	238
Middle School Student Council	1,379	1,402	812	1,969
Music Department	4,572	3,009	1,580	6,001
National Honor Society	1,519	2,677	2,936	1,260
National Junior Honors Society	0	272	0	272
Parents for Kids	8,268	16,246	10,911	13,603
Physical Training/Recreational Grant	198	0	198	0
Robotics	0	9,500	4,434	5,066
Senior D.C. Trip	1,160	0	0	1,160
Softball	1,413	35	529	919
Students for Environmental Action	330	0	0	330
Spanish Club	126	300	300	126
Student Council	536	4,746	3,549	1,733
Students Against Drunk Driving	303	0	0	303
Sweet Shop	139	0	0	139
Varsity Track	2,789	2,800	2,796	2,793
Wrestling Club	4,123	6,918	2,040	9,001
	<u>\$ 93,027</u>	<u>\$ 194,068</u>	<u>\$ 170,184</u>	<u>\$ 116,911</u>

Represented by

Assets

Cash

\$ 93,027

\$ 116,911

Liabilities

Due to Groups and
Organizations

\$ 93,027

\$ 116,911

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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2018

<u>TITLE OF ISSUE</u>	2016 School Building and Site Bonds		
<u>DATE OF ISSUE</u>	February 23, 2016		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	7,660,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	185,000	
During Current Year		200,000	385,000
<u>BALANCE OUTSTANDING - June 30, 2018</u>		\$	7,275,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2018		\$ 145,500	\$ 145,500	
May 1, 2019	4.000 %	355,500	145,500	\$ 210,000
November 1, 2019		141,300	141,300	
May 1, 2020	4.000 %	361,300	141,300	220,000
November 1, 2020		136,900	136,900	
May 1, 2021	4.000 %	366,900	136,900	230,000
November 1, 2021		132,300	132,300	
May 1, 2022	4.000 %	372,300	132,300	240,000
November 1, 2022		127,500	127,500	
May 1, 2023	4.000 %	377,500	127,500	250,000
November 1, 2023		122,500	122,500	
May 1, 2024	4.000 %	382,500	122,500	260,000
November 1, 2024		117,300	117,300	
May 1, 2025	4.000 %	387,300	117,300	270,000
November 1, 2025		111,900	111,900	
May 1, 2026	4.000 %	391,900	111,900	280,000
November 1, 2026		106,300	106,300	
May 1, 2027	4.000 %	396,300	106,300	290,000
November 1, 2027		100,500	100,500	
May 1, 2028	4.000 %	405,500	100,500	305,000
November 1, 2028		94,400	94,400	
May 1, 2029	4.000 %	409,400	94,400	315,000
November 1, 2029		88,100	88,100	

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2018

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2030	4.000 %	418,100	88,100	330,000
November 1, 2030		81,500	81,500	
May 1, 2031	4.000 %	421,500	81,500	340,000
November 1, 2031		74,700	74,700	
May 1, 2032	4.000 %	429,700	74,700	355,000
November 1, 2032		67,600	67,600	
May 1, 2033	4.000 %	437,600	67,600	370,000
November 1, 2033		60,200	60,200	
May 1, 2034	4.000 %	445,200	60,200	385,000
November 1, 2034		52,500	52,500	
May 1, 2035	4.000 %	452,500	52,500	400,000
November 1, 2035		44,500	44,500	
May 1, 2036	4.000 %	459,500	44,500	415,000
11/1/206		36,200	36,200	
May 1, 2037	4.000 %	466,200	36,200	430,000
November 1, 2037		27,600	27,600	
May 1, 2038	4.000 %	472,600	27,600	445,000
November 1, 2038		18,700	18,700	
May 1, 2039	4.000 %	478,700	18,700	460,000
November 1, 2029		9,500	9,500	
May 1, 2040	4.000 %	484,500	9,500	475,000
		<u>\$ 11,070,000</u>	<u>\$ 3,795,000</u>	<u>\$ 7,275,000</u>

