

HUDSONVILLE PUBLIC SCHOOLS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2016

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HUDSONVILLE PUBLIC SCHOOLS

BOARD OF EDUCATION

June 30, 2016

Kenneth Hall	President
Mark Davis	Vice President
Dawn Sneden	Secretary
Jim Stuck	Treasurer
Larry Kapenga	Assistant Secretary/ Treasurer
Steve Bowerman	Trustee
Mike Ostrander	Trustee

* * * * *

Nicholas Ceglarek	Superintendent
Patrick H. Briggs, II	Director of Business and Finance

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Education
Hudsonville Public Schools
Hudsonville, Michigan

We have audited the accompanying financial statements of Hudsonville Public Schools which comprise the statements of governmental activities, each major fund and the aggregate remaining fund information as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Hudsonville Public Schools as of June 30, 2016, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and net pension liability information on pages 5 through 13 and pages 49 and 50 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 an opinion on the financial statements that collectively comprise the School District's basic financial statements. The other supplementary information contained on pages 52 and 53 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The remaining supplemental information on pages 54 through 62 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 Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2016 on our consideration of Hudsonville Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Hudsonville Public School's internal control over financial reporting and compliance.

Beene Garter LLP

October 7, 2016
Grand Rapids, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

Hudsonville Public Schools

MANAGEMENT DISCUSSION and ANALYSIS

For Year Ending June 30, 2016

MD & A June 30, 2016

This section of the Hudsonville Public School annual financial report presents the Administration's discussion and analysis of the District's financial performance during the year ended June 30, 2016.

Generally Accepted Accounting Principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District-Wide Financial Statements and Fund Financial Statements. The statements are organized to provide the reader with an understanding of the district as a whole and a more detailed examination of specific financial activities.

District-wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities regardless of their "current availability" status. In similar fashion, all of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District-wide financial statements.

Fund financial statements are reported on a modified accrual basis. To be reported as an asset an item must be "measurable" and "currently available". Liabilities are recognized if they are expected to be paid with current financial resources.

The financial statements reporting the activities of these funds reflect the requirements of the State of Michigan Department of Education. The District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their respective funds as follows: Debt Retirement, Capital Projects and School Service Funds. In the fund financial statement, purchased capital assets are reported as expenditures in the year of acquisition. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded, but, disclosed in the Schedule of Bond Maturities.

Hudsonville Public Schools

MD & A June 30, 2016

Summary of Net Position

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Assets		
Current Assets	\$ 32,224,443	\$ 40,454,179
Capital Assets	204,451,861	217,220,148
Less: Accumulated Depreciation	<u>61,877,296</u>	<u>64,925,130</u>
Net Book Value	<u>142,574,565</u>	<u>152,295,018</u>
Total Assets	174,799,008	192,749,197
Deferred Outflows of Resources,	<u>12,700,257</u>	<u>13,037,680</u>
Total Assets & Deferred Outflows,	<u>\$ 187,499,265</u>	<u>\$ 205,786,877</u>
Liabilities		
Current Liabilities	11,230,209	12,109,978
Long Term Liabilities	143,991,269	163,074,066
Net Pension Liability	<u>86,431,831</u>	<u>96,529,926</u>
Total Liabilities	241,653,309	271,713,970
Deferred Inflow of Resources	9,555,074	319,735
Net Assets		
Invested in Capital Assets- Net of Related Debt	18,461,118	2,095,603
Restricted For Debt Service	90,989	99,986
Unrestricted	<u>(82,261,135)</u>	<u>(68,442,417)</u>
Total Net Position	<u>(63,709,118)</u>	<u>(66,246,828)</u>
Total Liabilities & Net Position	<u>\$ 187,499,265</u>	<u>\$ 205,786,877</u>

Hudsonville Public Schools

MD & A June 30, 2016

Analysis of Financial Position

District Wide Operations

The district's general expenditures exceeded general revenues for governmental activities by \$2,537,710. The district did not borrow funds for cash flow purposes.

Bonded Debt, School Bond Loan Fund, Principal Payments and Additions

	<u>Principal Balance June 30, 2015</u>	<u>Principal Additions</u>	<u>Principal Payments</u>	<u>Principal Balance June 30, 2016</u>
School Bond Loan Fund *	\$ 11,820,148	\$ 1,929,980	\$ 12,183,166	\$ 1,566,962
2008	9,125,000	---	1,100,000	8,025,000
2011	74,260,000	---	1,485,000	72,775,000
2013	21,465,000	---	1,420,000	20,045,000
2015	18,915,000	---	---	18,915,000
2015	---	19,560,000	---	19,560,000
2016 **	---	12,270,000	---	12,270,000
Totals	<u>\$135,585,148</u>	<u>\$ 33,759,980</u>	<u>\$ 16,188,166</u>	<u>\$153,156,962</u>

* Substantially all of the School Bond Loan Fund debt was refinanced.

** The Bonds issued in 2016 refinanced the School Bond Loan Fund Debt.

Net Investment in Capital Assets

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital Assets	\$204,451,861	\$14,082,794	\$ 1,314,507	\$217,220,148
Less: Accumulated Depreciation	<u>61,877,296</u>	<u>4,204,175</u>	<u>1,156,341</u>	<u>64,925,130</u>
Net Investment Capital Outlay	<u>\$142,574,565</u>	<u>\$9,878,619</u>	<u>\$ 158,166</u>	<u>\$152,295,018</u>

Pension Expense

GASB 68 and 71 now require 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 liability increases or decreases in any given year. For the year ended June 30, 2016, the District's net pension liability increased by more than \$10,098,000 before the impact of pension related net deferred outflows of approximately \$10,483,000.

Hudsonville Public Schools

MD & A June 30, 2016

Results of Operations

For the fiscal year ended June 30, 2015 and 2016 the District-Wide results of operations were as follows:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Revenues		
General Revenues		
Property Tax – General Purpose	\$ 3,872,423	\$ 4,024,253
Property Tax – Debt Service/Bldg & Site	9,922,007	10,427,155
State Aid	46,523,630	47,711,811
Investment Earnings	8,247	61,345
Other	<u>846,900</u>	<u>986,780</u>
	61,173,207	63,211,344
Program Revenues		
Operating Grants & Contributions – Federal	1,677,377	1,678,439
Operating Grants & Contributions – State	2,511,124	2,715,433
Operating Grants & Contributions – Other	4,454,903	4,455,416
Charges for Services – Community Services	<u>1,493,406</u>	<u>1,687,501</u>
	10,136,810	10,536,789
Total Revenues	\$ 71,310,017	\$ 73,748,133
 Expenses		
Instruction	\$ 41,390,771	\$ 43,941,879
Support Services	18,853,875	19,920,936
Community Services	1,668,979	1,795,555
Interest on Debt	5,904,122	6,754,033
Bond Issuance Cost	109,503	143,880
Loss on disposal of assets	819,892	181,384
Depreciation	<u>2,899,336</u>	<u>3,548,176</u>
Total Expenses	\$ 71,646,478	\$ 76,285,843
 Change In Net Position	\$ (336,461)	\$ (2,537,710)

Hudsonville Public Schools

MD & A June 30, 2016

State of Michigan Unrestricted Aid (Foundation Grant)

The foundation grant for Hudsonville Public Schools is calculated using the following variables:

- A. State of Michigan State Aid Act
- B. Student Enrollment – For years ended June 30, 2015 and June 30, 2016, a blended count at 90% of current year fall enrollment and 10% of current year winter enrollment was used to calculate payments from the State.
- C. The District's non-homestead tax levy

Per Student Foundation Grant

The State of Michigan establishes the per student foundation grant on an annual basis. For the 2014-2015 and 2015-2016 school years the per student allocation, including one-time state allocations, for Hudsonville was \$7,126 per student and \$7,391 per student, respectively.

Student Enrollment

The district's student enrollment for 2015-2016 was 6,502 students. The following summarizes the student enrollments for the past five years.

	<u>Student FTE</u>	<u>Change From Prior Year</u>
2015 – 2016	6,502	+ 56
2014 – 2015	6,446	+ 128
2013 – 2014	6,318	+ 49
2012 – 2013	6,269	+ 92
2011 – 2012	6,177	+185

Refunding of School Bond Loan Balance

During the year the Board of Education issued \$12,270,000 of General Obligation Bonds with fixed interest rates to refinance substantially all of the outstanding variable rate School Bond Loan Revolving Fund debt. The new 2016 bonds were sold at an average interest rate of 2.37%. The outstanding balance in the school bond loan fund carries a variable interest rate and the interest income paid on that debt is taxable. Therefore, these refunding bonds issued by the Board were taxable. The refinancing saved taxpayers over \$1,100,000 in interest expense.

Hudsonville Public Schools

MD & A June 30, 2016

2015 Bond Issue for Safety, Technology and School Additions

On August 4, 2015 the voters approved a bond issue for up to \$21,880,000. The major projects included in this bond are the completion or addition of secure entrances at all of the buildings, renovation and expansion of the former Heritage Elementary School as the new site for South Elementary, expansion of Riley Middle, Alward and Bauer Elementary, 10 new school buses and several classroom technology improvements.

Property Taxes Levied For General Operations

The District levies eighteen mills of property taxes for General Fund operations on Non-Homestead properties. The District's non-homestead property tax revenue for 2014-2015 fiscal year was \$3,872,423. Non-homestead property tax revenue for 2015-2016 fiscal year was \$4,024,253. No significant changes affected the tax base during the 2015-2016 fiscal year.

Debt Fund Property Taxes

The District's debt fund levy which is used to pay the principal and interest on bond obligations is based on the taxable valuation of all properties (homestead and non-homestead). For 2014-2015 and 2015-2016 the District debt millage levy was seven mills. Revenue generated was \$8,682,391 and \$9,114,451, respectively.

Building & Site Sinking Fund Taxes

The District levied one mill of property tax on all properties (homestead and non-homestead) during 2014-2015 and 2015-2016. Revenue generated was \$1,239,616 and \$1,298,740, respectively, and was used to purchase property for district use and to complete building projects.

Hudsonville Public Schools

MD & A June 30, 2016

Budget 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 July 1, the beginning of the new year. For the 2015-16 fiscal year, the District amended the General Fund budget in June 2016. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget and actual totals from operations.

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance With Final Budget- Positive (Negative)	Percent Variance
Total Revenues and Other Financing Sources	\$61,621,093	\$62,660,417	\$62,702,400	\$41,983	0.07%
Expenditures					
Instruction	\$41,212,031	\$41,218,301	\$40,935,434	\$282,867	0.68%
Support services	20,110,471	19,600,939	19,333,899	267,040	1.37%
Community services	1,526,639	1,717,795	1,571,816	145,979	8.50%
Total Expenditures	\$62,849,141	\$62,537,035	\$61,841,149	\$695,886	1.11%

The actual revenues and other financing sources for the General Fund were \$62,702,400. This is more than the original budget estimate of \$61,621,093 and slightly more than the final amended budget of \$62,660,417. The actual General Fund expenditures were \$61,841,149. This is less than the original budget estimate of \$62,849,141 and less than the final amended budget of \$62,537,035.

The variances between actual revenues and the final revenue budget are not significant.

The variance between the final expenditure budget and actual expenditure amounts was a reflection of increased concern over the stability of state funding levels and include the following:

- Conservative budget estimates during development and amendment of the budget.
- Realizing positive budget variances in most areas, particularly the non-instructional areas.
- On-going efforts to reduce spending levels and management of employee attrition whenever possible.

Hudsonville Public Schools

MD & A June 30, 2016

Requests For Information

This financial report is designed to provide a general overview of the Hudsonville Public School's finances. Questions concerning any of the information provided in this report should be addressed to:

Patrick H. Briggs, II
Director of Business and Finance
Hudsonville Public Schools
3886 Van Buren Avenue
Hudsonville, Michigan 49426
Telephone: 616-669-1740

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HUDSONVILLE PUBLIC SCHOOLS

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,030,899
Unexpended bond proceeds	20,689,365
Accounts receivable	10,676,445
Prepays	57,470
Capital assets, less accumulated depreciation of \$64,925,130	152,295,018
TOTAL ASSETS	192,749,197
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges from bond refunding, net of amortization	2,554,579
Deferred outflows related to pensions	10,483,101
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,037,680
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 205,786,877
LIABILITIES	
Accounts payable	\$ 845,047
Construction obligations payable	3,319,860
Salaries payable	3,897,539
Accrued liabilities	4,047,532
Long-term liabilities, excluding pension liability	
Bonds payable, due within one year	4,955,000
Other obligations, due within one year	163,544
Bonds payable, due in more than one year	156,230,720
Other obligations, due in more than one year	1,724,802
Net pension liability	96,529,926
TOTAL LIABILITIES	271,713,970
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	319,735
NET POSITION	
Investment in capital assets, net of related debt	2,095,603
Restricted for debt service	99,986
Unrestricted	(68,442,417)
TOTAL NET POSITION	(66,246,828)
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 205,786,877

See accompanying notes

HUDSONVILLE PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government -				
Governmental activities				
Instruction	\$ 43,941,879	\$ -	\$ 8,849,288	\$ (35,092,591)
Support services	19,920,936	-	-	(19,920,936)
Community services	1,795,555	1,687,501	-	(108,054)
Interest on long-term debt	6,754,033	-	-	(6,754,033)
Loss on disposal of capital assets	143,880	-	-	(143,880)
Bond issuance costs	181,384	-	-	(181,384)
Depreciation (unallocated)	3,548,176	-	-	(3,548,176)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 76,285,843	\$ 1,687,501	\$ 8,849,288	(65,749,054)
General revenues				
Taxes				
Property taxes, levied for general purpose				4,024,253
Property taxes, levied for debt service and capital projects				10,427,155
State aid not restricted to specific purposes				47,711,811
Interest and investment earnings				61,345
Other				986,780
TOTAL GENERAL REVENUES				63,211,344
CHANGE IN NET POSITION				(2,537,710)
Net Position at Beginning of Year				(63,709,118)
NET POSITION AT END OF YEAR				\$ (66,246,828)

See accompanying notes

GOVERNMENTAL FUNDS

HUDSONVILLE PUBLIC SCHOOLS

BALANCE SHEET

June 30, 2016

	General Fund	2011 Capital Projects Fund	2015 Capital Projects Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,378,392	\$ -	\$ -	\$ 99,237	\$ 3,553,270	\$ 9,030,899
Unexpended bond proceeds	-	2,165,436	18,523,929	-	-	20,689,365
Accounts receivable	10,614,356	-	-	749	61,340	10,676,445
Due to/from other funds	219,235	-	-	-	139,800	359,035
Prepays	57,470	-	-	-	-	57,470
TOTAL ASSETS	\$ 16,269,453	\$ 2,165,436	\$ 18,523,929	\$ 99,986	\$ 3,754,410	\$ 40,813,214
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 814,256	\$ -	\$ -	\$ -	\$ 30,791	\$ 845,047
Construction obligations payable	-	791,146	2,025,592	-	503,122	3,319,860
Salaries payable	3,897,539	-	-	-	-	3,897,539
Due to other funds	-	-	-	-	359,035	359,035
Accrued liabilities	2,856,138	-	-	-	15,554	2,871,692
TOTAL LIABILITIES	7,567,933	791,146	2,025,592	-	908,502	11,293,173
Fund Balance						
Nonspendable	57,470	-	-	-	-	57,470
Restricted	-	960,277	16,449,929	99,986	2,076,742	19,586,934
Committed	321,384	-	-	-	-	321,384
Assigned	1,186,996	414,013	48,408	-	769,166	2,418,583
Unassigned	7,135,670	-	-	-	-	7,135,670
TOTAL FUND BALANCE	8,701,520	1,374,290	16,498,337	99,986	2,845,908	29,520,041
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,269,453	\$ 2,165,436	\$ 18,523,929	\$ 99,986	\$ 3,754,410	\$ 40,813,214

See accompanying notes

HUDSONVILLE PUBLIC SCHOOLS

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

June 30, 2016

Total Fund Balance - Governmental Funds	\$ 29,520,041
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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 therefore are not
reported in the governmental funds.

Cost of capital asset	\$ 217,220,148	
Accumulated depreciation	<u>(64,925,130)</u>	152,295,018

The net pension liability is not due and payable
in the current period and therefore is not
reported as a liability in the governmental funds.

Net pension liability		(96,529,926)
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Deferred pension expense items are not capitalized
in the governmental funds.

Deferred outflows	10,483,101	
Deferred inflows	<u>(319,735)</u>	10,163,366

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

Bonds payable and other obligations, including unamortized premium and discount	(163,074,066)	
Accrued interest on bonds payable	<u>(1,175,840)</u>	(164,249,906)

Deferred charges on refunding are not capitalized
and amortized in the governmental funds.

Deferred charges on refunding	3,871,493	
Accumulated amortization	<u>(1,316,914)</u>	2,554,579

Total Net Position - Governmental Activities	<u>\$ (66,246,828)</u>
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See accompanying notes

HUDSONVILLE PUBLIC SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2016

	General Fund	2011 Capital Projects Fund	2015 Capital Projects Fund	Debt Service Fund	Other Nonmajor Govn. Funds	Total Govn. Funds
Revenues						
Local sources	\$ 4,024,253	\$ -	\$ -	\$ 9,127,192	\$ 2,988,452	\$ 16,139,897
State sources	50,427,244	-	-	-	-	50,427,244
Federal sources	1,642,353	-	-	-	36,086	1,678,439
Interdistrict and other sources	866,500	114,568	48,928	10,289	21,139	1,061,424
TOTAL REVENUES	56,960,350	114,568	48,928	9,137,481	3,045,677	69,307,004
Expenditures						
Instruction	40,935,434	-	-	-	-	40,935,434
Supporting Services	19,333,899	-	-	-	112,766	19,446,665
Community Services & Other	1,571,816	-	-	-	260,646	1,832,462
Debt service						
Principal retirement	-	-	-	4,005,000	-	4,005,000
Interest and fiscal charges	-	-	-	6,677,288	-	6,677,288
Bond issuance costs	-	-	95,318	86,066	-	181,384
Capital projects	-	10,266,758	5,333,565	-	1,142,131	16,742,454
TOTAL EXPENDITURES	61,841,149	10,266,758	5,428,883	10,768,354	1,515,543	89,820,687
DEFICIENCY OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(4,880,799)	(10,152,190)	(5,379,955)	(1,630,873)	1,530,134	(20,513,683)
Other Financing Sources (Uses)						
Operating transfers in (out)						
Other government sources	4,455,416	-	-	-	-	4,455,416
Interfund	1,286,634	-	-	90,899	(1,377,533)	-
Proceeds from School Bond Loan Fund	-	-	-	1,553,126	-	1,553,126
Proceeds from bond	-	-	21,878,292	12,270,000	-	34,148,292
Payments to School Bond Loan Fund	-	-	-	(12,183,166)	-	(12,183,166)
	5,742,050	-	21,878,292	1,730,859	(1,377,533)	27,973,668
NET CHANGE IN FUND BALANCES	861,251	(10,152,190)	16,498,337	99,986	152,601	7,459,985
Fund Balance at Beginning of Year	7,840,269	11,526,480	-	-	2,693,307	22,060,056
FUND BALANCE AT END OF YEAR	\$ 8,701,520	\$ 1,374,290	\$ 16,498,337	\$ 99,986	\$ 2,845,908	\$ 29,520,041

See accompanying notes

HUDSONVILLE PUBLIC SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 7,459,985
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.	
Depreciation expense	(4,204,175)
Expenditures for capital assets	14,082,794
Loss on disposal of capital assets	(143,880)
Proceeds on disposal of capital assets	(14,286)
Governmental funds report bond premiums as other financing sources; in the statement of activities, these costs are allocated over the term of the underlying debt as amortization.	
Amortization	628,095
Governmental funds report outlays for deferred charges on refunding as expenditures; in the statement of activities, these costs are allocated over the term of the underlying debt as amortization.	
Amortization	(239,036)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.	
	(110,018)
Governmental funds report pension expenditures as contributions are made; on the statement of net position, the change in the net pension liability is recorded as pension expense	
	(286,297)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net position.	
Proceeds from bond issuance	(21,878,292)
Proceeds from debt refunding	(12,270,000)
Proceeds from Michigan School Bond Loan Fund	(1,553,126)
Interest additions to Michigan School Bond Loan Fund	(325,688)
Payment to escrow agent for debt refunding	12,183,166
Principal payments on long-term liabilities	4,005,000
Early retirement payments are reported in the governmental funds as when they are paid meanwhile, in the statement of activities, expenditures measured by the amounts earned during the year.	
Early retirement paid during the year (\$214,290) was more than the amount earned during the year (\$86,242)	128,048
Change in Net Position of Governmental Activities	\$ (2,537,710)

See accompanying notes

HUDSONVILLE PUBLIC SCHOOLS

FIDUCIARY FUNDS - STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	Student Activities Agency Fund
	<hr/>
ASSETS	
Cash	<u><u>\$ 623,709</u></u>
LIABILITIES	
Due to student groups	<u><u>\$ 623,709</u></u>

See accompanying notes

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hudsonville Public Schools (School District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental 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 government's accounting policies are described below.

Reporting Entity

The School District is the lowest level of government that has oversight responsibility and control over all activities related to public school education in the Hudsonville Public School district and is governed by an elected seven-member Board of Education. The School District receives funding from local, state, and federal government sources and must comply with the requirements of these entities. The School District is not included in any other governmental "reporting entity."

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: 1) charges to recipients who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state aid foundation and certain other items not classified as program revenues are reported as general revenue.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-Wide Statements

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

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

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

Fund-Based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues to be available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Taxes are levied on June 1, and are payable through September 15. Property taxes attach as an enforceable lien on property as of September 15. Various governmental units (including the school) collect the property taxes for the School District and the County remits to the School District any delinquent real property taxes by June 30. All other revenue items are considered to be available only when cash is received by the government.

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

The School District reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund. It accounts for all financial resources and expenditures of the School District except for those required to be accounted for in another fund.

2011 Capital Projects Fund - The fund is used to account for the acquisition and construction of major capital facilities funded by the 2011 bond issue, as well as for the proceeds thereof.

2015 Capital Projects Fund - The fund is used to account for the acquisition and construction of major capital facilities funded by the 2015 bond issue, as well as for the proceeds thereof.

Debt Service Fund - This fund is used to account for the accumulation of resources for and payment of principal, interest, and other expenses on general long-term debt. During 2015, all of the existing debt service funds were consolidated into this Debt Service Fund.

Additionally, the School District reports the following fund types:

Sinking Fund Levy Capital Projects Fund - The fund is used to account for the acquisition or construction of major capital facilities (other than those included in the 2011 and 2015 Capital Projects Fund).

Community Education Fund - The fund is used to account for the operation of community based programs including childcare services, preschool, youth enrichment, and adult recreation activities.

Food Service Fund - The fund is used to account for the operation of the food service program, primarily in the childcare and preschool services.

2005 Debt Service Fund - This fund was used to account for the accumulation of resources for and payment of principal, interest, and other expenses on general long-term debt. During 2015, this fund was consolidated into the Debt Service Fund noted above.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

2008 Debt Service Fund - This fund was used to account for the accumulation of resources for and payment of principal, interest, and other expenses on general long-term debt. During 2015, this fund was consolidated into the Debt Service Fund noted above.

2011 Debt Service Fund - This fund was used to account for the accumulation of resources for and payment of principal, interest, and other expenses on general long-term debt. During 2015, this fund was consolidated into the Debt Service Fund noted above.

2013 Debt Service Fund - This fund was used to account for the accumulation of resources for and payment of principal, interest, and other expenses on general long-term debt. During 2015, this fund was consolidated into the Debt Service Fund noted above.

Fiduciary Funds - These funds are used to account for the changes in assets and liabilities of the activity funds of individual schools and groups. While they are under the supervision of the Board and enhance the Board's educational programs, these funds belong to the individual schools or student groups and are not available for use by the Board. Fiduciary Fund net position and results of operations are not included in the district-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by unrestricted resources as needed.

Assets, Liabilities and Net Position

Cash and Investments

Cash and cash equivalents include demand deposits, certificates of deposit, savings accounts, and short-term investments in Michigan School District Liquid Asset Fund (MILAF) with a maturity of three months or less when acquired. The MILAF invests in financial investment vehicles approved by the State of Michigan.

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

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Amounts due from other governmental units consist primarily of state aid payments from the State of Michigan and other program support.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market 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 asset lives are not capitalized. Improvements are capitalized when appropriate. The School District does not have infrastructure-type assets.

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

Building and additions	10 - 50 years
Buses and other vehicles	3 - 10 years
Furniture and other equipment	5 - 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Items that qualify for reporting in this category are (1) the deferred charge on the bond refunding reported in the district-wide statement of net position, (2) the change in assumptions for determining the net pension liability as determined by the Office of Retirement Services and (3) the pension contributions made by the School District subsequent to the measurement date of September 30, 2015.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The item that qualifies for reporting in this category is the net difference between the projected and actual earnings on pension plan investments as determined by the Office of Retirement Services.

Accumulated Sick Leave and Vacation Liability

No liability has been established for accumulated sick leave. Employees have no vested rights to unused sick leave, and they may use accumulated leave for limited purposes as specified in the individual contracts.

Vacation pay is expensed when paid. Vacation days are built into the school year calendar for teachers and other ten-month employees and must be fully utilized during each fiscal year since carryover to subsequent years is not permitted. Certain full year employees are awarded vacation days and allowed to carryover a maximum amount of days to subsequent years. No liability has been established as the value of the vested rights to unused vacation days has not been material to financial statements.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are recorded at cost and amortized over the life of the underlying debt in the district-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period.

Net Pension Liability

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

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Net Position and Fund Balances

In the district-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

In the governmental fund financial statements, fund balance is classified as follows:

For *nonspendable* fund balance, amounts are not in spendable form, such as prepaids and inventory, or are required to be maintained intact.

For *restricted* fund balance, amounts are constrained to specific purposes by their providers, such as creditors, grantors, contributors, or laws and regulations, or imposed by law through constitutional provisions or enabling legislation.

For *committed* fund balance, amounts are constrained to specific purposes determined by Hudsonville Public School's highest level of decision-making authority, the Board of Education. Formal action by the board is required to be taken to establish, modify, or rescind a fund balance that is committed.

For *assigned* fund balance, amounts are neither restricted nor committed but the district intends to use the amounts for a specific purpose; intent can be expressed by the Board of Education or by the superintendent and/or assistant superintendent of business to which the board has delegated the authority to assign amounts for specific purposes.

For *unassigned* fund balance, amounts are available for any purpose.

For the classification of fund balances, Hudsonville Public Schools considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, Hudsonville Public Schools considers non-spendable, committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to June 30, 2016 for potential recognition or disclosure in these financial statements. The evaluation was performed through October 7, 2016 the date the financial statements were available for issuance.

Use of Estimates

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

Accounting Change

Effective July 1, 2015, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement did not have an impact on the School District's financial statement for the year ended June 30, 2016.

Effective July 1, 2015, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 82, *Pension Issues*. This statement addresses certain issues that have been raised with respect to previously implemented standards relating to pensions. This statement impacted the disclosure and required supplemental information relating to the net pension liability.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Michigan Uniform Budgeting and Accounting Act requires the establishment of the General Fund, Special Revenue Fund and Debt Service Fund, each with an annual budget adopted by the Board at the beginning of the fiscal year.

State law requires operation under a balanced budget and budgetary control to the functional, activity or line item level as defined in the Uniform Budgeting and Accounting Act.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

The original and final budget figures in the accompanying financial statements have been reported at the activity level and the final budget reflects approved amendments made during the year.

The budgets are adopted on a basis consistent with U.S. generally accepted accounting principles and state law. The budget is prepared and controlled by the Superintendent and is approved by the Board of Education.

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a school shall not incur expenditures in excess of the amount budgeted. For the year ended June 30, 2016, the School District did not have significant expenditure budget variances.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

At year-end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 9,030,899	\$ 623,709	\$ 9,654,608
Unexpended bond proceeds	20,689,365	-	20,689,365
	<u>\$ 29,720,264</u>	<u>\$ 623,709</u>	<u>\$ 30,343,973</u>

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

As of June 30, 2016, the School District had the following investments, including cash management funds held by Michigan Liquid Asset Fund (MILAF).

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
Cash management funds	N/A	\$ 20,689,365
		<u><u>\$ 20,689,365</u></u>

MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2016, the fair value of the District's investments is the same as the value of the pool shares.

Interest Rate Risk - The School District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2016, the School District's investment in the state investment pool was rated AAAM by Standard & Poor's and Aaa by Moody's Investor Service, Inc.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the School District investment in a single issuer. The School District places no limit on the amount the School District may invest in any one issuer.

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2016, \$9,273,586 of the School District's bank balance of \$10,408,057 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above investment held by The Michigan School District Liquid Asset Fund (MILAF) is uninsured.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

NOTE 4 - CAPITAL ASSETS

The following summarizes capital asset activity for the year ended June 30, 2016:

	Balance July 1, 2015	Transfers	Additions	Disposals	Balance June 30, 2016
Assets not being depreciated					
Land	\$ 5,027,640	\$ -	\$ -	\$ -	\$ 5,027,640
Construction in progress	25,395,660	(33,873,082)	13,121,966	-	4,644,544
Subtotal	30,423,300	(33,873,082)	13,121,966	-	9,672,184
Capital assets being depreciated					
Building and improvements	159,362,522	33,873,082	-	415,024	192,820,580
Buses and other vehicles	5,555,457	-	700,840	164,605	6,091,692
Furniture and equipment	9,110,582	-	259,988	734,878	8,635,692
Subtotal	174,028,561	33,873,082	960,828	1,314,507	207,547,964
Accumulated depreciation					
Building and improvements	49,999,577	-	3,714,399	280,797	53,433,179
Buses and other vehicles	4,484,091	-	286,045	164,605	4,605,531
Furniture and equipment	7,393,628	-	203,731	710,939	6,886,420
Subtotal	61,877,296	-	4,204,175	1,156,341	64,925,130
Net capital assets being depreciated	112,151,265	33,873,082	(3,243,347)	158,166	142,622,834
Net Capital Assets	\$ 142,574,565	\$ -	\$ 9,878,619	\$ 158,166	\$ 152,295,018

At June 30, 2016, the School District held land with a cost of approximately \$3,718,000 for purposes of future expansion.

Depreciation expense was charged to activities of the School District as follows:

Governmental Activities	
Instruction	\$ 217,979
Support services	438,020
Unallocated	3,548,176
Total Governmental Activities	\$ 4,204,175

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

“School District Sinking Fund” Compliance

Hudsonville Public Schools has created a “School District Sinking Fund” from local tax levy proceeds for the purpose of purchasing real estate sites for, and the construction or repair of, school buildings. The activity in this “Sinking Fund” is contained within the Capital Projects Fund for financial reporting purposes. Section 1212 of the School Code (PA 451 of 1976, as amended) allows for the proceeds from a “School District Sinking Fund” to be used only for the purposes for which bonds (Section 1351a) may be issued including:

purchasing, erecting, completing, remodeling or repairing facilities, or parts of or additions to those facilities; acquiring, preparing, developing, improving or repairing sites, or parts of or additions to sites, for school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities; and acquiring or installing technology in school buildings.

In accordance with Section 1212(i) of the Revised School Code, as well as the State of Michigan Department of Treasury Letter Number 2004-4, the activity in this “School District Sinking Fund” was subject to audit procedures performed in connection with an independent audit of the general purpose combined financial statements. Hudsonville Public Schools was in compliance with the above stated regulations during the year ended June 30, 2016.

School Bond Construction Compliance

The 2011 and 2015 Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. As of June 30, 2016, the School District has reported cumulative receipts of \$553,428 and expenditures of \$81,159,246 in the 2011 Capital Projects Fund and cumulative receipts of \$48,928 and expenditures of \$5,428,883 in the 2015 Capital Projects Fund.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Amounts due from (to) other funds representing interfund receivables and payables at June 30, 2016 were as follows:

	<u>Due From</u>	<u>Due To</u>
<u>Interfund Balances</u>		
General Fund	\$ 219,235	\$ -
Nonmajor Fund		
Community Education Fund	-	139,800
Food Service Fund	139,800	219,235
	<u>\$ 359,035</u>	<u>\$ 359,035</u>

Transfers between funds during the year ended June 30, 2016 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Interfund Transfers</u>		
General Fund	\$ 1,286,634	\$ -
Debt Service Fund	90,899	
Nonmajor Funds		
Community Education Fund		1,342,234
Food Service Fund	55,600	
Debt Service Funds 2005,2008,2011,2013		90,899
	<u>\$ 1,433,133</u>	<u>\$ 1,433,133</u>

The transfer between the Community Education Fund and General Fund represents reimbursements for costs incurred related to community education activities.

NOTE 6 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include early retirement benefits and funding from the School Bond Loan Fund.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental Activities					
Bonds	\$ 123,765,000	\$ 31,830,000	\$ 4,005,000	\$ 151,590,000	\$ 4,955,000
Bond premium, net of amortization	7,956,689	2,267,126	628,095	9,595,720	-
Total Bonds Payable	131,721,689	34,097,126	4,633,095	161,185,720	4,955,000
Other obligations	12,269,580	1,965,056	12,346,290	1,888,346	163,544
Total Governmental Activities	\$ 143,991,269	\$ 36,062,182	\$ 16,979,385	\$ 163,074,066	\$ 5,118,544

Bonds payable at June 30, 2016 are comprised of the following individual issues:

\$17,320,000 - 2008 serial bond issued, due in annual installments of \$1,000,000 to \$1,025,000 through May 1, 2024, interest at 3.5% to 5.0%	\$ 8,025,000
\$79,850,000 - 2011 serial bond issued, due in annual installments of \$1,520,000 to \$4,965,000 through May 1, 2041, interest at 4.25% to 5.25%	72,775,000
\$22,830,000 - 2013 advance refunding serial bond issued, due in annual installments of \$1,480,000 to \$1,585,000 beginning May 1, 2015 through May 1, 2029, interest at 3.0% to 5.0%	20,045,000
\$18,915,000 - 2015 advance refunding serial bond issued, due in annual installments of \$575,000 to \$2,035,000 beginning May 1, 2017 through May 1, 2027, interest at 5.0%	18,915,000
\$19,560,000 - 2015 serial bond issued, due in annual installments of \$380,000 to \$975,000 beginning May 1, 2017 through May 1, 2041, interest at 4.0% to 5.0%	19,560,000
\$12,270,000 - 2016 school bond loan revolving fund refunding, due in annual installments of \$2,900,000 to \$3,220,000 beginning May 1, 2020 through May 1, 2023, interest at 2.064% to 2.621% beginning November 1, 2016	12,270,000
TOTAL BONDED DEBT	\$ 151,590,000

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

In prior years and the current year, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2016, there were no amounts outstanding on the defeased bonds.

The annual requirements to amortize the bonds payable are as follows:

	Principal	Interest	Totals
2017	\$ 4,955,000	\$ 7,039,927	\$ 11,994,927
2018	6,090,000	6,810,667	12,900,667
2019	6,320,000	6,538,380	12,858,380
2020	9,495,000	6,240,880	15,735,880
2021	9,875,000	5,867,274	15,742,274
2022-2026	41,275,000	23,422,640	64,697,640
2027-2031	24,205,000	15,795,938	40,000,938
2032-2036	22,020,000	10,520,750	32,540,750
2037-2041	27,355,000	4,392,076	31,747,076
	<u>\$ 151,590,000</u>	<u>\$ 86,628,532</u>	<u>\$ 238,218,532</u>

The Debt Service Fund has \$99,986 designated to serve the general obligation bonds.

Other obligations consist of the following:

School Bond Loan Revolving Fund, repayment is based on the School District's ability to meet bond debt service requirements, interest at 3.34041%. At this time, the School District is unable to estimate annual principal and interest requirements

\$ 1,566,962

Early Retirement Incentive Plan payments are due to several former employees of the School District in annual installments of \$5,680 to \$19,866 through June 2020, including interest at 6.5%

321,384

TOTAL OTHER OBLIGATIONS

\$ 1,888,346

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

The District is required to obtain loans from the School Bond Loan Revolving Fund (Fund) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. A large portion of this debt was refunded during 2016.

During the year, \$325,688 of accrued interest was added to the District's liability to the Fund. In the calculation of net position on the statement of net position, the outstanding principal and accrued interest for this bond are included in "unrestricted net position."

The annual requirements to amortize the benefits under the Early Retirement Incentive Plan payable are as follows:

	Principal	Interest	Totals
2017	\$ 163,544	\$ 21,524	\$ 185,068
2018	92,067	10,571	102,638
2019	55,909	4,405	60,314
2020	9,864	660	10,524
	<u>\$ 321,384</u>	<u>\$ 37,160</u>	<u>\$ 358,544</u>

On April 12, 2016, the District issued \$12,270,000 in General Obligation Bonds with interest ranging from 2.064% to 2.621% to retire \$12,132,000 of the outstanding School Bond Loan Revolving Fund debt with interest at 3.4041%. \$138,000 of the bond proceeds were used to finance underwriting fees, insurance and other issuance costs.

The District completed the advance refunding to reduce its total debt service payments by approximately \$1,100,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$536,000.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

NOTE 7 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) AND NET PENSION LIABILITY

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.

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

The System's financial statements are available at www.michigan.gov/mpsers-cafr.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Contributions and Funded Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. 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. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21 year period for the 2015 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	22.52 - 23.07%
Member Investment Plan	3.0 - 7.0%	22.52 - 23.07%
Pension Plus	3.0 - 6.4%	21.99%
Defined Contribution	0.0%	17.72 - 18.76%

Required contributions to the pension plan from the District were \$7,624,096 for the year ended September 30, 2015.

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

At June 30, 2016, the District reported a liability of \$96,529,926 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2014. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2015, the District's proportion was .3952 percent, which was an increase of .0028 percent from its proportion measured as of September 30, 2014.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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

For the year ended June 30, 2016, the District recognized pension expense of \$8,347,339.

At June 30, 2016, 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	\$ -	\$ 319,735
Changes of assumptions	2,376,771	-
Net difference between projected and actual earnings on pension plan investments	492,707	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions	700,248	-
Reporting Unit contributions subsequent to the measurement date	<u>6,913,375</u>	<u>-</u>
Total	<u>\$ 10,483,101</u>	<u>\$ 319,735</u>

\$6,913,375 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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

Year Ended September 30	Net Deferred Outflows of Resources
2016	\$ 459,365
2017	459,365
2018	330,467
2019	2,000,794
	<u>\$ 3,249,991</u>

Actuarial Valuations and Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2014
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	3.5%
Investment Rate of Return	
MIP and Basic Plans (Non-Hybrid)	8.0%
Pension Plus Plan (Hybrid)	7.0%
Projected Salary Increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.90%
% Alternative Investment Pools	18.00%	9.20%
International Equity Pools	16.00%	7.20%
Fixed Income Pools	10.50%	0.90%
Real Estate and Infrastructure Pools	10.00%	4.30%
Absolute Return Pools	15.50%	6.00%
Short Term Investment Pools	2.00%	0.00%
	100.00%	

*Long term rate of return does not include 2.1% inflation

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (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.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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 8.0% (7.0% for the Hybrid Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease (Non-Hybrid/Hybrid) 7.0% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 8.0% / 7.0%	1% Increase (Non-Hybrid/Hybrid) 9.0% / 8.0%
\$ 124,451,820	\$ 96,529,926	\$ 72,990,626

Pension Plan Fiduciary Net Position

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

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

NOTE 8 - FUND BALANCE

The classification of fund balance is shown in the table below as of June 30, 2016:

	General Fund	2011 Capital Projects Fund	2015 Capital Projects Fund	Debt Service Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable for:						
Prepays	\$ 57,470	\$ -	\$ -	\$ -	\$ -	\$ 57,470
Restricted for:						
Debt service	-	-	-	99,986	-	99,986
Capital improvements	-	960,277	16,449,929	-	2,076,742	19,486,948
Committed to:						
Retirement benefits	321,384	-	-	-	-	321,384
Assigned to:						
Budgeted deficit	1,186,996	-	-	-	-	1,186,996
Other purposes	-	414,013	48,408	-	769,166	1,231,587
Unassigned:	7,135,670	-	-	-	-	7,135,670
TOTAL FUND BALANCE	\$ 8,701,520	\$ 1,374,290	\$ 16,498,337	\$ 99,986	\$ 2,845,908	\$ 29,520,041

NOTE 9 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District purchases commercial insurance to cover substantially all potential losses. Settled claims covered by the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

Litigation

In the normal course of its activities, the School District becomes a party in various legal actions. Management of the School District is of the opinion that the outcome of such actions will not have a material effect on the financial position of the School District and, therefore, has not included a reserve for such losses in the financial statements.

HUDSONVILLE PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

Federal Funding

The School District participates in a number of federally assisted grant programs. These programs are subject to a compliance audit. The audit for the year ended June 30, 2016, has been conducted and has been reported in the Single Audit Report. However, the compliance audit report has not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

Commitments

The School District has entered into contracts for construction and architecture services relating to the development of a new elementary school, district wide secure entrances, and various additions and improvements at various school across the district. The total contract costs are approximately \$71,326,000. As of June 30, 2016, the amount remaining on these contracts is approximately \$11,869,000.

REQUIRED SUPPLEMENTAL INFORMATION

HUDSONVILLE PUBLIC SCHOOLS

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenue				
Local sources	\$ 6,014,608	\$ 6,164,596	\$ 6,374,619	\$ 210,023
State sources	49,442,626	50,454,800	50,427,244	(27,556)
Interdistrict and other sources	4,395,000	4,265,925	4,258,184	(7,741)
Federal sources	1,768,859	1,775,096	1,642,353	(132,743)
TOTAL REVENUE	61,621,093	62,660,417	62,702,400	41,983
Expenditures - Current				
Instruction				
Basic programs	34,474,953	34,347,911	34,211,561	(136,350)
Added needs	6,737,078	6,870,390	6,723,873	(146,517)
Supporting Services				
Pupil support	3,394,136	3,474,102	3,472,379	(1,723)
Instructional support	1,434,285	1,554,770	1,467,880	(86,890)
Operations and maintenance	5,456,633	4,834,760	4,826,173	(8,587)
Pupil transportation	2,688,769	2,513,611	2,483,532	(30,079)
Administration	7,136,648	7,223,696	7,083,935	(139,761)
Community services	1,526,639	1,717,795	1,571,816	(145,979)
TOTAL EXPENDITURES	62,849,141	62,537,035	61,841,149	(695,886)
NET CHANGE IN FUND BALANCE	(1,228,048)	123,382	861,251	737,869
Fund Balance at Beginning of Year	7,840,269	7,840,269	7,840,269	-
FUND BALANCE AT END OF YEAR	\$ 6,612,221	\$ 7,963,651	\$ 8,701,520	\$ 737,869

HUDSONVILLE PUBLIC SCHOOLS

NET PENSION LIABILITY SCHEDULES AND NOTES

Year Ended June 30, 2016

Schedule of the Proportionate Share of Net Pension Liability at September 30 (Plan's year end)

	2015	2014
A. Reporting unit's proportion of net pension liability (%)	0.39521%	0.39240%
B. Reporting unit's proportionate share of net pension liability	\$ 96,529,926	\$ 86,431,831
C. Reporting unit's covered-employee payroll	\$ 33,014,151	\$ 34,121,961
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	292.39%	253.30%
E. Plan fiduciary net position as a percentage of total pension liability	63.17%	66.20%

Schedule of Pension Contributions for the year ended June 30

	2015	2014
A. Statutorily required contributions	\$ 7,624,096	\$ 7,413,354
B. Contributions in relation to statutorily required contributions*	8,624,112	7,413,354
C. Contribution deficiency (excess)	\$ (1,000,016)	\$ -
D. Reporting unit's covered-employee payroll	\$ 33,834,973	\$ 33,844,020
E. Contributions as a percentage of covered-employee payroll	25%	22%

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

Notes to Required Supplementary Information

Changes of benefit terms: There were no changes in benefit terms in 2016.

Changes of assumptions: There were no changes of benefit assumptions in 2016.

OTHER SUPPLEMENTAL INFORMATION

HUDSONVILLE PUBLIC SCHOOLS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Capital Projects Sinking Fund Levy	Community Education Fund	Food Service Fund	2005	2008	2011	2013	Totals
ASSETS								
Cash and investments	\$ 2,579,757	\$ 894,175	\$ 79,338	\$ -	\$ -	\$ -	\$ -	\$ 3,553,270
Accounts receivable	107	57,007	4,226	-	-	-	-	61,340
Due to/from other funds	-	-	139,800	-	-	-	-	139,800
	<u>\$ 2,579,864</u>	<u>\$ 951,182</u>	<u>\$ 223,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,754,410</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ 30,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,791
Construction payable	503,122	-	-	-	-	-	-	503,122
Due to other funds	-	139,800	219,235	-	-	-	-	359,035
Accrued liabilities	-	15,554	-	-	-	-	-	15,554
Fund Balances								
Restricted	2,076,742	-	-	-	-	-	-	2,076,742
Assigned	-	765,037	4,129	-	-	-	-	769,166
	<u>\$ 2,579,864</u>	<u>\$ 951,182</u>	<u>\$ 223,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,754,410</u>

HUDSONVILLE PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	Capital Projects Sinking Fund Levy	Community Education Fund	Food Service Fund	2005	2008	2011	2013	Totals
Revenues								
Local sources	\$ 1,300,369	\$ 1,688,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,988,452
Federal sources	-	-	36,086	-	-	-	-	36,086
Interdistrict and other sources	-	-	21,139	-	-	-	-	21,139
TOTAL REVENUES	1,300,369	1,688,083	57,225	-	-	-	-	3,045,677
Expenditures								
Supporting Services	-	-	112,766	-	-	-	-	112,766
Community Services & Other	-	260,646	-	-	-	-	-	260,646
Capital projects	1,142,131	-	-	-	-	-	-	1,142,131
TOTAL EXPENDITURES	1,142,131	260,646	112,766	-	-	-	-	1,515,543
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	158,238	1,427,437	(55,541)	-	-	-	-	1,530,134
Other Financing Sources (Uses)								
Operating transfers out								
Interfund	-	(1,342,234)	55,600	(11,892)	(12,757)	(45,539)	(20,711)	(1,377,533)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER EXPENDITURES	158,238	85,203	59	(11,892)	(12,757)	(45,539)	(20,711)	152,601
Fund Balance at Beginning of Year	1,918,504	679,834	4,070	11,892	12,757	45,539	20,711	2,693,307
FUND BALANCE AT END OF YEAR	\$ 2,076,742	\$ 765,037	\$ 4,129	\$ -	\$ -	\$ -	\$ -	\$ 2,845,908

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES

June 30, 2016

	Rate	Principal	Interest	Totals
Debt of March 4, 2008				
November 1, 2016			\$ 161,593	\$ 161,593
May 1, 2017	3.500%	\$ 1,000,000	161,594	1,161,594
November 1, 2017			144,093	144,093
May 1, 2018	3.750%	1,025,000	144,094	1,169,094
November 1, 2018			124,875	124,875
May 1, 2019	3.625%	1,000,000	124,875	1,124,875
November 1, 2019			106,750	106,750
May 1, 2020	4.000%	1,000,000	106,750	1,106,750
November 1, 2020			86,750	86,750
May 1, 2021	4.000%	1,000,000	86,750	1,086,750
November 1, 2021			66,750	66,750
May 1, 2022	4.000%	1,000,000	66,750	1,066,750
November 1, 2022			46,750	46,750
May 1, 2023	5.000%	1,000,000	46,750	1,046,750
November 1, 2023			21,750	21,750
May 1, 2024	4.350%	1,000,000	21,750	1,021,750
TOTALS		\$ 8,025,000	\$ 1,518,624	\$ 9,543,624

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2016

	Rate	Principal	Interest	Totals
Debt of June 28, 2011				
November 1, 2016			\$ 1,854,738	\$ 1,854,738
May 1, 2017	5.000%	\$ 1,520,000	1,854,738	3,374,738
November 1, 2017			1,816,738	1,816,738
May 1, 2018	5.000%	1,595,000	1,816,738	3,411,738
November 1, 2018			1,776,863	1,776,863
May 1, 2019	5.000%	1,675,000	1,776,863	3,451,863
November 1, 2019			1,734,988	1,734,988
May 1, 2020	5.000%	1,760,000	1,734,988	3,494,988
November 1, 2020			1,690,988	1,690,988
May 1, 2021	5.000%	1,845,000	1,690,988	3,535,988
November 1, 2021			1,644,863	1,644,863
May 1, 2022	5.000%	1,940,000	1,644,863	3,584,863
November 1, 2022			1,596,363	1,596,363
May 1, 2023	5.000%	2,035,000	1,596,363	3,631,363
November 1, 2023			1,545,488	1,545,488
May 1, 2024	5.000%	2,135,000	1,545,488	3,680,488
November 1, 2024			1,492,113	1,492,113
May 1, 2025	5.250%	2,245,000	1,492,113	3,737,113
November 1, 2025			1,433,181	1,433,181
May 1, 2026	4.250%	2,360,000	1,433,181	3,793,181
November 1, 2026			1,383,031	1,383,031
May 1, 2027	5.250%	2,460,000	1,383,031	3,843,031
November 1, 2027			1,318,456	1,318,456
May 1, 2028	5.250%	2,590,000	1,318,456	3,908,456

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2016

	Rate	Principal	Interest	Totals
November 1, 2028			\$ 1,250,469	\$ 1,250,469
May 1, 2029	5.250%	\$ 2,725,000	1,250,469	3,975,469
November 1, 2029			1,178,938	1,178,938
May 1, 2030	5.250%	2,870,000	1,178,938	4,048,938
November 1, 2030			1,103,600	1,103,600
May 1, 2031	5.000%	3,020,000	1,103,600	4,123,600
November 1, 2031			1,028,100	1,028,100
May 1, 2032	5.000%	3,170,000	1,028,100	4,198,100
November 1, 2032			948,850	948,850
May 1, 2033	5.000%	3,330,000	948,850	4,278,850
November 1, 2033			865,600	865,600
May 1, 2034	5.000%	3,495,000	865,600	4,360,600
November 1, 2034			778,225	778,225
May 1, 2035	5.000%	3,670,000	778,225	4,448,225
November 1, 2035			686,475	686,475
May 1, 2036	5.000%	3,855,000	686,475	4,541,475
November 1, 2036			590,100	590,100
May 1, 2037	5.250%	4,050,000	590,100	4,640,100
November 1, 2037			483,788	483,788
May 1, 2038	5.250%	4,260,000	483,788	4,743,788
November 1, 2038			371,963	371,963
May 1, 2039	5.250%	4,485,000	371,963	4,856,963
November 1, 2039			254,231	254,231
May 1, 2040	5.250%	4,720,000	254,231	4,974,231
November 1, 2040			130,331	130,331
May 1, 2041	5.250%	4,965,000	130,331	5,095,331
TOTALS		\$ 72,775,000	\$ 57,916,960	\$ 130,691,960

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2016

	Rate	Principal	Interest	Totals
Debt of March 12, 2013				
November 1, 2016			\$ 417,975	\$ 417,975
May 1, 2017	4.000%	\$ 1,480,000	417,975	1,897,975
November 1, 2017			388,375	388,375
May 1, 2018	4.000%	1,560,000	388,375	1,948,375
November 1, 2018			357,175	357,175
May 1, 2019	5.000%	1,565,000	357,175	1,922,175
November 1, 2019			318,050	318,050
May 1, 2020	5.000%	1,560,000	318,050	1,878,050
November 1, 2020			279,050	279,050
May 1, 2021	5.000%	1,585,000	279,050	1,864,050
November 1, 2021			239,425	239,425
May 1, 2022	5.000%	1,580,000	239,425	1,819,425
November 1, 2022			199,925	199,925
May 1, 2023	5.000%	1,580,000	199,925	1,779,925
November 1, 2023			160,425	160,425
May 1, 2024	4.000%	1,580,000	160,425	1,740,425
November 1, 2024			128,825	128,825
May 1, 2025	4.000%	1,560,000	128,825	1,688,825
November 1, 2025			97,625	97,625
May 1, 2026	4.000%	1,540,000	97,625	1,637,625
November 1, 2026			66,825	66,825
May 1, 2027	3.000%	1,520,000	66,825	1,586,825
November 1, 2027			44,025	44,025
May 1, 2028	3.000%	1,485,000	44,025	1,529,025
November 1, 2028			21,750	21,750
May 1, 2029	3.000%	1,450,000	21,750	1,471,750
TOTALS		\$ 20,045,000	\$ 5,438,900	\$ 25,483,900

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2016

	Rate	Principal	Interest	Totals
Debt of February 5, 2015				
November 1, 2016			\$ 472,875	\$ 472,875
May 1, 2017	5.000%	\$ 575,000	472,875	1,047,875
November 1, 2017			458,500	458,500
May 1, 2018	5.000%	1,530,000	458,500	1,988,500
November 1, 2018			420,250	420,250
May 1, 2019	5.000%	1,605,000	420,250	2,025,250
November 1, 2019			380,125	380,125
May 1, 2020	5.000%	1,675,000	380,125	2,055,125
November 1, 2020			338,250	338,250
May 1, 2021	5.000%	1,745,000	338,250	2,083,250
November 1, 2021			294,625	294,625
May 1, 2022	5.000%	1,815,000	294,625	2,109,625
November 1, 2022			249,250	249,250
May 1, 2023	5.000%	1,885,000	249,250	2,134,250
November 1, 2023			202,125	202,125
May 1, 2024	5.000%	1,985,000	202,125	2,187,125
November 1, 2024			152,500	152,500
May 1, 2025	5.000%	2,030,000	152,500	2,182,500
November 1, 2025			101,750	101,750
May 1, 2026	5.000%	2,035,000	101,750	2,136,750
November 1, 2026			50,875	50,875
May 1, 2027	5.000%	2,035,000	50,875	2,085,875
TOTALS		\$ 18,915,000	\$ 6,242,250	\$ 25,157,250

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2016

	Rate	Principal	Interest	Totals
Debt of October 13, 2015				
November 1, 2016			\$ 462,075	\$ 462,075
May 1, 2017	4.000%	\$ 380,000	462,075	842,075
November 1, 2017			454,475	454,475
May 1, 2018	4.000%	380,000	454,475	834,475
November 1, 2018			446,875	446,875
May 1, 2019	4.000%	475,000	446,875	921,875
November 1, 2019			437,375	437,375
May 1, 2020	4.000%	600,000	437,375	1,037,375
November 1, 2020			425,375	425,375
May 1, 2021	4.000%	700,000	425,375	1,125,375
November 1, 2021			411,375	411,375
May 1, 2022	4.000%	700,000	411,375	1,111,375
November 1, 2022			397,375	397,375
May 1, 2023	4.000%	700,000	397,375	1,097,375
November 1, 2023			383,375	383,375
May 1, 2024	4.000%	725,000	383,375	1,108,375
November 1, 2024			368,875	368,875
May 1, 2025	4.000%	725,000	368,875	1,093,875
November 1, 2025			354,375	354,375
May 1, 2026	5.000%	750,000	354,375	1,104,375
November 1, 2026			335,625	335,625
May 1, 2027	5.000%	775,000	335,625	1,110,625
November 1, 2027			316,250	316,250
May 1, 2028	5.000%	800,000	316,250	1,116,250

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2016

	Rate	Principal	Interest	Totals
November 1, 2028			\$ 296,250	\$ 296,250
May 1, 2029	5.000%	\$ 800,000	296,250	1,096,250
November 1, 2029			276,250	276,250
May 1, 2030	5.000%	825,000	276,250	1,101,250
November 1, 2030			255,625	255,625
May 1, 2031	5.000%	850,000	255,625	1,105,625
November 1, 2031			234,375	234,375
May 1, 2032	5.000%	850,000	234,375	1,084,375
November 1, 2032			213,125	213,125
May 1, 2033	5.000%	875,000	213,125	1,088,125
November 1, 2033			191,250	191,250
May 1, 2034	5.000%	900,000	191,250	1,091,250
November 1, 2034			168,750	168,750
May 1, 2035	5.000%	925,000	168,750	1,093,750
November 1, 2035			145,625	145,625
May 1, 2036	5.000%	950,000	145,625	1,095,625
November 1, 2036			121,875	121,875
May 1, 2037	5.000%	975,000	121,875	1,096,875
November 1, 2037			97,500	97,500
May 1, 2038	5.000%	975,000	97,500	1,072,500
November 1, 2038			73,125	73,125
May 1, 2039	5.000%	975,000	73,125	1,048,125
November 1, 2039			48,750	48,750
May 1, 2040	5.000%	975,000	48,750	1,023,750
November 1, 2040			24,375	24,375
May 1, 2041	5.000%	975,000	24,375	999,375
		<u>\$ 19,560,000</u>	<u>\$ 13,880,600</u>	<u>\$ 33,440,600</u>

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2016

	Rate	Principal	Interest	Totals
Debt of April 12, 2016				
November 1, 2016			\$ 158,262	\$ 158,262
May 1, 2017	2.064%		143,152	143,152
November 1, 2017			143,152	143,152
May 1, 2018	2.064%		143,152	143,152
November 1, 2018			143,152	143,152
May 1, 2019	2.064%		143,152	143,152
November 1, 2019			143,152	143,152
May 1, 2020	2.064%	\$ 2,900,000	143,152	3,043,152
November 1, 2020			113,224	113,224
May 1, 2021	2.214%	3,000,000	113,224	3,113,224
November 1, 2021			80,014	80,014
May 1, 2022	2.401%	3,150,000	80,014	3,230,014
November 1, 2022			42,198	42,198
May 1, 2023	2.621%	3,220,000	42,198	3,262,198
		<u>\$ 12,270,000</u>	<u>\$ 1,631,198</u>	<u>\$ 13,901,198</u>

HUDSONVILLE PUBLIC SCHOOLS

SCHEDULE OF DATA RELATED TO SCHOOL DISTRICT OPERATIONS

June 30, 2016

Tax Year	State Taxable Value		
	General	Debt Service	Capital Projects
2015	\$ 218,882,574	\$ 1,291,492,140	\$ 1,291,492,140
2014	214,523,838	1,231,531,482	1,231,531,482
2013	211,459,616	1,187,239,762	1,187,239,762
2012	210,586,311	1,163,356,530	1,163,356,530
2011	222,427,905	1,187,405,599	1,187,405,599
2010	234,536,395	1,206,375,352	1,206,375,352
2009	250,476,276	1,229,220,315	1,229,220,315
2008	239,551,491	1,241,684,591	1,241,684,591
2007	251,995,713	1,184,123,036	1,184,123,036
2006	237,686,569	1,102,811,987	1,102,811,987

General Fund

Year of Levy	Total Dollar Levy	Total Levy Collected as of June 30	Percentage Collected as of June 30	Uncollected as of June 30
2015	\$ 14,451,408	\$ 14,451,408	100.00%	\$ -
2014	13,794,430	13,794,430	100.00%	-
2013	13,362,526	13,362,526	100.00%	-
2012	13,179,196	13,179,196	100.00%	-
2011	13,559,629	13,559,629	100.00%	-
2010	13,932,567	13,916,352	99.88%	-
2009	14,321,426	14,321,426	100.00%	-
2008	14,356,867	14,356,867	100.00%	-
2007	13,961,100	13,961,100	100.00%	-
2006	13,340,724	13,340,724	100.00%	-
				<u>\$ -</u>

NOTE - The County pays to the Schools all delinquent real property taxes upon return of the tax rolls to the County. The levy amounts include adjustments by the Tax Tribunal to the original levy.