

# **HUDSONVILLE PUBLIC SCHOOLS**

## *FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION*

*Year Ended June 30, 2018*

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# HUDSONVILLE PUBLIC SCHOOLS

## BOARD OF EDUCATION

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June 30, 2018

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

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

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' 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, 2018, 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 and other post employment benefit liability information on pages 5 through 14 and pages 55 through 60 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 62 and 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The remaining supplemental information on pages 64 through 73 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 22, 2018 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 22, 2018  
Grand Rapids, Michigan

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# Hudsonville Public Schools

## MANAGEMENT DISCUSSION and ANALYSIS

*For Year Ending June 30, 2018*

MD & A June 30, 2018

***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, 2018.***

Generally Accepted Accounting Principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District-Wide Financial Statements and Governmental 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.

Governmental 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 governmental fund financial statements, 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, 2018

## Summary of Net Position

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
<b>Assets</b>		
Current Assets	\$ 24,510,556	\$ 20,147,167
Capital Assets	232,788,531	236,234,470
Less: Accumulated Depreciation	<u>68,932,522</u>	<u>72,938,662</u>
Net Book Value	<u>163,856,009</u>	<u>163,295,808</u>
Total Assets	188,366,565	183,442,975
Deferred Outflows of Resources, as restated	<u>17,549,532</u>	<u>35,036,634</u>
Total Assets & Deferred Outflows	<u><b>\$ 207,504,731</b></u>	<u><b>\$ 218,479,609</b></u>
<b>Liabilities</b>		
Current Liabilities	11,090,808	9,573,942
Long Term Liabilities	160,094,352	162,879,814
Net Pension Liability	103,111,660	110,828,957
Net OPEB Liability	<u>39,983,622</u>	<u>37,907,128</u>
Total Liabilities, restated for 2017	<b>314,280,442</b>	<b>321,189,841</b>
Deferred Inflow of Resources	<b>511,240</b>	<b>7,413,672</b>
<b>Net Assets</b>		
Invested in Capital Assets- Net of Related Debt	2,824,165	24,989,397
Restricted For Debt Service	236,373	140,620
Unrestricted, as restated	<u>(110,347,489)</u>	<u>(135,253,921)</u>
Total Net Position, as restated	<u><b>(107,286,951)</b></u>	<u><b>(110,123,904)</b></u>
Total Liabilities & Net Position, as restated	<u><b>\$ 207,504,731</b></u>	<u><b>\$ 218,479,609</b></u>

# Hudsonville Public Schools

MD & A June 30, 2018

## Analysis of Financial Position

### District Wide Operations

The district's general expenditures exceeded general revenues for governmental activities by \$2,836,954. 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, 2017</u>	<u>Principal Additions</u>	<u>Principal Payments</u>	<u>Principal Balance June 30, 2018</u>
School Bond Loan Fund *	\$ 4,165,104	\$ 2,155,300	\$ ---	\$ 6,320,404
2008(refunded)	7,025,000	---	7,025,000	---
2011(advance refunded)	71,255,000	---	65,975,000	5,280,000
2013	18,565,000	---	1,560,000	17,005,000
2015	18,340,000	---	1,530,000	16,810,000
2015	19,180,000	---	380,000	18,800,000
2016	12,270,000	---	---	12,270,000
2017 **	---	61,255,000	---	61,255,000
2018 ***	---	5,665,000	---	5,665,000
<b>Totals</b>	<b><u>\$150,800,104</u></b>	<b><u>\$ 69,075,300</u></b>	<b><u>\$76,470,000</u></b>	<b><u>\$143,405,404</u></b>

\* The additional balance of the School Bond Loan Fund was a draw of \$2,012,061 plus accrued interest of \$143,239.

\*\* The 2017 Bonds issued in December of 2017 were to advance refund the 2011 Bonds.

\*\*\* The 2018 Bonds issued in March of 2018 to refund the 2008 Bonds.

### Net Investment in Capital Assets

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital Assets	\$232,788,531	\$ 4,199,281	\$ 753,342	\$236,234,470
Less: Accumulated Depreciation	<u>68,932,522</u>	<u>4,754,747</u>	<u>748,607</u>	<u>72,938,662</u>
Net Investment Capital Outlay	<b><u>\$163,856,009</u></b>	<b><u>\$ (555,466)</u></b>	<b><u>\$ 4,735</u></b>	<b><u>\$163,295,808</u></b>

### 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, 2018, the District's net pension liability increased by more than \$7,717,000 to \$110,828,957.

### **Accounting Change**

All Michigan Public School Districts were required to implement GASB 75 during the 2017-2018 fiscal year. To implement the accounting change required by GASB 75 in the current year 2017-2018 financial statements certain 2016-17 balances needed to be restated. The cumulative effect of this accounting change was a decrease to net position of \$38,394,987.

### **Postemployment Benefits Other than Pensions (OPEB)**

GASB 75 required governmental units that provide retirement benefits in addition to retirement pay to increase financial statement disclosure as well as recognize an unfunded liability linked to OPEB. Hudsonville Public Schools is required by law to participate in the Michigan Public School Employees' Retirement System (MPERS). MPERS provides post retirement healthcare benefits to eligible employees.

Similar to the financial statement presentation for the unfunded liability associated with pension expense, recognition of OPEB has a significant effect on the District's Net Position. For the year ended June 30, 2018, the District's net OPEB liability was \$37,907,128.

# Hudsonville Public Schools

MD & A June 30, 2018

## Results of Operations

For the fiscal year ended June 30, 2017 and 2018 the District-Wide results of operations were as follows:

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
<b>Revenues</b>		
General Revenues		
Property Tax – General Purpose	\$ 4,143,236	\$ 4,261,373
Property Tax – Debt Service/Bldg & Site	10,873,480	11,542,373
State Aid	50,922,868	53,592,369
Investment Earnings	70,280	21,049
Other	<u>925,038</u>	<u>805,712</u>
	<b>66,934,902</b>	<b>70,222,876</b>
Program Revenues		
Operating Grants & Contributions – Federal	1,681,087	1,701,280
Operating Grants & Contributions – State	2,958,035	3,654,941
Operating Grants & Contributions – Other	5,117,207	5,423,979
Charges for Services – Community Services	<u>1,862,641</u>	<u>2,101,840</u>
	<b>11,618,970</b>	<b>12,882,040</b>
<b>Total Revenues</b>	<b>\$ 78,553,872</b>	<b>\$ 83,104,916</b>
<b>Expenses</b>		
Instruction	\$ 46,380,748	\$ 49,358,640
Support Services	22,242,675	24,159,140
Community Services	1,965,656	2,201,117
Interest on Debt	6,680,652	5,772,152
Bond Issuance Cost	2,167	321,374
Loss on disposal of assets	4,202	(5,410)
Depreciation	<u>3,922,907</u>	<u>4,134,857</u>
<b>Total Expenses</b>	<b>\$ 81,199,007</b>	<b>\$ 85,941,870</b>
<b>Change In Net Position</b>	<b>\$ (2,645,135)</b>	<b>\$ (2,836,954)</b>

# Hudsonville Public Schools

MD & A June 30, 2018

## ***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, 2017 and June 30, 2018, 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 2016-2017 and 2017-2018 school years the per student allocation, including one-time state allocations, for Hudsonville was \$7,511 per student and \$7,631 per student, respectively.

## ***Student Enrollment***

The district's student enrollment for 2017-2018 was 6,843 students. The following summarizes the student enrollments for the past five years.

	<u>Student FTE</u>	<u>Change From Prior Year</u>
2017 – 2018	6,843	+108
2016 – 2017	6,735	+233
2015 – 2016	6,502	+ 56
2014 – 2015	6,446	+128
2013 – 2014	6,318	+ 49

## ***Bond Refunding***

In December of 2017 the Board of Education issued \$61,255,000 of General Obligation Bonds with fixed interest rates to advance refund all but \$6,875,000 of the 2011 Building and Site Bonds. In March of 2018 the Board of Education issued \$5,665,000 of General Obligation bonds to refinance the 2008 bonds. Both bond issues resulted in lower interest rates based on market conditions and the Districts improving credit rating. The two refinancing's combined saved the taxpayers over \$8,160,000 in interest expense.

# Hudsonville Public Schools

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MD & A June 30, 2018

## ***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 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 classroom technology improvements. Less than \$171,000 of the original bond proceeds remained unspent on those projects as of the close of the 2017-18 fiscal year.

## ***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 2016-2017 fiscal year was \$4,143,236. Non-homestead property tax revenue for 2017-2018 fiscal year was \$4,261,373. No significant changes affected the tax base during the 2017-2018 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 2016-2017 and 2017-2018 the District debt millage levy was seven mills. Revenue generated was \$9,516,855 and \$10,116,337, respectively.

## ***Building & Site Sinking Fund Taxes***

The District levied 0.9883 mill in 2016-17 and 0.9779 mill in 2017-18 of property tax on all properties (homestead and non-homestead). Revenue generated was \$1,343,445 and \$1,411,827, respectively, and was used to purchase property for district use and to complete building projects.

# Hudsonville Public Schools

MD & A June 30, 2018

## **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 2017-18 fiscal year, the District amended the General Fund budget in June of 2018. 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>	<u>Variance With Final Budget- Over (Under)</u>	<u>Percent Variance</u>
<b>Total Revenues and Other Financing Sources</b>	<b>\$68,597,650</b>	<b>\$70,448,350</b>	<b>\$71,079,528</b>	<b>\$631,178</b>	<b>0.90%</b>
Expenditures					
Instruction	\$45,749,661	\$46,487,828	\$46,435,452	\$52,376	1.13%
Support services	22,185,958	23,068,083	22,890,589	177,494	0.77%
Community services	1,753,192	1,705,991	1,820,320	(114,329)	(6.70%)
<b>Total Expenditures</b>	<b>\$69,688,811</b>	<b>\$71,261,902</b>	<b>\$71,146,361</b>	<b>\$115,541</b>	<b>0.16%</b>

The actual revenues and other financing sources for the General Fund were \$71,079,528. This is more than the original budget estimate of \$70,079,528 and more than the final amended budget of \$70,448,350. The actual General Fund expenditures were \$71,146,361. This is more than the original budget estimate of \$69,688,811 and less than the final amended budget of \$71,261,902.

The positive variance between the revenue budget and the actual revenue amount is due largely to a \$321,000 prior year revenue adjustment in State Aid reimbursement. The balance of the difference is attributed to conservative budget estimating.

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.

- The community services budget variance is a result of changing accounting practices for the community education department with its diverse programs. The accounting records are now in one general ledger system which will improve accounting internal controls.

### **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  
Assistant Superintendent of Business and Finance  
Hudsonville Public Schools  
3886 Van Buren Avenue  
Hudsonville, Michigan 49426

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## BASIC FINANCIAL STATEMENTS

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**DISTRICT-WIDE FINANCIAL STATEMENTS**

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# HUDSONVILLE PUBLIC SCHOOLS

## STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,574,006
Unexpended bond proceeds	384,606
Accounts receivable	11,013,037
Prepays	175,518
Capital assets, less accumulated depreciation of \$72,938,662	163,295,808
<b>TOTAL ASSETS</b>	<b>183,442,975</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges from bond refunding, net of amortization	9,305,072
Deferred outflows related to pensions	23,543,727
Deferred outflows related to OPEB	2,187,835
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>35,036,634</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 218,479,609</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 868,539
Construction obligations payable	163,943
Salaries payable	4,224,130
Accrued liabilities	4,317,330
Long-term liabilities, excluding pension liability	
Bonds payable, due within one year	6,230,000
Other obligations, due within one year	123,908
Bonds payable, due in more than one year	150,061,068
Other obligations, due in more than one year	6,464,838
Net pension liability	110,828,957
Net OPEB liability	37,907,128
<b>TOTAL LIABILITIES</b>	<b>321,189,841</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	6,123,282
Deferred inflows related to OPEB	1,290,390
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,413,672</b>
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	24,989,397
Restricted for debt service	140,620
Unrestricted	(135,253,921)
<b>TOTAL NET POSITION</b>	<b>(110,123,904)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 218,479,609</b>

See accompanying notes

# HUDSONVILLE PUBLIC SCHOOLS

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

		Program Revenues		Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government -				
Governmental activities				
Instruction	\$ 49,358,640	\$ -	\$ 10,780,200	\$ (38,578,440)
Support services	24,159,140	-	-	(24,159,140)
Community services	2,201,117	2,101,840	-	(99,277)
Interest on long-term debt	5,772,152	-	-	(5,772,152)
Gain on disposal of capital assets	(5,410)	-	-	5,410
Depreciation (unallocated)	4,134,857	-	-	(4,134,857)
Bond Issuance Costs	321,374	-	-	(321,374)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 85,941,870</u>	<u>\$ 2,101,840</u>	<u>\$ 10,780,200</u>	<u>(73,059,830)</u>
General revenues				
Taxes				
Property taxes, levied for general purpose				4,261,373
Property taxes, levied for debt service and capital projects				11,542,373
State aid not restricted to specific purposes				53,592,369
Interest and investment earnings				21,049
Other				805,712
TOTAL GENERAL REVENUES				<u>70,222,876</u>
CHANGE IN NET POSITION				(2,836,954)
Net Position at Beginning of Year			(68,891,963)	
Cumulative effect due to change in accounting principle			<u>(38,394,987)</u>	
Net Position at Beginning of Year, as restated				<u>(107,286,950)</u>
NET POSITION AT END OF YEAR				<u>\$ (110,123,904)</u>

See accompanying notes

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**GOVERNMENTAL FUNDS**

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# HUDSONVILLE PUBLIC SCHOOLS

## BALANCE SHEET

June 30, 2018

	General Fund	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,174,405	\$ 138,001	\$ 2,261,600	\$ 8,574,006
Unexpended bond proceeds	-	-	384,606	384,606
Accounts receivable	10,973,459	2,632	36,946	11,013,037
Due to/from other funds	159,673	-	77,376	237,049
Prepays	175,518	-	-	175,518
<b>TOTAL ASSETS</b>	<b>\$ 17,483,055</b>	<b>\$ 140,633</b>	<b>\$ 2,760,528</b>	<b>\$ 20,384,216</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable	\$ 784,288	\$ 13	\$ 84,238	\$ 868,539
Construction obligations payable	-	-	163,943	163,943
Salaries payable	4,224,130	-	-	4,224,130
Due to other funds	1,786	-	235,263	237,049
Accrued liabilities	3,205,508	-	54,354	3,259,862
<b>TOTAL LIABILITIES</b>	<b>8,215,712</b>	<b>13</b>	<b>537,798</b>	<b>8,753,523</b>
<b>Fund Balance</b>				
Nonspendable	175,518	-	-	175,518
Restricted	-	140,620	1,051,022	1,191,642
Committed	268,342	-	-	268,342
Assigned	1,087,487	-	1,171,708	2,259,195
Unassigned	7,735,996	-	-	7,735,996
<b>TOTAL FUND BALANCE</b>	<b>9,267,343</b>	<b>140,620</b>	<b>2,222,730</b>	<b>11,630,693</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 17,483,055</b>	<b>\$ 140,633</b>	<b>\$ 2,760,528</b>	<b>\$ 20,384,216</b>

See accompanying notes

# HUDSONVILLE PUBLIC SCHOOLS

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

June 30, 2018

**Total Fund Balance - Governmental Funds** **\$ 11,630,693**

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	\$ 236,234,470	
Accumulated depreciation	<u>(72,938,662)</u>	163,295,808

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		(110,828,957)
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Deferred pension expense items are not capitalized in the governmental funds

Deferred outflows	23,543,727	
Deferred inflows	<u>(6,123,282)</u>	17,420,445

The net other post employment benefits liability is not due and payable in the current period and therefore is not reported as a liability in the governmental funds

Other post employment benefits liability		(37,907,128)
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Deferred other post employment benefit expense items are not capitalized in the governmental funds

Deferred outflows	2,187,835	
Deferred inflows	<u>(1,290,390)</u>	897,445

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	(162,879,814)	
Accrued interest on bonds payable	<u>(1,057,468)</u>	(163,937,282)

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

Deferred charges on refunding	11,288,128	
Accumulated amortization	<u>(1,983,056)</u>	9,305,072

<b>Total Net Position - Governmental Activities</b>		<b><u>\$ (110,123,904)</u></b>
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See accompanying notes

# HUDSONVILLE PUBLIC SCHOOLS

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2018

	General Fund	Debt Service Fund	Other Nonmajor Govn. Funds	Total Govn. Funds
<b>Revenues</b>				
Local sources	\$ 4,261,373	\$ 10,129,212	\$ 3,517,321	\$ 17,907,906
State sources	57,239,457	-	7,853	57,247,310
Federal sources	1,660,454	-	40,826	1,701,280
Interdistrict and other sources	718,309	50,371	63,755	832,435
<b>TOTAL REVENUES</b>	<b>63,879,593</b>	<b>10,179,583</b>	<b>3,629,755</b>	<b>77,688,931</b>
<b>Expenditures</b>				
Instruction	46,435,452	-	-	46,435,452
Supporting Services	22,890,589	-	159,672	23,050,261
Community Services & Other	1,820,320	-	271,768	2,092,088
Debt service				
Principal retirement	-	6,090,000	-	6,090,000
Interest and fiscal charges	-	6,195,003	-	6,195,003
Bond costs - other	-	321,374	-	321,374
Capital projects	-	-	4,183,939	4,183,939
<b>TOTAL EXPENDITURES</b>	<b>71,146,361</b>	<b>12,606,377</b>	<b>4,615,379</b>	<b>88,368,117</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>				
<b>BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>(7,266,768)</b>	<b>(2,426,794)</b>	<b>(985,624)</b>	<b>(10,679,186)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)				
Other government sources	5,423,979	-	-	5,423,979
Interfund	1,775,956	-	(1,775,956)	-
Proceeds from School Bond Loan Fund	-	2,013,418	-	2,013,418
Proceeds from bond	-	66,920,000	-	66,920,000
Premium on debt issued	-	11,426,371	-	11,426,371
Payment to bond escrow agent	-	(78,028,748)	-	(78,028,748)
	<b>7,199,935</b>	<b>2,331,041</b>	<b>(1,775,956)</b>	<b>7,755,020</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(66,833)</b>	<b>(95,753)</b>	<b>(2,761,580)</b>	<b>(2,924,166)</b>
<b>Fund Balance at Beginning of Year</b>	<b>9,334,176</b>	<b>236,373</b>	<b>4,984,310</b>	<b>14,554,859</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 9,267,343</b>	<b>\$ 140,620</b>	<b>\$ 2,222,730</b>	<b>\$ 11,630,693</b>

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, 2018

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (2,924,166)</b>
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	(4,754,747)
Expenditures for capital assets	4,199,281
Gain on disposal of capital assets	5,410
Proceeds on disposal of capital assets	(10,145)
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	938,533
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	(427,106)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	77,642
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	(5,019,602)
Governmental funds report other post retirement benefit expenditures as contributions are made; on the statement of net position, the change in the other post retirement benefit liability is recorded as other post retirement benefit expense	1,385,305
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 debt refunding	(66,920,000)
Premium on debt refunding	(11,425,576)
Proceeds from Michigan School Bond Loan Fund	(2,013,418)
Interest additions to Michigan School Bond Loan Fund	(141,883)
Payment to escrow agent for debt refunding	78,028,748
Principal payments on long-term liabilities	6,090,000
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 (\$156,462) was more than the amount earned during the year (\$81,692)	74,770
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (2,836,954)</b>

See accompanying notes

HUDSONVILLE PUBLIC SCHOOLS

FIDUCIARY FUNDS - STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	Student Activities Agency Fund
<b>ASSETS</b>	
Cash	<u>\$ 760,471</u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 760,471</u>

See accompanying notes

June 30, 2018

## **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.

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# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2018

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)

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June 30, 2018

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. Management has determined the reduction in property tax revenues due to tax abatements granted by other governmental units are not significant to the financial statements as of June 30, 2018 .

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.

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.

Additionally, the School District reports the following fund types:

Capital Projects Sinking Fund Levy - 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).

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.

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.

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# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2018

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.

#### **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.

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### 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 improvements	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 changes in experience and assumptions for determining the net pension and postemployment benefits other than pensions (OPEB) liability as determined by the Office of Retirement Services, (3) the difference between the projected and actual earnings on pension plan and OPEB plan investments, and (4) the pension and OPEB contributions made by the School District subsequent to the measurement date of September 30, 2017.

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 items that qualify for reporting in this category are (1) the net difference between the projected and actual experience in the pension and OPEB plans and (2) changes in proportionate share of contributions as determined by the Office of Retirement Services.

June 30, 2018

**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 the 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. The net pension liability is recorded as a governmental activity expected to be paid out from the General Fund.

June 30, 2018

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**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.

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2018

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. Hudsonville Public Schools also considers committed amounts to be spent first when expenditures are incurred for purposes for which both committed and unassigned fund balance could be used.

### **Subsequent Events**

Management has evaluated significant events or transactions occurring subsequent to June 30, 2018 for potential recognition or disclosure in these financial statements. The evaluation was performed through October 22, 2018 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.

### **Pending Pronouncements**

GASB has issued several statements that will become effective in future years including GASBs 84 (Fiduciary Activities), 87 (Leases), 88 (Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements), and 89 (Accounting for Interest Cost Incurred before the End of a Construction Period). Management has not yet determined the impact of these statements on the School District's financial statements.

### **NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2018, the District implemented Statement 75 of the Governmental Accounting Standards Board, which requires governments providing other post-employment benefits (OPEB) to recognize their unfunded OPEB obligation and the related deferred outflows and inflows in the district-wide financial statements. The net position at June 30, 2017 has been restated to record the cumulative effect of the net OPEB liability resulting in a \$38,394,987 decrease in the beginning net position.

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June 30, 2018

**NOTE 3 - 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.

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, 2018, the School District did not have a net excess of actual expenditures over budgeted expenditures. Functional expenditure budget variances, if any, are disclosed in the required supplemental information section.

**NOTE 4 - 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:

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 8,574,006	\$ 760,471	\$ 9,334,477
Unexpended bond proceeds	384,606	-	384,606
	<u>\$ 8,958,612</u>	<u>\$ 760,471</u>	<u>\$ 9,719,083</u>

As of June 30, 2018, the School District had the following investments, including cash management funds held by Michigan Liquid Asset Fund (MILAF).

Investment	Maturities	Cost
Cash management funds	N/A	<u>\$ 384,606</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 that as of June 30, 2018, 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, 2018, 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, 2018, \$8,973,021 of the School District's bank balance of \$10,110,965 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, 2018

### NOTE 5 - CAPITAL ASSETS

The following summarizes capital asset activity for the year ended June 30, 2018:

	Balance June 30, 2017	Transfers	Additions	Disposals	Balance June 30, 2018
Assets not being depreciated					
Land	\$ 5,157,640	\$ -	\$ 560,255	\$ -	\$ 5,717,895
Construction in progress	5,501,218	(7,760,991)	2,501,463	-	241,690
<b>Subtotal</b>	<b>10,658,858</b>	<b>(7,760,991)</b>	<b>3,061,718</b>	<b>-</b>	<b>5,959,585</b>
Capital assets being depreciated					
Building and improvements	207,479,273	7,760,991	778,167	-	216,018,431
Buses and other vehicles	6,091,750	-	303,188	378,932	6,016,006
Furniture and equipment	8,558,650	-	56,208	374,410	8,240,448
<b>Subtotal</b>	<b>222,129,673</b>	<b>7,760,991</b>	<b>1,137,563</b>	<b>753,342</b>	<b>230,274,885</b>
Accumulated depreciation					
Building and improvements	57,498,787	-	4,281,516	-	61,780,303
Buses and other vehicles	4,499,572	-	279,810	378,932	4,400,450
Furniture and equipment	6,934,163	-	193,421	369,675	6,757,909
<b>Subtotal</b>	<b>68,932,522</b>	<b>-</b>	<b>4,754,747</b>	<b>748,607</b>	<b>72,938,662</b>
Net capital assets being depreciated	153,197,151	7,760,991	(3,617,184)	4,735	157,336,223
<b>Net Capital Assets</b>	<b>\$ 163,856,009</b>	<b>\$ -</b>	<b>\$ (555,466)</b>	<b>\$ 4,735</b>	<b>\$ 163,295,808</b>

At June 30, 2018, the School District held land with a cost of approximately \$3,848,000 for purposes of future expansion.

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

Governmental Activities	
Instruction	\$ 200,106
Support services	419,784
Unallocated	<u>4,134,857</u>
<b>Total Governmental Activities</b>	<b><u>\$ 4,754,747</u></b>

June 30, 2018

**“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, 2018.

**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, 2018, the School District has reported cumulative receipts of \$571,293 and expenditures of \$82,329,705 in the 2011 Capital Projects Fund and cumulative receipts of \$117,874 and expenditures of \$21,814,866 in the 2015 Capital Projects Fund.

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Amounts due from (to) other funds representing interfund receivables and payables at June 30, 2018 were as follows:

	<u>Due From</u>	<u>Due To</u>
<b><u>Interfund Balances</u></b>		
General Fund	\$ 159,673	\$ 1,786
Debt Service Fund	-	-
Nonmajor Fund		
Community Education Fund	-	74,000
2011 Capital Projects Fund	-	1,590
2015 Capital Projects Fund	1,590	-
Food Service Fund	75,786	159,673
	<u><b>\$ 237,049</b></u>	<u><b>\$ 237,049</b></u>

Transfers between funds during the year ended June 30, 2018 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Interfund Transfers</u></b>		
General Fund	\$ 1,775,956	\$ -
Nonmajor Funds		
Food Service Fund	74,000	-
Community Education Fund	-	1,849,956
	<u><b>\$ 1,849,956</b></u>	<u><b>\$ 1,849,956</b></u>

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

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### NOTE 7 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. 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.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
<b>Governmental Activities</b>					
Bonds	\$ 146,635,000	\$ 66,920,000	\$ 76,470,000	\$ 137,085,000	\$ 6,230,000
Bond premium, net of amortization	8,951,136	11,193,465	938,533	19,206,068	-
<b>Total Bonds Payable</b>	<b>155,586,136</b>	<b>78,113,465</b>	<b>77,408,533</b>	<b>156,291,068</b>	<b>6,230,000</b>
Other obligations	4,508,216	2,236,992	156,462	6,588,746	123,908
<b>Total Governmental Activities</b>	<b>\$ 160,094,352</b>	<b>\$ 80,350,457</b>	<b>\$ 77,564,995</b>	<b>\$ 162,879,814</b>	<b>\$ 6,353,908</b>

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

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

\$79,850,000 - 2011 advance refunding serial bond issued, due in annual installments of \$1,675,000 to \$1,845,000 through May 1, 2021, interest at 5.0%	\$ 5,280,000
\$22,830,000 - 2013 advance refunding serial bond issued, due in annual installments of \$1,450,000 to \$1,585,000 beginning May 1, 2015 through May 1, 2029, interest at 3.0% to 5.0%	17,005,000
\$18,915,000 - 2015 advance refunding serial bond issued, due in annual installments of \$1,605,000 to \$2,035,000 beginning May 1, 2017 through May 1, 2027, interest at 5.0%	16,810,000
\$19,560,000 - 2015 serial bond issued, due in annual installments of \$475,000 to \$975,000 beginning May 1, 2017 through May 1, 2041, interest at 4.0% to 5.0%	18,800,000
\$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
\$61,255,000 - 2017 advance refunding serial bond issued, due in annual installments of \$1,895,000 to \$4,665,000 beginning May 1, 2022 through May 1, 2041, interest at 5.0% beginning November 1, 2018	61,255,000
\$5,665,000 - 2018 advance refunding serial bond issued, due in annual installments of \$910,000 to \$960,000 beginning May 1, 2019 through May 1, 2024, interest at 4.0% to 5.0% beginning November 1, 2018	5,665,000
<b>TOTAL BONDED DEBT</b>	<b>\$ 137,085,000</b>

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

In prior years, 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, 2018, there was \$64,380,000 amounts of defeased debt outstanding related to the 2011 bond. When the bonds were refunded, the proceeds from the refunding bonds were submitted to the escrow agent as payment in full. This escrow agent is scheduled to pay these funds on the bond on May 1, 2021.

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

	Principal	Interest	Totals
2019	\$ 6,230,000	\$ 6,309,523	\$ 12,539,523
2020	9,440,000	5,976,580	15,416,580
2021	9,820,000	5,605,174	15,425,174
2022	10,090,000	5,204,754	15,294,754
2023	10,335,000	4,789,122	15,124,122
2024-2028	31,805,000	18,784,576	50,589,576
2029-2033	20,015,000	12,744,500	32,759,500
2034-2038	23,070,000	7,630,000	30,700,000
2039-2041	16,280,000	1,649,250	17,929,250
	<u>\$ 137,085,000</u>	<u>\$ 68,693,479</u>	<u>\$ 205,778,479</u>

The Debt Service Fund has \$140,620 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 3.10164%. At this time, the School District is unable to estimate annual principal and interest requirements

\$ 6,320,404

Early Retirement Incentive Plan payments are due to several former employees of the School District in annual installments of \$7,448 to \$15,862 through June 2021, including interest at 6.5%

268,342

**TOTAL OTHER OBLIGATIONS**

**\$ 6,588,746**

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

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.

During the year, \$141,883 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
2019	\$ 123,909	\$ 17,971	\$ 141,880
2020	74,967	9,673	84,640
2021	69,466	4,652	74,118
	<u>\$ 268,342</u>	<u>\$ 32,296</u>	<u>\$ 300,638</u>

### NOTE 8 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPERS), NET PENSION LIABILITY AND OTHER POST RETIREMENT BENEFITS

#### Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, 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/mpers-cafr](http://www.michigan.gov/mpers-cafr).

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### **Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are 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 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.

### **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, 2017 valuation will be amortized over a 20 year period for the 2017 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2017.

<b><u>Benefit Structure</u></b>	<b><u>Member</u></b>	<b><u>Employer</u></b>
Basic	0.0 - 4.0%	19.03%
Member Investment Plan	3.0 - 7.0%	19.03%
Pension Plus	3.0 - 6.4%	18.40%
Defined Contribution	0.0%	15.27%

Required contributions to the pension plan from the District were \$10,031,266 for the year ended September 30, 2017.

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

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

At June 30, 2018, the District reported a liability of \$110,828,957 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2016. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2017, the District's proportion was .4277 percent, which was an increase of .0144 percent from its proportion measured as of September 30, 2016.

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

For the Plan year ended September 30, 2017, the District recognized pension expense of \$13,221,364.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 963,179	\$ 543,814
Changes of assumptions	12,142,193	-
Net difference between projected and actual earnings on pension plan investments	-	5,298,353
Changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions	5,441,184	281,115
Reporting Unit contributions subsequent to the measurement date	4,997,171	-
<b>Total</b>	<b>\$ 23,543,727</b>	<b>\$ 6,123,282</b>

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

Contributions subsequent to the measurement date of \$4,997,171 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, 2019.

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

<b>Year Ended September 30</b>	<b>Net Deferred Outflows of Resources</b>
2018	\$ 3,752,811
2019	5,564,765
2020	2,955,222
2021	150,476
	<b>\$ 12,423,274</b>

### *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, 2016
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	3.5%
Investment Rate of Return	
MIP and Basic Plans (Non-Hybrid)	7.5%
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

#### **Notes**

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, 2018

### *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, 2017, are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	28.00%	5.60%
Private Equity Pools	18.00%	8.70%
International Equity Pools	16.00%	7.20%
Fixed Income Pools	10.50%	-0.10%
Real Estate and Infrastructure Pools	10.00%	4.20%
Absolute Return Pools	15.50%	5.00%
Short Term Investment Pools	2.00%	-0.90%
	<b>100.00%</b>	

\*Long term rate of return does not include 2.3% inflation

### *Rate of Return*

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Discount Rate*

A discount rate of 7.5% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan). 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, 2018

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for the 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 one percentage-point lower or one percentage-point higher:

<b>1% Decrease (Non-Hybrid/Hybrid) 6.5% / 6.0%</b>	<b>Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 7.5% / 7.0%</b>	<b>1% Increase (Non-Hybrid/Hybrid) 8.5% / 8.0%</b>
\$ 144,373,269	\$ 110,828,957	\$ 82,586,784

*Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Comprehensive Annual Financial Report, available at [www.michigan.gov/mpers-cafr](http://www.michigan.gov/mpers-cafr).

## NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

### Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, 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's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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.

June 30, 2018

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

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

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

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

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### Contributions

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 OPEB 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, 2016 valuation will be amortized over a 20-year period for the 2017 fiscal year.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2017.

<b>Benefit Structure</b>	<b>Member</b>	<b>Employer</b>
Premium Subsidy	3.0%	5.91%
Personal Healthcare Fund	0.0%	5.69%

Required contributions to the OPEB plan from District were \$3,332,662 for the year ended September 30, 2017.

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

At June 30, 2018, District reported a liability of \$37,907,128 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The District's proportion of the net OPEB liability was determined by dividing each District's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, District's proportion was .00428 percent, which represented no change from its proportion measured as of October 1, 2016.

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ending June 30, 2018, The District recognized OPEB expense of \$2,533,537. At June 30, 2018, The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 403,599
Net difference between projected and actual earnings on OPEB plan investments	-	877,938
Changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions	-	8,853
Reporting Unit contributions subsequent to the measurement date	2,187,835	-
<b>Total</b>	<b>\$ 2,187,835</b>	<b>\$ 1,290,390</b>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

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

<b>Year Ended September 30</b>	<b>Net Deferred Inflows of Resources</b>
2018	\$ (311,665)
2019	(311,665)
2020	(311,665)
2021	(311,665)
2022	(43,730)
	<b>\$ (1,290,390)</b>

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### *Actuarial Assumptions*

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

Additional information as of the latest actuarial valuation follows:

#### **Summary of Actuarial Assumptions**

Valuation Date	September 30, 2016
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	22 Years
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Wage Inflation Rate	3.5%
Investment Rate of Return	7.5%
Projected Salary Increases	3.5- 12.3%, including wage inflation of 3.5%
Healthcare Cost Trend Rate	7.5% Year 1 graded to 3.5% Year 12

Mortality                      RP-2000 Combined Healthy Life Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB (for men, 80% of the table rates were used and for women, 70% of the table rates were used).

#### **Other Assumptions:**

Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents

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

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### *Long-Term Expected Return on Plan Assets*

The long-term expected rate of return on OPEB 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 OPEB 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 OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	28.00%	5.60%
Private Equity Pools	18.00%	8.70%
International Equity Pools	16.00%	7.20%
Fixed Income Pools	10.50%	-0.10%
Real Estate and Infrastructure Pools	10.00%	4.20%
Absolute Return Pools	15.50%	5.00%
Short Term Investment Pools	2.00%	-0.90%
	<b>100.00%</b>	

\*Long term rate of return does not include 2.3% inflation

### *Rate of Return*

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 11.82%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Discount Rate*

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

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

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

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

<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
<b>6.5%</b>	<b>7.5%</b>	<b>8.5%</b>
\$ 44,400,203	\$ 37,907,128	\$ 32,396,540

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

<b>1% Decrease</b>	<b>Current Healthcare Cost</b>	<b>1% Increase</b>
<b>6.5%</b>	<b>Trend Rate</b>	<b>8.5%</b>
\$ 32,102,242	\$ 37,907,128	\$ 44,498,171

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2017 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

# HUDSONVILLE PUBLIC SCHOOLS

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

### NOTE 10 - FUND BALANCE

The classification of fund balance is shown in the table below as of June 30, 2018:

	General Fund	Debt Service Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>				
<b>Nonspendable for</b>				
Prepays	\$ 175,518	\$ -	\$ -	\$ 175,518
<b>Restricted for</b>				
Debt service	-	140,620	-	140,620
Capital improvements	-	-	1,051,022	1,051,022
<b>Committed to</b>				
Retirement benefits	268,342	-	-	268,342
<b>Assigned to</b>				
Budgeted deficit	1,087,487	-	-	1,087,487
Other purposes	-	-	1,171,708	1,171,708
<b>Unassigned</b>	7,735,996	-	-	7,735,996
<b>TOTAL FUND BALANCE</b>	<u>\$ 9,267,343</u>	<u>\$ 140,620</u>	<u>\$ 2,222,730</u>	<u>\$ 11,630,693</u>

### NOTE 11 - 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)

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June 30, 2018

### **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, 2018, 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 additions and improvements at various schools across the district. The total contract costs are approximately \$682,000. As of June 30, 2018, the amount remaining on these contracts is approximately \$512,000.

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REQUIRED SUPPLEMENTAL INFORMATION

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# HUDSONVILLE PUBLIC SCHOOLS

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Revenue</b>				
Local sources	\$ 6,489,524	\$ 6,808,927	\$ 7,048,258	\$ 239,331
State sources	55,530,788	56,848,651	57,239,457	390,806
Interdistrict and other sources	4,917,952	5,131,379	5,131,359	(20)
Federal sources	1,659,386	1,659,393	1,660,454	1,061
<b>TOTAL REVENUE</b>	<b>68,597,650</b>	<b>70,448,350</b>	<b>71,079,528</b>	<b>631,178</b>
<b>Expenditures - Current</b>				
Instruction				
Basic programs	38,251,343	38,940,203	38,455,160	(485,043)
Added needs	7,498,318	7,547,625	7,980,292	432,667
Supporting Services				
Pupil support	3,617,016	4,017,191	4,102,133	84,942
Instructional support	1,636,246	1,772,747	1,870,262	97,515
Operations and maintenance	5,901,703	5,840,995	5,583,834	(257,161)
Pupil transportation	3,087,577	3,388,347	3,253,269	(135,078)
Administration	7,943,416	8,048,803	8,081,091	32,288
Community services	1,753,192	1,705,991	1,820,320	114,329
<b>TOTAL EXPENDITURES</b>	<b>69,688,811</b>	<b>71,261,902</b>	<b>71,146,361</b>	<b>(115,541)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,091,161)</b>	<b>(813,552)</b>	<b>(66,833)</b>	<b>746,719</b>
<b>Fund Balance at Beginning of Year</b>	<b>9,334,176</b>	<b>9,334,176</b>	<b>9,334,176</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 8,243,015</b>	<b>\$ 8,520,624</b>	<b>\$ 9,267,343</b>	<b>\$ 746,719</b>

# HUDSONVILLE PUBLIC SCHOOLS

## NET PENSION LIABILITY SCHEDULES AND NOTES

Year Ended June 30, 2018

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

	2017	2016	2015	2014
A. Reporting Unit's proportion of net pension liability (%)	0.42768%	0.41329%	0.39521%	0.39240%
B. Reporting unit's proportionate share of net pension liability	\$ 110,828,957	\$ 103,111,660	\$ 96,529,926	\$ 86,431,831
C. Reporting Unit's covered payroll	\$ 36,135,959	\$ 35,583,352	\$ 33,014,151	\$ 34,121,961
D. Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	306.70%	289.78%	292.39%	253.30%
E. Plan Fiduciary's net position as a percentage of total pension liability	64.21%	63.27%	63.17%	66.20%

# HUDSONVILLE PUBLIC SCHOOLS

## NET PENSION LIABILITY SCHEDULES AND NOTES (CONTINUED)

Year Ended June 30, 2018

### Schedule of Pension Contributions for the year ended June 30

	2018	2017	2016	2015
A. Statutorily required contributions	\$ 6,630,244	\$ 8,898,423	\$ 8,624,112	\$ 7,413,354
B. Contributions in relation to statutorily required contributions*	6,630,244	8,898,423	8,624,112	7,413,354
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
D. Reporting Unit's covered-employee payroll	\$ 37,313,016	\$ 35,950,784	\$ 33,834,973	\$ 33,844,020
E. Contributions as a percentage of covered-employee payroll	18%	25%	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 (Pension)

Changes of benefit terms: There were no changes in benefit terms in fiscal year 2017.

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

**HUDSONVILLE PUBLIC SCHOOLS**  
**NET OPEB LIABILITY SCHEDULES AND NOTES**

Year Ended June 30, 2018

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

	<u>2017</u>
A. Reporting Unit's proportion of net OPEB liability (%)	0.00428%
B. Reporting unit's proportionate share of net OPEB liability	\$ 37,907,128
C. Reporting Unit's covered payroll (OPEB)*	\$ 36,135,959
D. Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	104.90%
E. Plan Fiduciary's net position as a percentage of total OPEB liability	36.39%

\*The employer's covered payroll is defined by GASB 82, *Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based; and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

# HUDSONVILLE PUBLIC SCHOOLS

## NET OPEB LIABILITY SCHEDULES AND NOTES (CONTINUED)

Year Ended June 30, 2018

### Schedule of OPEB Contributions for the year ended June 30

	2018
A. Statutorily required contributions	\$ 2,736,235
B. Contributions in relation to statutorily required contributions*	<u>2,736,235</u>
C. Contribution deficiency (excess)	<u>\$ -</u>
D. Reporting Unit's covered-employee payroll (OPEB) **	\$ 37,313,016
E. Contributions as a percentage of covered-employee payroll	7%

\* Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distinct from the statutorily required contributions.

\*\* The employer's covered payroll is defined by GASB 82, *Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based; and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll for both pension and OPEB represents payroll on which contributions to both plans are based.

### Notes to Required Supplementary Information (OPEB)

Changes of benefit terms: There were no changes in benefit terms in fiscal year 2017.

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

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OTHER SUPPLEMENTAL INFORMATION

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# HUDSONVILLE PUBLIC SCHOOLS

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	Capital Projects Sinking Fund Levy	2011 Capital Projects Fund	2015 Capital Projects Fund	Community Education Fund	Food Service Fund	Totals
<b>ASSETS</b>						
Cash and investments	\$ 1,149,660	\$ -	\$ -	\$ 1,023,736	\$ 88,204	\$ 2,261,600
Unexpended bond proceeds	-	203,306	181,300	-	-	384,606
Accounts receivable	269	-	-	36,677	-	36,946
Due to/from other funds	-	-	1,590	-	75,786	77,376
	<u>\$ 1,149,929</u>	<u>\$ 203,306</u>	<u>\$ 182,890</u>	<u>\$ 1,060,413</u>	<u>\$ 163,990</u>	<u>\$ 2,760,528</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 84,238	\$ -	\$ 84,238
Construction payable	162,333	20	1,590	-	-	163,943
Due to other funds	-	1,590	-	74,000	159,673	235,263
Accrued liabilities	-	-	-	54,354	-	54,354
<b>Fund Balances</b>						
Restricted	987,596	-	63,426	-	-	1,051,022
Assigned	-	201,696	117,874	847,821	4,317	1,171,708
	<u>\$ 1,149,929</u>	<u>\$ 203,306</u>	<u>\$ 182,890</u>	<u>\$ 1,060,413</u>	<u>\$ 163,990</u>	<u>\$ 2,760,528</u>

# HUDSONVILLE PUBLIC SCHOOLS

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

Year Ended June 30, 2018

	Capital Projects Sinking Fund Levy	2011 Capital Projects Fund	2015 Capital Projects Fund	Community Education Fund	Food Service Fund	Totals
<b>Revenues</b>						
Local sources	\$ 1,414,291	\$ -	\$ -	\$ 2,103,030	\$ -	\$ 3,517,321
State sources	7,853	-	-	-	-	7,853
Federal sources	-	-	-	-	40,826	40,826
Interdistrict and other sources	-	7,470	11,259	-	45,026	63,755
<b>TOTAL REVENUES</b>	<b>1,422,144</b>	<b>7,470</b>	<b>11,259</b>	<b>2,103,030</b>	<b>85,852</b>	<b>3,629,755</b>
<b>Expenditures</b>						
Supporting Services	-	-	-	-	159,672	159,672
Community Services & Other	-	-	-	271,768	-	271,768
Capital projects	1,743,159	502,439	1,938,341	-	-	4,183,939
<b>TOTAL EXPENDITURES</b>	<b>1,743,159</b>	<b>502,439</b>	<b>1,938,341</b>	<b>271,768</b>	<b>159,672</b>	<b>4,615,379</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>(321,015)</b>	<b>(494,969)</b>	<b>(1,927,082)</b>	<b>1,831,262</b>	<b>(73,820)</b>	<b>(985,624)</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers out	-	-	-	(1,849,956)	74,000	(1,775,956)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES (USES) OVER EXPENDITURES</b>	<b>(321,015)</b>	<b>(494,969)</b>	<b>(1,927,082)</b>	<b>(18,694)</b>	<b>180</b>	<b>(2,761,580)</b>
Fund Balance at Beginning of Year	1,308,611	696,665	2,108,382	866,515	4,137	4,984,310
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 987,596</b>	<b>\$ 201,696</b>	<b>\$ 181,300</b>	<b>\$ 847,821</b>	<b>\$ 4,317</b>	<b>\$ 2,222,730</b>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES

June 30, 2018

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<b>Debt of June 28, 2011</b>				
November 1, 2018			\$ 132,000	\$ 132,000
May 1, 2019	5.000%	\$ 1,675,000	132,000	1,807,000
November 1, 2019			90,125	90,125
May 1, 2020	5.000%	1,760,000	90,125	1,850,125
November 1, 2020			46,125	46,125
May 1, 2021	5.000%	1,845,000	46,125	1,891,125
<b>TOTALS</b>		<u>\$ 5,280,000</u>	<u>\$ 536,500</u>	<u>\$ 5,816,500</u>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	Rate	Principal	Interest	Totals
<b>Debt of March 12, 2013</b>				
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
<b>TOTALS</b>		<b>\$ 17,005,000</b>	<b>\$ 3,826,200</b>	<b>\$ 20,831,200</b>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	Rate	Principal	Interest	Totals
<b>Debt of February 5, 2015</b>				
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
<b>TOTALS</b>		<b>\$ 16,810,000</b>	<b>\$ 4,379,500</b>	<b>\$ 21,189,500</b>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<b>Debt of October 13, 2015</b>				
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
November 1, 2028			296,250	296,250
May 1, 2029	5.000%	800,000	296,250	1,096,250

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	Rate	Principal	Interest	Totals
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
<b>TOTALS</b>		<b>\$ 18,800,000</b>	<b>\$ 12,047,500</b>	<b>\$ 30,847,500</b>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<b>Debt of April 12, 2016</b>				
November 1, 2018			\$ 143,152.00	\$ 143,152.00
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
<b>TOTALS</b>		<u>\$ 12,270,000</u>	<u>\$ 1,043,480</u>	<u>\$ 13,313,480</u>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	Rate	Principal	Interest	Totals
<b>Debt of December 13, 2017</b>				
November 1, 2018		\$ -	\$ 1,505,313	\$ 1,505,313
May 1, 2019	5.000%	-	1,505,313	1,505,313
November 1, 2019		-	1,505,313	1,505,313
May 1, 2020	5.000%	-	1,505,313	1,505,313
November 1, 2020		-	1,505,313	1,505,313
May 1, 2021	5.000%	-	1,505,313	1,505,313
November 1, 2021		-	1,505,313	1,505,313
May 1, 2022	5.000%	1,895,000	1,505,313	3,400,313
November 1, 2022		-	1,457,938	1,457,938
May 1, 2023	5.000%	1,990,000	1,457,938	3,447,938
November 1, 2023		-	1,408,188	1,408,188
May 1, 2024	5.000%	2,085,000	1,408,188	3,493,188
November 1, 2024		-	1,382,125	1,382,125
May 1, 2025	5.000%	2,140,000	1,382,125	3,522,125
November 1, 2025		-	1,328,625	1,328,625
May 1, 2026	5.000%	2,245,000	1,328,625	3,573,625
November 1, 2026		-	1,272,500	1,272,500
May 1, 2027	5.000%	2,360,000	1,272,500	3,632,500
November 1, 2027		-	1,213,500	1,213,500
May 1, 2028	5.000%	2,475,000	1,213,500	3,688,500
November 1, 2028		-	1,151,625	1,151,625
May 1, 2029	5.000%	2,600,000	1,151,625	3,751,625

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	Rate	Principal	Interest	Totals
November 1, 2029			\$ 1,086,625	\$ 1,086,625
May 1, 2030	5.000%	\$ 2,730,000	1,086,625	3,816,625
November 1, 2030		-	1,018,375	1,018,375
May 1, 2031	5.000%	2,865,000	1,018,375	3,883,375
November 1, 2031		-	946,750	946,750
May 1, 2032	5.000%	3,010,000	946,750	3,956,750
November 1, 2032		-	871,500	871,500
May 1, 2033	5.000%	3,160,000	871,500	4,031,500
November 1, 2033		-	792,500	792,500
May 1, 2034	5.000%	3,320,000	792,500	4,112,500
November 1, 2034		-	709,500	709,500
May 1, 2035	5.000%	3,485,000	709,500	4,194,500
November 1, 2035		-	622,375	622,375
May 1, 2036	5.000%	3,660,000	622,375	4,282,375
November 1, 2036		-	530,875	530,875
May 1, 2037	5.000%	3,845,000	530,875	4,375,875
November 1, 2037		-	434,750	434,750
May 1, 2038	5.000%	4,035,000	434,750	4,469,750
November 1, 2038		-	333,875	333,875
May 1, 2039	5.000%	4,240,000	333,875	4,573,875
November 1, 2039		-	227,875	227,875
May 1, 2040	5.000%	4,450,000	227,875	4,677,875
November 1, 2040		-	116,625	116,625
May 1, 2041	5.000%	4,665,000	116,625	4,781,625
<b>TOTALS</b>		<b>\$ 61,255,000</b>	<b>\$ 45,854,756</b>	<b>\$ 107,109,756</b>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF BOND MATURITIES (CONTINUED)

June 30, 2018

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<b>Debt of March 13, 2018</b>				
November 1, 2018			\$ 167,643	\$ 167,643
May 1, 2019	4.000%	\$ 910,000	132,350	1,042,350
November 1, 2019			114,150	114,150
May 1, 2020	4.000%	945,000	114,150	1,059,150
November 1, 2020			95,250	95,250
May 1, 2021	5.000%	945,000	95,250	1,040,250
November 1, 2021			71,625	71,625
May 1, 2022	5.000%	950,000	71,625	1,021,625
November 1, 2022			47,875	47,875
May 1, 2023	5.000%	960,000	47,875	1,007,875
November 1, 2023			23,875	23,875
May 1, 2024	5.000%	955,000	23,875	978,875
<b>TOTALS</b>		<u>\$ 5,665,000</u>	<u>\$ 1,005,543</u>	<u>\$ 6,670,543</u>

# HUDSONVILLE PUBLIC SCHOOLS

## SCHEDULE OF DATA RELATED TO SCHOOL DISTRICT OPERATIONS

June 30, 2018

Tax Year	State Taxable Value		
	General	Debt Service	Capital Projects
2017	\$ 233,995,966	\$ 1,437,942,304	\$ 1,437,942,304
2016	225,781,727	1,352,377,630	1,352,377,630
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

### 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
2016	\$ 15,803,746	\$ 15,803,746	100.00%	\$ -
2016	15,016,716	15,016,716	100.00%	-
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%	-
				<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.