

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

JUNE 30, 2016



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

CERTIFIED PUBLIC ACCOUNTANTS
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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July 29, 2016

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Ewart Public Schools
Ewart, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evert Public Schools, Evert, Michigan as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages iv through x and 37-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Evert Public Schools' basic financial statements. The Combining and Individual Fund Financial Statements and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2016, on our consideration of Evert Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and Evert agreements and other

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Evert Public Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2016

This section of Evart Public Schools' (the "District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

A. Government-Wide Financial Statements

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

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

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

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

B. Fund Financial Statements

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

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

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2016

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

Fiduciary Funds The District is a trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to Financial Statements

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

Other Information

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

C. Summary of Net Position

The following schedule summarizes the net position at fiscal years ended June 30:

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets	\$ 10,727,899	\$ 2,343,701
Non Current Assets		
Capital Assets	14,002,305	13,409,220
Less Accumulated Depreciation	<u>(7,144,642)</u>	<u>(6,889,570)</u>
Total Non Current Assets	<u>6,857,663</u>	<u>6,519,650</u>
Total Assets	<u>17,585,562</u>	<u>8,863,351</u>
Deferred Outflows of Resources	<u>1,359,779</u>	<u>1,211,068</u>

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2016

	2016	2015
Liabilities		
Current Liabilities	\$ 2,057,074	\$ 1,870,598
Non Current Liabilities	21,188,823	12,112,173
Total Liabilities	23,245,897	13,982,771
Deferred Inflows of Resources	726,290	1,320,556
Net Position		
Net Investment in Capital Assets	5,870,593	5,989,650
Restricted for Debt Service	135,795	38,224
Unrestricted - (Deficit)	(11,033,234)	(11,256,782)
Total Net Position - (Deficit)	(5,026,846)	(5,228,908)

D. Analysis of Financial Position

During the fiscal year ended June 30, 2016, the District's net position increased by \$202,062. Some of the more significant factors affecting net position during the year is discussed below:

1. Depreciation Expense

The District is required to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2016, \$255,073 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2016, \$593,085 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, the current year's depreciation and current year disposal of capital assets is an increase to capital assets in the amount of \$338,012 for the fiscal year ended June 30, 2016.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2016

3. Pension Expense

GASB 68 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension liability increase or decreases in any given year. For the year ended June 30, 2016, the District reported a decrease in net position related to GASB 68, which indicates that the District's proportionate share of the net pension liability has increased.

E. Results of Operations

For the years ended June 30, the results of operations, on a district-wide basis, were:

	<u>2016</u>	<u>2015</u>
General Revenues		
Property Taxes	\$ 2,388,637	\$ 2,369,154
Investment Earnings	9,111	84
State Sources	4,657,955	5,287,372
Gain from Sale of Capital Assets	0	5,209
Other	32,493	106,018
	<u>7,088,196</u>	<u>7,767,837</u>
Program Revenues		
Charges for Services	163,388	143,586
Operating Grants	2,134,566	1,789,202
	<u>2,297,954</u>	<u>1,932,788</u>
Total Revenues	<u>9,386,150</u>	<u>9,700,625</u>
Expenses		
Instruction	5,102,981	4,831,893
Supporting Services	2,926,603	2,711,403
Food Service Activities	468,356	464,481
Athletic Activities	221,418	196,376
Community Services	17,522	4,458
Interest on Long-Term Debt	117,946	40,283
Other Transactions	74,189	355
Unallocated Depreciation	255,073	290,052
	<u>9,184,088</u>	<u>8,539,301</u>
Change in Net Position	<u>\$ 202,062</u>	<u>\$ 1,161,324</u>

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2016

F. Financial Analysis of the District's Funds

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

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Major Fund			
General Fund	\$ 1,202,154	\$ 871,600	\$ 330,554
2016 Capital Projects Fund	7,398,765	0	7,398,765
Nonmajor Funds			
Food Service Fund	119,111	110,279	8,832
2016 Debt Retirement Fund	244,323	0	244,323
2003 Debt Retirement Fund	0	41,890	(41,890)
 Total Governmental Funds	 <u>\$ 8,964,353</u>	 <u>\$ 1,023,769</u>	 <u>\$ 7,940,584</u>

In 2016, the General Fund balance increased primarily due to a decrease in operating costs and an increase in revenue compared to the prior year with the biggest increase in revenue stemming from federal sources.

The 2016 Capital Projects Fund increased due to receiving over \$7,000,000 in bond proceeds.

The Food Service Fund balance increased primarily due to an increase in Federal Aid.

The 2016 Debt Retirement Fund increased its fund balance due to a transfer in from the 2016 Capital Projects Fund to meet the ongoing debt obligations of the fund as well as a transfer in from the 2003 Debt Retirement Fund.

The 2003 Debt Retirement Fund decreased its fund balance because of a transfer out to the 2016 Debt Retirement Fund that zeroed out the fund balance.

G. General Fund Budgetary Highlights

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

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2016

For the 2015-2016 fiscal year, the District amended the general fund budget as needed during the year. The following schedule shows a comparison of the original general fund budget; the final amended general fund budget and actual totals from operations:

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>TOTAL REVENUES</u>	\$ 8,428,986	\$ 8,786,409	\$ 8,668,958
<u>EXPENDITURES</u>			
Instruction	\$ 5,247,396	\$ 5,304,257	\$ 5,245,743
Supporting Services	3,293,838	3,208,609	3,101,089
Community Services	13,912	5,101	2,891
Non-Public Schools	<u>0</u>	<u>14,631</u>	<u>14,631</u>
Total Expenditures	<u>\$ 8,555,146</u>	<u>\$ 8,532,598</u>	<u>\$ 8,364,354</u>

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

The total revenues variance between final budget and actual was \$117,451, which is due mostly to Federal Sources revenue being less than anticipated. The total expenditures variance was \$168,244. The expenditure variance was caused by the District budgeting with caution to avoid exceeding the budget. These variances are relatively small in comparison to total budgeted figures.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2016, the District has \$14,002,305 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to \$255,073 bringing the accumulated depreciation to \$7,144,642 as of June 30, 2016.

2. Long-Term Debt

At June 30, 2016, the District had \$7,660,000 in bonded debt outstanding. This represents an increase of \$7,130,000 from the amount outstanding at the close of the prior fiscal year. Additionally, the estimated liability for compensated absences and the net pension liability are \$182,254 and \$12,805,734 respectively. More information on the long-term debt of the District can be found in the footnotes of this report.

**EVART PUBLIC SCHOOLS
EVART, MICHIGAN**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

I. Factors Bearing on the District's Future

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

- Although the economic condition in the country and in the State of Michigan is improving, uncertainty yet surrounds the level at which districts will be funded for the student foundation allowance for the 2016-2017 fiscal year.
- As with other employers, the District continues to face increases in rates paid for employee benefits, particularly health insurance and retirement.

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Evert Public Schools, 321 North Hemlock, P.O. Box 917, Evert, Michigan 49631.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 1,760,074
Restricted Cash	7,745,378
Due from Other Governmental Units	1,200,016
Inventory	22,431
	<hr/>
Total Current Assets	10,727,899

NON CURRENT ASSETS

Capital Assets	14,002,305
Less Accumulated Depreciation	(7,144,642)
	<hr/>
Total Non Current Assets	6,857,663

TOTAL ASSETS

17,585,562

DEFERRED OUTFLOWS OF RESOURCES

Changes of Pension Assumptions	315,304
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	65,363
District Pension Contributions Subsequent to the Measurement Date	979,112
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,359,779

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	392,844
Accrued Expenses	324,643
Accrued Interest Payable	108,528
Salaries Payable	632,261
Due to Other Governmental Units	384,061
Unearned Revenue	29,737
Bond Payable - Due within One Year	185,000
	<hr/>
Total Current Liabilities	2,057,074

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2016

NON CURRENT LIABILITIES

Bonds Payable (Net of Current Portion)	8,200,835
Net Pension Liability	12,805,734
Compensated Absences and Early Retirement Incentives	<u>182,254</u>
Total Non Current Liabilities	<u>21,188,823</u>

TOTAL LIABILITIES 23,245,897

DEFERRED INFLOWS OF RESOURCES

Section 147c Revenue Related to District Pension Contributions Subsequent to the Measurement Date	348,542
Differences Between Expected and Actual Experience	42,416
Changes in Proportion and Differences Between District Pension Contributions and Their Proportionate Share of Contributions	<u>335,332</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>726,290</u>

NET POSITION

Net Investment in Capital Assets (Deficit)	5,870,593
Restricted for Debt Service	135,795
Unrestricted (Deficit)	<u>(11,033,234)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (5,026,846)</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>GOVERNMENTAL</u>
		<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>CAPITAL GRANTS</u>	<u>ACTIVITIES</u>
		<u>SERVICES</u>	<u>GRANTS</u>	<u>AND CONTRIBUTIONS</u>	<u>NET (EXPENSES)</u>
					<u>REVENUES AND</u>
					<u>CHANGE IN</u>
					<u>NET POSITION</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 5,102,981	\$ 23,440	\$ 1,141,436	\$ 0	\$ (3,938,105)
Supporting Services	2,926,603	17,800	535,558	0	(2,373,245)
Food Service Activities	468,356	72,979	440,050	0	44,673
Athletic Activities	221,418	49,169	0	0	(172,249)
Community Services	17,522	0	17,522	0	0
Interest on Long Term Debt	117,946	0	0	0	(117,946)
Other Transactions	74,189	0	0	0	(74,189)
Unallocated Depreciation	255,073	0	0	0	(255,073)
Total Governmental Activities	<u>\$ 9,184,088</u>	<u>\$ 163,388</u>	<u>\$ 2,134,566</u>	<u>\$ 0</u>	<u>(6,886,134)</u>
<u>GENERAL REVENUES</u>					
Property Taxes - General Purposes					1,845,043
Property Taxes - Debt Service					543,594
Investment Earnings					9,111
State Sources					4,657,955
Other					32,493
Total General Revenues					<u>7,088,196</u>
Change in Net Position					202,062
<u>NET POSITION</u> - Beginning of Year - (Deficit)					<u>(5,228,908)</u>
<u>NET POSITION</u> - End of Year - (Deficit)					<u>\$ (5,026,846)</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

	GENERAL FUND	2016 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 1,392,696	\$ 0	\$ 367,378	\$ 1,760,074
Restricted Cash	0	7,745,378	0	7,745,378
Due from Other Funds	0	0	33,103	33,103
Due from Other Governmental Units	1,200,016	0	0	1,200,016
Inventory	15,589	0	6,842	22,431
TOTAL ASSETS	\$ 2,608,301	\$ 7,745,378	\$ 407,323	\$ 10,761,002
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 45,040	\$ 346,613	\$ 1,191	\$ 392,844
Accrued Expenditures	320,494	0	4,149	324,643
Salaries Payable	626,815	0	5,446	632,261
Due to Other Funds	0	0	33,103	33,103
Due to Other Governmental Units	384,061	0	0	384,061
Unearned Revenue	29,737	0	0	29,737
Total Liabilities	1,406,147	346,613	43,889	1,796,649
<u>FUND BALANCE</u>				
Nonspendable				
Inventory	15,589	0	6,842	22,431
Restricted for:				
Food Service	0	0	112,269	112,269
Debt Service	0	0	244,323	244,323
Capital Projects	0	7,398,765	0	7,398,765
Assigned for Subsequent Year				
Budget Shortfall	99,454	0	0	99,454
Unassigned	1,087,111	0	0	1,087,111
Total Fund Balance	1,202,154	7,398,765	363,434	8,964,353
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,608,301	\$ 7,745,378	\$ 407,323	\$ 10,761,002

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

JUNE 30, 2016

Total Governmental Fund Balances \$ 8,964,353

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

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

The cost of the capital assets is	\$ 14,002,305	
Accumulated depreciation is	<u>(7,144,642)</u>	6,857,663

The issuance of long-term debt provides current financial resources to funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the bond issue.

Bond Discount (Premium)	(735,644)	
Accumulated Amortization	<u>9,809</u>	(725,835)

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

Bonds Payable		(7,660,000)
Compensated Absences and Early Retirement Incentives		(182,254)

Accrued interest is not included as a liability in government funds, it is (108,528)

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

Net Pension Liability		(12,805,734)
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The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

JUNE 30, 2016

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

Changes in Pension Assumptions	315,304
Changes in Proportion and Differences Between Districts Pension Contribution and Their Proportionate Share of Contributions	(335,332)
Section 147c Revenue Related to District Pension Contributions Subsequent to the Measurement Date	(348,542)
Differences Between Expected and Actual Experience	(42,416)
District Pension Contributions Subsequent to the Measurement Date	979,112
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>65,363</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (5,026,846)</u></u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2016

	GENERAL FUND	2016 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 1,995,556	\$ 8,958	\$ 616,726	\$ 2,621,240
State Sources	5,831,961	0	17,347	5,849,308
Federal Sources	511,141	0	422,703	933,844
Other Transactions	330,300	0	0	330,300
Total Revenues	8,668,958	8,958	1,056,776	9,734,692
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	4,270,870	0	0	4,270,870
Added Needs	965,661	0	0	965,661
Adult/Continuing Education	9,212	0	0	9,212
Supporting Services				
Pupil	300,819	0	0	300,819
Instructional Staff	132,441	0	0	132,441
General Administration	190,035	0	0	190,035
School Administration	555,979	0	0	555,979
Business	187,327	0	0	187,327
Operation and Maintenance	758,346	583,675	0	1,342,021
Pupil Transportation Services	580,564	0	0	580,564
Central Services	174,160	137,292	0	311,452
Athletics	221,418	0	0	221,418
Community Services				
Community Activities	2,891	0	0	2,891
Non-Public Schools				
Pupil Services	14,631	0	0	14,631
Food Service Activities	0	0	478,247	478,247
Debt Service				
Principal	0	0	530,000	530,000
Interest	0	0	21,995	21,995
Other Transactions	0	73,794	395	74,189
Total Expenditures	8,364,354	794,761	1,030,637	10,189,752
Excess (Deficiency) of Revenues Over Expenditures	304,604	(785,803)	26,139	(455,060)

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2016

	GENERAL FUND	2016 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>				
Face Value of Debt	0	7,660,000	0	7,660,000
Premiums on Bond Issues	0	735,644	0	735,644
Transfers In	25,950	0	244,179	270,129
Transfers Out	0	(211,076)	(59,053)	(270,129)
Total Other Financing Sources (Uses)	25,950	8,184,568	185,126	8,395,644
Net Change in Fund Balance	330,554	7,398,765	211,265	7,940,584
<u>FUND BALANCE</u> - Beginning of Year	871,600	0	152,169	1,023,769
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,202,154</u>	<u>\$ 7,398,765</u>	<u>\$ 363,434</u>	<u>\$ 8,964,353</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances Total Governmental Funds \$ 7,940,584

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(255,073)
Capital Outlay	593,085

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

Amortization of Bond Premium	9,809
Amortization of Deferred Charges on Refunding	(898)

Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	3,666
Accrued Interest Payable - End of Year	(108,528)

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

Issuance of Bonds	(7,660,000)
Repayment of Bond Principal	530,000
Bond Issuance Premium	(735,644)

Employees Compensated Absences and Early Retirement Incentives are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences and Early Retirement Incentives - Beginning of Year	183,885
Compensated Absences and Early Retirement Incentives - End of Year	(182,254)

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

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

Changes in Net Pension Liability	(860,446)
Change in Changes of Pension Assumptions	(125,452)
Net Changes in Proportion and Differences Between Districts Pension Contribution and Their Proportionate Share of Contributions	(335,332)
Differences Between Expected and Actual Experience	(42,416)
Changes in Section 147c Revenue Related to District Pension Contributions Subsequent to the Measurement Date	(348,542)
Change in District Pension Contributions Subsequent to Measurement Date	209,699
Change in Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,385,919</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 202,062</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2016

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 82,379
<u>LIABILITIES</u>	
Due to Groups and Organizations	<u>82,379</u>
<u>NET POSITION</u>	<u>\$ 0</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District (the "District") is located in Osceola, Mecosta, and Clare Counties with its administrative offices located in Evert, Michigan. The District operates under an elected 7-member board of education and provides services to its 897 students in elementary, middle school, high school, special education and adult education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

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

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

Other non-major funds:

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

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

Additionally, the District reports the following fund type:

Fiduciary funds are accounted for using the accrual method of accounting. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. This fund is custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following fiduciary fund:

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

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

In the government-wide statement of net position, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

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

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

- a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
- b) A public hearing is conducted during June to obtain taxpayer comments.
- c) Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended

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EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

- d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g) Budgeted amounts are as originally adopted on June 29, 2015, or as amended by the School Board of Education throughout the year.

2. *Excess of Expenditures over Appropriations*

General Fund Supporting Services – Central Services expenditures of \$174,160 exceeded appropriations of \$169,226 by \$4,934.

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

1. *Cash and Investments*

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

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

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

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

2. *Inventory and Prepaid Items*

Inventory is valued at cost. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

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

3. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. 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 assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

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

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

4. *Pension*

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 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.

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category, which are related to the pension plan for its employees. Details can be found in footnote 3.E.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category, which is related to the pension plan for its employees. Details can be found in footnote 3.E.

6. *Net Position Flow Assumption*

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

7. *Fund Balance Flow Assumption*

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

8. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

9. *Use of Estimates*

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

H. Revenues and Expenditures/Expenses

1. *State Revenue*

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2016 the foundation allowance was based on pupil membership counts taken in February of 2015 and October of 2015. For fiscal year ended June 30, 2016, the per pupil foundation allowance was \$7,391 for Evart Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2015 to August 2016. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

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EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

2. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

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

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

For the year ended June 30, 2016, the District levied the following amounts per \$1,000 of taxable valuation:

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

4. Compensated Absences

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

5. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on

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EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes budgetary violations that occurred for the year ended June 30, 2016.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. As of June 30, 2016, the District’s bank balance was \$9,696,835 and \$829,941 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The entire portion of this uninsured amount is found in the governmental funds. Although the District’s investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the deposits.

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

B. Receivables

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

	<u>GENERAL</u>	<u>NON-MAJOR</u>	<u>TOTAL</u>
Due from Other Governmental Units	\$ 1,200,016	\$ 0	\$ 1,200,016

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

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

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C. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets				
Land/Land Improvements	\$ 1,259,338	\$ 0	\$ 0	\$ 1,259,338
Construction in Progress	0	583,675	0	583,675
Buildings and Additions	7,907,761	0	0	7,907,761
Machinery and Equipment	3,615,715	9,410	0	3,625,125
Transportation Equipment	626,406	0	0	626,406
Subtotal	13,409,220	593,085	0	14,002,305
Less Accumulated Depreciation				
Land/Land Improvements	6,746	613	0	7,359
Buildings and Additions	3,293,343	115,519	0	3,408,862
Machinery and Equipment	3,088,422	117,573	0	3,205,995
Transportation Equipment	501,058	21,368	0	522,426
Accumulated Depreciation	6,889,569	255,073	0	7,144,642
Net Capital Assets	<u>\$ 6,519,651</u>	<u>\$ 338,012</u>	<u>\$ 0</u>	<u>\$ 6,857,663</u>

Depreciation for the fiscal year ended June 30, 2016 amounted to \$255,073. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Defined Benefit Plan and Post-Retirement Benefits

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

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.

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

Benefit Provisions- Pension

Introduction

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

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

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.

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

Pension Reform 2010

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

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Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012, subsequently amended to February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. Members who elected under option 1 to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP).

Regular Retirement

Eligibility – Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount – Total credited service as of the transition date times 1.5% of final average compensation.

Pension Plus

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

Option 1: Credited service after the transition date times 1.5% times final average compensation.

Option 2: Credited service after the transition date (until total service reaches 30 years) times 1.5% times final average compensation, plus credited service after the transition date and over 30 years times 1.25% times final average compensation.

Option 3: Credited service after the transition date times 1.25% times final average compensation.

Option 4: None (Member will receive benefit through a defined contribution plan). As a Defined Contribution participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS.

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

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

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Contributions

Depending on the plan selected, member contributions range from 0% to 7%. Plan members electing the defined contribution plan are not required to make additional contributions.

Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree other post-employment benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21 year period for the 2015 fiscal year. The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

Pension Contribution Rates

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

The District's pension contributions for the year ended June 30, 2016 were equal to the required contribution total. Pension contributions were approximately \$1,213,043. These amounts include contributions funded from state revenue Section 147c restricted to fund MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

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

Pension Liabilities

At June 30, 2016, the District reported a liability of \$12,805,734 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2014 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2015 and 2014, the District's proportion was 0.05242874% and .054230000%.

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MPERS (Plan) Net Pension Liability – As of September 30, 2015 and September 30, 2014

	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Total Pension Liability	\$ 66,312,041,902	\$ 65,160,887,182
Plan Fiduciary Net Position	<u>41,887,015,147</u>	<u>43,134,384,072</u>
Net Pension Liability	<u>\$ 24,425,026,755</u>	<u>\$ 22,026,503,110</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.17%	66.20%
Net Pension Liability as a Percentage of Covered-Employee Payroll	292.61%	250.11%

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

For the year ended June 30, 2016, the District recognized total pension expense of \$992,114. This amount excludes contributions funded from state revenue Section 147c restricted to fund the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 42,416
Changes of assumptions	315,304	0
Net difference between projected and actual earnings on pension plan investments	65,363	0
Changes in proportion and differences between District contributions and proportionate share of contributions	0	335,332
District section 147c revenue related to pension contributions subsequent to the measurement date	0	348,542
District contributions subsequent to the measurement date	<u>979,112</u>	<u>0</u>
Total	<u>\$ 1,359,779</u>	<u>\$ 726,290</u>

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\$979,112 reported as deferred outflows of resources and \$348,542 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ (54,310)
2018	(54,310)
2019	(71,407)
2020	182,946
	\$ 2,919

F. Actuarial Valuations and Assumptions of the Pension Plan

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, 2015
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	3.50%
Investment Rate of Return	
-MIP and Basic Plans (Non-Hybrid):	8.00%
-Pension Plus Plan (Hybrid):	7.00%
Projected Salary Increases:	3.5-12.3 % including wage inflation at 3.5%
Cost of Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	RP-2000 Male and Female Combine 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.

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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. The total pension liability as of September 30, 2015, is based on the results of an actuarial valuation date of September 30, 2014, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.7158.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2015 MPSERS Comprehensive Annual Financial Report.

Long-Term Expected Rate of Return on Investments

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

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Pools	28.00%	5.90%
Alternative Investment Pools	18.00%	9.20%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	0.90%
Real Estate & Infrastructure Pools	10.00%	4.30%
Absolute Return Pools	15.50%	6.00%
Short-Term Investment Pools	2.00%	0.00%
	100%	

*Long-term rate does not include 2.1% inflation.

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to

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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.

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

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

<u>1% Decrease (Non-Hybrid/Hybrid) 7.0% / 6.0%</u>	<u>Current Single Discount Rate Assumption (Non-Hybrid/Hybrid) 8.0% / 7.0%</u>	<u>1% Increase (Non-Hybrid/Hybrid) 9.0% / 8.0%</u>
\$ 16,509,874	\$ 12,805,734	\$ 9,682,992

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2015 Comprehensive Annual Financial Report.

H. Payables to the Pension Plan

As of June 30, 2016, the District is current on all required pension plan payments. As of June 30, 2016, the District reported payables in the amount of \$250,636 to the pension plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

I. Benefit Provisions – Other Post-Employment

Introduction

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, is currently funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has

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contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus, plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees. Dependents are eligible for health care coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Retiree Healthcare Reform of 2012

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

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

Employer Contributions

The employer contribution rate ranged from 5.52% - 6.45% of covered payroll for the period October 1, 2013 to March 9, 2015; from 2.20% - 2.71% of covered payroll for the period from March 10, 2015 to September 30, 2015; and from 6.40% - 6.83% of covered payroll for the period from October 1, 2015 through June 30, 2016 dependent upon the employee's date of hire and plan election.

The District's contributions to MPSERS for post-employment healthcare contributions for the years ended June 30, 2016 and 2015 were approximately \$252,754 and \$111,282.

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J. Risk Management

Evart Public Schools are exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation).

The Schools participate in a distinct pool within educational institutions within the State of Michigan for self-insuring workers' disability compensation as well as liability insurance. The pools are considered public entity risk pools. The Schools pay annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Schools have not been informed of any special assessments being required

K. Long-Term Liabilities

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

The following is a summary of the governmental long-term liability transactions for the School District for the year ended June 30, 2016:

	Bonds	Retirement Incentive	Compensated Absences	Net Pension Liability	Total
Long-Term Liabilities at July 1, 2015	\$ 530,000	\$ 17,000	\$ 166,885	\$ 11,945,288	\$12,659,173
Increase in Debt	7,660,000	0	0	1,976,233	9,636,233
Debt Retired	(530,000)	(17,000)	15,369	(1,115,787)	(1,647,418)
Long-Term Liabilities at June 30, 2016	7,660,000	0	182,254	12,805,734	20,647,988
Less Current Portion	(185,000)	0	unknown	unknown	(185,000)
Total Due After One Year	<u>\$ 7,475,000</u>	<u>\$ 0</u>	<u>\$ 182,254</u>	<u>\$ 12,805,734</u>	<u>\$20,462,988</u>

The District's liability obligations at June 30, 2016, are comprised of the following issues:

2016 Building and Site Bonds due is annual installments of \$185,000 to \$475,000 through May 1, 2040, with interest of 4.00%.	\$ 7,660,000
Compensated Absences of Employee Vested Sick Pay Accumulations	182,254
Net Pension Liability	<u>12,805,734</u>
TOTAL LONG-TERM LIABILITIES	<u><u>\$ 20,647,988</u></u>

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The annual requirements to amortize all long-term debt outstanding as of June 30, 2016, including interest payments of \$4,458,276 are as follows:

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>BOND</u> <u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 185,000	\$ 364,276	\$ 549,276
2018	200,000	299,000	499,000
2019	210,000	291,000	501,000
2020	220,000	282,600	502,600
2021	230,000	273,800	503,800
2022-2026	1,300,000	1,223,000	2,523,000
2027-2031	1,580,000	941,600	2,521,600
2032-2036	1,925,000	599,000	2,524,000
2036-2040	1,810,000	184,000	1,994,000
	<u>\$7,660,000</u>	<u>\$ 4,458,276</u>	<u>\$ 12,118,276</u>

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

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

L. Interfund Receivables and Payables

	<u>INTERFUND</u> <u>RECEIVABLES</u>	<u>INTERFUND</u> <u>PAYABLES</u>
2016 Debt Retirement Fund	\$ 33,103	\$ 0
2003 Debt Retirement Fund	0	33,103
	<u>\$ 33,103</u>	<u>\$ 33,103</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2016 are expected to be repaid within one year.

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M. Interfund Transfers

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 25,950	\$ 0
2016 Capital Projects Fund	0	211,076
2016 Debt Retirement Fund	244,179	0
2003 Debt Retirement Fund	0	33,103
School Service Fund - Food Service	0	25,950
	<u>\$ 270,129</u>	<u>\$ 270,129</u>

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

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

N. Other Information

1. Commitments and Contingencies

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

Commitments – Before the end of the year, the District signed a purchase agreement with Holland Bus Company in the amount of \$399,613 for the purchase of four buses.

2. Single Audit

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

O. 2016 School Building and Site Capital Projects Fund

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

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P. GASB 72 – Fair Market Value Disclosure

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

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

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

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

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

NOTE 4 – UPCOMING ACCOUNTING PRONOUNCEMENTS

A. Governmental Accounting Standards Board (GASB) Statement No. 77 – Tax Abatement Disclosures

Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, was issued by the GASB in August 2015 and will be effective for the Districts's 2017 fiscal year-end. The Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements in the footnotes of the financial statements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatements recipients .
- The gross dollar amount of taxes abated during the period.

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- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

This statement will improve the user's ability on how tax abatements affect the reporting unit's financial positions and results of operations, including their ability to raise resources in the future. The District is still evaluating how, if at all, it will be affected by this new pronouncement.

B. Governmental Accounting Standards Board (GASB) Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

This statement is effective for fiscal years beginning after June 15, 2017. However, early implementation is encouraged. The District is evaluating the effects this statement will have on the District's net position.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2016

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 1,951,168	\$ 2,014,896	\$ 1,995,556
State Sources	5,834,545	5,861,593	5,831,961
Federal Sources	471,173	591,424	511,141
Other Transactions	172,100	318,496	330,300
Total Revenues	8,428,986	8,786,409	8,668,958
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	4,279,707	4,283,007	4,270,870
Added Needs	948,596	1,012,036	965,661
Adult/Continuing Education	19,093	9,214	9,212
Supporting Services			
Pupil	288,824	334,132	300,819
Instructional Staff	134,292	159,627	132,441
General Administration	234,680	196,269	190,035
School Administration	550,140	557,270	555,979
Business	195,285	188,266	187,327
Operation and Maintenance	807,874	794,510	758,346
Pupil Transportation Services	680,331	587,533	580,564
Central Services	182,930	169,226	174,160
Athletics	219,482	221,776	221,418
Community Services			
Community Activities	13,912	5,101	2,891
Non-Public Schools			
Pupil Services	0	14,631	14,631
Total Expenditures	8,555,146	8,532,598	8,364,354
Excess (Deficiency) of Revenues Over Expenditures	(126,160)	253,811	304,604
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In	0	0	25,950
Net Change in Fund Balance	(126,160)	253,811	330,554
<u>FUND BALANCE</u> - Beginning of Year	782,955	871,600	871,600
<u>FUND BALANCE</u> - End of Year	\$ 656,795	\$ 1,125,411	\$ 1,202,154

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)
JUNE 30, 2016

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)									0.05242874%	0.05423%
District's proportionate share of net pension liability									\$ 12,805,734	\$ 11,945,288
District's covered-employee payroll									4,363,808	4,602,567
District's proportionate share of net pension liability as a percentage of its covered-employee payroll									293.45%	259.54%
Plan fiduciary net position as a percentage of total pension liability									63.17%	66.20%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2016

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions									\$ 1,213,043	\$ 1,021,749
Contributions in relation to statutorily required contributions *									1,213,043	1,021,749
Contribution deficiency (excess)									\$ 0	\$ 0
Covered-Employee Payroll									\$ 4,381,052	\$ 4,390,142
Contributions as a percentage of covered-employee payroll									27.69%	23.27%

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2016

A. Changes of Benefit Terms:

There were no changes of benefit terms in 2016.

B. Changes of Assumptions:

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. There were no changes of assumptions in 2016.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2016

	FOOD SERVICE	2003 DEBT RETIREMENT FUND	2016 DEBT RETIREMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 123,055	\$ 33,103	\$ 211,220	\$ 367,378
Due from Other Funds	0	0	33,103	33,103
Inventory	6,842	0	0	6,842
TOTAL ASSETS	\$ 129,897	\$ 33,103	\$ 244,323	\$ 407,323
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,191	\$ 0	\$ 0	\$ 1,191
Accrued Expenditures	4,149	0	0	4,149
Salaries Payable	5,446	0	0	5,446
Due to Other Funds	0	33,103	0	33,103
Total Liabilities	10,786	33,103	0	43,889
<u>FUND BALANCE</u>				
Nonspendable				
Inventory	6,842	0	0	6,842
Restricted for:				
Food Service	112,269	0	0	112,269
Debt Service	0	0	244,323	244,323
Total Fund Balance	119,111	0	244,323	363,434
TOTAL LIABILITIES AND FUND BALANCE	\$ 129,897	\$ 33,103	\$ 244,323	\$ 407,323

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2016

	FOOD SERVICE	2003 DEBT RETIREMENT FUND	2016 DEBT RETIREMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 72,979	\$ 543,603	\$ 144	\$ 616,726
State Sources	17,347	0	0	17,347
Federal Sources	422,703	0	0	422,703
Total Revenues	513,029	543,603	144	1,056,776
<u>EXPENDITURES</u>				
Food Service Activities	478,247	0	0	478,247
Debt Service	0	552,390	0	552,390
Total Expenditures	478,247	552,390	0	1,030,637
Excess (Deficiency) of Revenues Over Expenditures	34,782	(8,787)	144	26,139
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In/(Out)	(25,950)	(33,103)	244,179	185,126
Net Change in Fund Balance	8,832	(41,890)	244,323	211,265
<u>FUND BALANCE</u> - Beginning of Year	110,279	41,890	0	152,169
<u>FUND BALANCE</u> - End of Year	\$ 119,111	\$ 0	\$ 244,323	\$ 363,434

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash	\$ 1,392,696	\$ 1,025,662
Accounts Receivable	0	65,211
Due from Other Funds	0	16,500
Due from Other Governmental Units	1,200,016	1,059,102
Inventory	15,589	15,589
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,608,301</u>	<u>\$ 2,182,064</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 45,040	\$ 42,164
Accrued Expenditures	320,494	301,789
Salaries Payable	626,815	596,584
Due to Other Funds	0	3,560
Due to Other Governmental Units	384,061	361,994
Unearned Revenue	29,737	4,373
	<hr/>	<hr/>
Total Liabilities	<u>1,406,147</u>	<u>1,310,464</u>
 <u>FUND BALANCE</u>		
Nonspendable		
Inventory	15,589	15,589
Assigned for Subsequent Year Budget Shortfall	99,454	45,734
Unassigned	1,087,111	810,277
	<hr/>	<hr/>
Total Fund Balance	<u>1,202,154</u>	<u>871,600</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,608,301</u>	<u>\$ 2,182,064</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2015

	2016		2015
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 2,014,896	\$ 1,995,556	\$ 2,040,805
State Sources	5,861,593	5,831,961	5,835,028
Federal Sources	591,424	511,141	474,981
Other Transactions	318,496	330,300	311,637
	<hr/>		
Total Revenues	8,786,409	8,668,958	8,662,451
<hr/>			
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	1,697,147	1,695,979	1,690,214
Middle School	1,446,984	1,446,271	1,434,727
High School	1,022,049	1,021,257	1,057,894
Early Childhood Education	115,313	105,850	113,680
Summer School	1,514	1,513	1,251
Added Needs			
Special Education	593,396	590,328	608,975
Compensatory Education	418,640	375,333	395,958
Adult/Continuing Education	9,214	9,212	15,981
Supporting Services			
Pupil			
Guidance Services	107,330	107,326	102,522
Health Services	29,530	868	1,553
Social Work Services	25,250	23,293	0
Other Pupil Services	172,022	169,332	178,991
Instructional Staff			
Improvement of Instruction	93,823	76,579	76,938
Educational Media Services	31,221	30,724	27,984
Technology Assisted Instruction	34,458	25,138	4,099
Academic Student Assessment	125	0	0
General Administration			
Board of Education	46,848	41,143	45,028
Executive Administration	149,421	148,892	181,775

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2015

	<u>2016</u>		<u>2015</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
School Administration			
Office of the Principal	557,270	555,979	541,728
Business			
Fiscal Services	161,186	160,748	159,570
Other Business Services	27,080	26,579	27,401
Operation and Maintenance	794,510	758,346	814,815
Pupil Transportation Services	587,533	580,564	629,148
Support Services - Other			
Athletics	221,776	221,418	196,376
Central Services			
Staff Personnel Services	29,711	28,500	27,778
Technology	139,515	145,660	151,116
Community Services			
Community Activities	5,101	2,891	4,458
Non-Public Schools			
Pupil Services	14,631	14,631	0
	<hr/>		
Total Expenditures	8,532,598	8,364,354	8,489,960
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	253,811	304,604	172,491
	<hr/>		
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from the Sale of Capital Assets	0	0	5,209
Transfers In	0	25,950	25,950
	<hr/>		
Total Other Financing Sources (Uses)	0	25,950	31,159
	<hr/>		
Net Change in Fund Balance	253,811	330,554	203,650
	<hr/>		
<u>FUND BALANCE</u> - Beginning of Year	871,600	871,600	667,950
	<hr/>		
<u>FUND BALANCE</u> - End of Year	\$ 1,125,411	\$ 1,202,154	\$ 871,600
	<hr/>		

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 1,846,486	\$ 1,845,043
Tuition		
Drivers Education Tuition	18,500	23,150
GSRP Tuition	290	290
Earnings on Investments and Deposits	75	0
Rental of School Property	17,800	17,800
Donations	27,860	27,862
USF Refunds	11,500	11,451
Athletics	45,905	49,169
Miscellaneous	46,480	20,791
Total Local Sources	<u>2,014,896</u>	<u>1,995,556</u>
<u>STATE SOURCES</u>		
Grants-In-Aid Unrestricted		
State School Aid		
Proposal A Obligation	2,172,062	2,172,060
Discretionary Payment	2,445,200	2,445,199
Early Literacy Targeted Instruction	10,725	10,725
Headlee Obligation/Data Collection	22,600	22,599
Computer Adaptive Tests	4,863	4,863
Adult Education Participants	36,480	36,480
MPSERS Adjustment	563,996	564,340
Best Practices Incentive	1,054	1,054
Isolated Districts	39,642	39,642
Financial Analytic Tools	1,304	1,304
Grants-In-Aid Restricted		
State School Aid		
At Risk	358,125	328,387
Court Placed Children	(5,133)	(5,133)
Technology Infrastructure Grant	6,625	6,625
Special Education Headlee	204,050	203,816
Total State Sources	<u>5,861,593</u>	<u>5,831,961</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>		
Grants-In-Aid Restricted		
Title I	464,217	410,533
Title II - Part A - Improving Teacher Quality	100,649	82,234
Title VI - Part B	17,058	17,058
Medicaid Administrative Outreach	9,500	1,316
	<hr/>	<hr/>
Total Federal Sources	591,424	511,141
	<hr/>	<hr/>
<u>OTHER TRANSACTIONS</u>		
Transfers Intermediate School District		
Great Start Readiness Program	115,022	105,560
Technology Infrastructure Grant	10,800	10,800
Special Education	159,574	159,574
School Based Medicaid	33,100	54,366
	<hr/>	<hr/>
Total Other Transactions	318,496	330,300
	<hr/>	<hr/>
TOTAL REVENUES	<u>\$ 8,786,409</u>	<u>\$ 8,668,958</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>INSTRUCTION</u>		
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	\$ 934,427	\$ 934,339
Employee Benefits	710,380	710,152
Purchased Services	16,272	15,476
Supplies and Materials	35,335	35,279
Other Expenditures	733	733
Total Elementary	<u>1,697,147</u>	<u>1,695,979</u>
<u>Middle School</u>		
Salaries	833,339	833,237
Employee Benefits	575,908	575,696
Purchased Services	12,654	12,367
Supplies and Materials	24,528	24,416
Other Expenditures	555	555
Total Middle School	<u>1,446,984</u>	<u>1,446,271</u>
<u>High School</u>		
Salaries	549,639	549,564
Employee Benefits	404,752	404,608
Purchased Services	54,240	53,830
Supplies and Materials	13,343	13,180
Other Expenditures	75	75
Total High School	<u>1,022,049</u>	<u>1,021,257</u>
<u>Early Childhood Education</u>		
Salaries	63,713	63,708
Employee Benefits	39,455	39,460
Purchased Services	9,462	0
Supplies and Materials	2,683	2,682
Total Early Childhood Education	<u>115,313</u>	<u>105,850</u>
<u>Summer School</u>		
Salaries	1,134	1,134
Employee Benefits	380	379
Total Summer School	<u>1,514</u>	<u>1,513</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
<u>Added Needs</u>		
<u>Special Education</u>		
Salaries	343,877	343,075
Employee Benefits	249,467	247,201
Supplies	52	52
Total Special Education	593,396	590,328
 <u>Compensatory Education</u>		
Salaries	223,331	200,537
Employee Benefits	104,774	105,696
Purchased Services	15,166	3,281
Supplies and Materials	63,575	55,741
Other Expenditures	11,794	10,078
Total Compensatory Education	418,640	375,333
 <u>Adult/Continuing Education</u>		
Salaries	6,542	6,542
Employee Benefits	2,137	2,135
Purchased Services	28	28
Supplies and Materials	507	507
Total Adult/Continuing Education	9,214	9,212
 <u>SUPPORTING SERVICES</u>		
<u>Pupil</u>		
<u>Guidance Services</u>		
Salaries	68,977	68,977
Employee Benefits	36,784	36,782
Purchased Services	219	219
Supplies and Materials	1,350	1,348
Total Guidance Services	107,330	107,326
 <u>Health Services</u>		
Purchased Services	29,180	552
Supplies and Materials	350	316
Total Health Services	29,530	868

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
<u>Social Work Services</u>		
Purchased Services	25,000	23,043
Supplies and Materials	250	250
Total Health Services	25,250	23,293
<u>Other Pupil Services</u>		
Salaries	107,221	105,545
Employee Benefits	57,275	56,261
Purchased Services	6,891	6,891
Outgoing Transfers and Other Transactions	635	635
Total Other Pupil Services	172,022	169,332
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	30,863	22,368
Employee Benefits	10,511	7,343
Purchased Services	46,326	42,887
Supplies and Materials	3,165	1,615
Other Expense	2,958	2,366
Total Improvement of Instruction	93,823	76,579
<u>Educational Media Services</u>		
Salaries	20,850	20,705
Employee Benefits	10,371	10,019
Total Educational Media Services	31,221	30,724
<u>Technology Assisted Instruction</u>		
Purchased Services	7,100	3,380
Supplies and Materials	27,358	21,758
Total Technology Assisted Instruction	34,458	25,138
<u>Academic Student Assessment</u>		
Purchased Services	125	0
<u>General Administration</u>		
<u>Board of Education</u>		
Salaries	3,950	3,944
Employee Benefits	1,017	736
Purchased Services	37,050	31,644

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>
Supplies and Materials	2,306	2,306
Other Expense	2,525	2,513
Total Board of Education	<u>46,848</u>	<u>41,143</u>
 <u>Executive Administration</u>		
Salaries	99,500	99,475
Employee Benefits	45,166	45,120
Purchased Services	1,755	1,742
Supplies and Materials	1,600	1,405
Other Expenditures	1,400	1,150
Total Executive Administration	<u>149,421</u>	<u>148,892</u>
 <u>School Administration</u>		
<u>Office of the Principal</u>		
Salaries	319,547	318,826
Employee Benefits	237,429	236,859
Purchased Services	179	179
Other Expenditures	115	115
Total Office of the Principal	<u>557,270</u>	<u>555,979</u>
 <u>Business</u>		
<u>Fiscal Services</u>		
Salaries	81,700	81,632
Employee Benefits	69,620	69,524
Purchased Services	8,416	8,300
Supplies and Materials	1,450	1,292
Total Fiscal Services	<u>161,186</u>	<u>160,748</u>
 <u>Other Business Services</u>		
Insurance	24,239	24,239
Other Expenditures	2,841	2,340
Total Other Business Services	<u>27,080</u>	<u>26,579</u>
 <u>Operation and Maintenance</u>		
Salaries	208,000	207,691
Employee Benefits	161,250	161,035
Purchased Services	186,555	179,060
Supplies and Materials	237,900	209,756

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>
Capital Outlay	805	804
Total Operation and Maintenance	<u>794,510</u>	<u>758,346</u>
<u>Pupil Transportation Services</u>		
Salaries	268,783	267,381
Employee Benefits	177,705	177,270
Purchased Services	28,795	27,091
Supplies and Materials	108,600	105,298
Capital Outlay	850	814
Other Expense	2,800	2,710
Total Pupil Transportation Services	<u>587,533</u>	<u>580,564</u>
<u>Central Services</u>		
<u>Staff Personnel Services</u>		
Salaries	16,921	16,920
Employee Benefits	5,679	5,679
Purchased Services	7,111	5,901
Total Staff Personnel Services	<u>29,711</u>	<u>28,500</u>
<u>Technology</u>		
Salaries	60,500	60,474
Employee Benefits	35,640	35,539
Purchased Services	12,000	18,321
Supplies and Materials	24,975	24,951
Capital Outlay	6,400	6,375
Total Technology	<u>139,515</u>	<u>145,660</u>
<u>Support Services - Other</u>		
<u>Athletics</u>		
Salaries	122,500	125,367
Employee Benefits	48,996	49,879
Purchased Services	28,500	24,594
Supplies and Materials	100	5,115
Capital Outlay	10,280	10,276
Other Expenditures	11,400	6,187
Total Athletics	<u>221,776</u>	<u>221,418</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2016

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>COMMUNITY SERVICES</u>		
<u>Community Activities</u>		
Supplies and Materials	5,101	2,891
<u>NON-PUBLIC SCHOOLS</u>		
<u>Pupil Services</u>		
Purchased Services	14,631	14,631
 TOTAL EXPENDITURES	 <u>\$ 8,532,598</u>	 <u>\$ 8,364,354</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - FOOD SERVICE
BALANCE SHEET

AS OF JUNE 30, 2016

ASSETS

Cash	\$ 123,055
Inventory - Food	<u>6,842</u>
 TOTAL ASSETS	 <u><u>\$ 129,897</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,191
Accrued Expenditures	4,149
Salaries Payable	<u>5,446</u>
 Total Liabilities	 <u>10,786</u>

FUND BALANCE

Nonspendable	
Inventory	6,842
Restricted for Food Service	<u>94,922</u>
 Total Fund Balance	 <u>101,764</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 112,550</u></u>
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2016

REVENUES

Local Sources

Food Sales to Pupils	\$ 48,334
Headstart	7,156
Ala Carte Sales	8,331
Food Sales to Adults	2,786
Refunds and Rebates	4,402
Vending Machine	1,970

State Sources

State Aid - Regular	17,347
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Federal Sources

Federal Aid	387,433
U.S.D.A. Entitlement Commodities	<u>35,270</u>

Total Revenues	<u>513,029</u>
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EXPENDITURES

Salaries	128,692
Employee Benefits	
Health Insurance	21,692
Retirement	33,215
Employer Social Security	9,745
Worker's Compensation	842
Cash in Lieu of Insurance	3,657
Purchased Services	
Contracted Services	18,425
Travel and Expense	194
Mailing and Postage	386
Supplies and Materials	
Food Purchases	180,338
Milk	31,710
Donated Commodities	35,271
Miscellaneous Supplies	9,605
Summer School Food and Milk	2,988

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2016

Other Expense	
Miscellaneous Expense	1,355
Sales Tax on Adult Lunches	<u>132</u>
Total Expenditures	<u>478,247</u>
Excess (Deficiency) of Revenues Over Expenditures	34,782
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfer Out	<u>(25,950)</u>
Net Change in Fund Balance	8,832
<u>FUND BALANCE</u> - Beginning of Year	<u>110,279</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 119,111</u></u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 DEBT RETIREMENT FUND
BALANCE SHEET

JUNE 30, 2016

ASSETS

Cash	\$ 33,103
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Funds	\$ 33,103
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FUND BALANCE

Restricted for Debt Service	<u>0</u>
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TOTAL LIABILITIES AND
FUND BALANCE

\$ 33,103

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 DEBT RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2016

REVENUES

Local Sources	
Property Tax Levy	\$ 543,594
Earnings on Investments and Deposits	<u>9</u>
Total Revenues	<u>543,603</u>

EXPENDITURES

Redemption of Serial Bonds	530,000
Interest on Debt	21,995
Paying Agent Fees	<u>395</u>
Total Expenditures	<u>552,390</u>

Excess (Deficiency) of Revenues Over Expenditures	(8,787)
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OTHER FINANCING SOURCES (USES)

Transfer Out	<u>(33,103)</u>
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Net Change in Fund Balance	(41,890)
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<u>FUND BALANCE</u> - Beginning of Year	<u>41,890</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>\$ 0</u></u>
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 CAPITAL PROJECTS FUND
BALANCE SHEET

JUNE 30, 2016

ASSETS

Restricted Cash	<u>\$ 7,745,378</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 346,613
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FUND BALANCE

Restricted for Capital Projects	<u>7,398,765</u>
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TOTAL LIABILITIES AND
FUND BALANCE

\$ 7,745,378

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2016

REVENUES

Local Sources	
Earnings on Investments and Deposits	<u>\$ 8,958</u>

EXPENDITURES

Capital Improvements	583,675
Technology	137,292
Bond Issuance Costs	<u>73,794</u>
Total Expenditures	<u>794,761</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>(785,803)</u>
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OTHER FINANCING SOURCES (USES)

Face Value of Debt	7,660,000
Premiums on Bond Issues	735,644
Transfer Out	<u>(211,076)</u>

Total Other Financing Sources (Uses)	<u>8,184,568</u>
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Net Change in Fund Balance	7,398,765
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<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
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<u>FUND BALANCE</u> - End of Year	<u>\$ 7,398,765</u>
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 DEBT RETIREMENT FUND
BALANCE SHEET

JUNE 30, 2016

ASSETS

Cash	\$ 211,220
Due from Other Funds	33,103

TOTAL ASSETS	<u>\$ 244,323</u>
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LIABILITIES AND FUND BALANCE

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

Restricted for Debt Service	<u>244,323</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 244,323</u>
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EVART PUBLIC SCHOOLS
EVART, MICHIGAN

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

YEAR ENDED JUNE 30, 2016

REVENUES

Local Sources

Earnings on Investments and Deposits \$ 144

EXPENDITURES

0

Excess (Deficiency) of Revenues
Over Expenditures

144

OTHER FINANCING SOURCES (USES)

Transfer In

244,179

Net Change in Fund Balance

244,323

FUND BALANCE - Beginning of Year

0

FUND BALANCE - End of Year

\$ 244,323

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2016

	BALANCE 7/01/15	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/16
Athletic Revolving Account				
Boy's Basketball Camp	\$ 751	\$ 225	\$ 0	\$ 976
Girl's Basketball Camp	1,934	2,825	2,308	2,451
Girl's Varsity Track	21	2,000	0	2,021
Girl's Volleyball	1,070	174	530	714
Cross Country	2,607	5,272	4,367	3,512
Baseball	1,461	4,079	1,902	3,638
Business Club	42	6,625	6,567	100
Care for Kids	170	0	0	170
Cat Shack Store	1,049	0	96	953
Cheerleaders	997	2,889	3,087	799
Class of 2002	786	0	0	786
Class of 2011	1	0	0	1
Class of 2014	396	0	0	396
Class of 2016	4,088	16,134	19,005	1,217
Class of 2017	2,040	5,581	6,872	749
Class of 2018	1,382	3,731	2,051	3,062
Class of 2019	1,203	539	0	1,742
Class of 2020	748	304	279	773
Class of 2021	171	732	0	903
Class of 2022	613	1,311	922	1,002
Class of 2023	0	2,336	2,153	183
Community Education Bookstore	22	0	0	22
Computer Club	609	0	0	609
Drama Class	0	916	319	597
Elementary Bookstore	10,044	7,036	6,252	10,828
Flower Fund	220	415	548	87
Football	1,378	22,115	12,223	11,270
Forensics	803	0	443	360
French Club	114	0	0	114
Future Homemakers of America	9	0	0	9
Girls on the Run	862	0	213	649
Great Outdoors	152	2,471	2,478	145
High School Annual	650	4,021	4,266	405
High School Art	19	0	0	19
High School Bookstore	1,252	1,037	940	1,349
High School Choir	212	0	0	212

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2016

	BALANCE 7/01/15	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/16
High School Shop	604	0	0	604
High School Tree Fund	361	0	0	361
Ice Mountain Development Project	286	0	0	286
Interest Account	(101)	67	0	(34)
J Stevens BB/SB Memorial Fund	1,120	0	0	1,120
Middle School Bookstore	1,713	26,201	25,194	2,720
Middle School Physical Education	1,185	4,883	4,050	2,018
Middle School Track	64	1,255	1,081	238
Middle School Student Council	2,863	546	1,825	1,584
Music Department	3,218	3,160	4,694	1,684
National Honor Society	850	1,396	1,915	331
OM Team	0	6,470	6,470	0
Parents for Kids	5,731	10,822	10,769	5,784
Parents for Kids Playground	5,685	0	5,685	0
Physical Training/Recreation Grant	398	0	0	398
Senior D.C. Trip	1,160	0	0	1,160
Softball	2,554	1,646	2,665	1,535
Students for Environmental Action	330	0	0	330
Spanish Club	191	801	866	126
Student Council	2,199	5,227	4,516	2,910
Students Against Drunk Driving	303	0	0	303
Sweet Shop	139	0	0	139
Wrestling Club	4,499	6,605	3,561	7,543
	<u>\$ 73,228</u>	<u>\$ 161,847</u>	<u>\$ 151,112</u>	<u>\$ 83,963</u>
Represented by				
Assets				
Cash	\$ 69,668			\$ 82,379
Due from Other Funds	<u>3,560</u>			<u>0</u>
	<u>\$ 73,228</u>			<u>\$ 82,379</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 73,228</u>			<u>\$ 82,379</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2016

<u>TITLE OF ISSUE</u>	2016 School Building and Site Bonds		
<u>DATE OF ISSUE</u>	February 23, 2016		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	7,660,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	0	
During Current Year		<u>0</u>	<u>0</u>
<u>BALANCE OUTSTANDING - June 30, 2016</u>		\$	<u><u>7,660,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2016		\$ 211,076	\$ 211,076	
May 1, 2017	4.000 %	338,200	153,200	\$ 185,000
November 1, 2017		149,500	149,500	
May 1, 2018	4.000 %	349,500	149,500	200,000
November 1, 2018		145,500	145,500	
May 1, 2019	4.000 %	355,500	145,500	210,000
November 1, 2019		141,300	141,300	
May 1, 2020	4.000 %	361,300	141,300	220,000
November 1, 2020		136,900	136,900	
May 1, 2021	4.000 %	366,900	136,900	230,000
November 1, 2021		132,300	132,300	
May 1, 2022	4.000 %	372,300	132,300	240,000
November 1, 2022		127,500	127,500	
May 1, 2023	4.000 %	377,500	127,500	250,000
November 1, 2023		122,500	122,500	
May 1, 2024	4.000 %	382,500	122,500	260,000
November 1, 2024		117,300	117,300	
May 1, 2025	4.000 %	387,300	117,300	270,000
November 1, 2025		111,900	111,900	
May 1, 2026	4.000 %	391,900	111,900	280,000
November 1, 2026		106,300	106,300	

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2016

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2027	4.000 %	396,300	106,300	290,000
November 1, 2027		100,500	100,500	
May 1, 2028	4.000 %	405,500	100,500	305,000
November 1, 2028		94,400	94,400	
May 1, 2029	4.000 %	409,400	94,400	315,000
November 1, 2029		88,100	88,100	
May 1, 2030	4.000 %	418,100	88,100	330,000
November 1, 2030		81,500	81,500	
May 1, 2031	4.000 %	421,500	81,500	340,000
November 1, 2031		74,700	74,700	
May 1, 2032	4.000 %	429,700	74,700	355,000
November 1, 2032		67,600	67,600	
May 1, 2033	4.000 %	437,600	67,600	370,000
November 1, 2033		60,200	60,200	
May 1, 2034	4.000 %	445,200	60,200	385,000
November 1, 2034		52,500	52,500	
May 1, 2035	4.000 %	452,500	52,500	400,000
November 1, 2035		44,500	44,500	
May 1, 2036	4.000 %	459,500	44,500	415,000
11/1/206		36,200	36,200	
May 1, 2037	4.000 %	466,200	36,200	430,000
November 1, 2037		27,600	27,600	
May 1, 2038	4.000 %	472,600	27,600	445,000
November 1, 2038		18,700	18,700	
May 1, 2039	4.000	478,700	18,700	460,000
November 1, 2029		9,500	9,500	
May 1, 2040	4.000 %	484,500	9,500	475,000
		<u>\$ 12,118,276</u>	<u>\$ 4,458,276</u>	<u>\$ 7,660,000</u>

