GRAND LEDGE PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2019

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Grand Ledge Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Grand Ledge Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public Schools as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Ledge Public Schools' basic financial statements. The additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 6, 2019 on our consideration of Grand Ledge Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Ledge Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Ledge Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

September 6, 2019

Grand Ledge Public Schools
Management's Discussion and Analysis
For Fiscal Year Ending June 30, 2019

Grand Ledge Public Schools, a K-12 School District is located in Eaton, Clinton and Ionia Counties, Michigan. The Management's Discussion and Analysis is intended to be the Grand Ledge Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2019.

Generally accepted accounting principles (GAAP) require reporting of two types of financial statements: District-wide financial statements and fund financial statements.

Fund Financial Statements

The fund level financial statements are reported on modified accrual basis. Only those assets "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds including the Debt Funds, 2019 Bond Capital Projects Fund, Capital Improvement (Sinking and Technology) Funds, and Special Revenue Funds comprised of Food Service, Community Education, and the Student Bookstore.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not reported.

District-Wide Financial Statements

The District-wide financial statements are full accrual based statements. They report all of the District's assets, deferred outflows, liabilities and deferred inflows, both short and long term, regardless if they are "currently available" or not.

Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District-wide financial statements.

Summary of Net Position

The following is a summary of the District's net position at June 30, 2019 and 2018.

	June 30, 2019	June 30, 2018
Current and other assets	$ 78,396,960	$ 17,988,467
Capital assets, net of depreciation	73,669,761	75,196,454
Total assets	152,066,721	93,184,921
Deferred outflows of resources	37,316,662	23,152,146
Other liabilities	10,789,143	11,733,071
Noncurrent liabilities	97,747,813	41,654,735
Net pension liability	93,356,527	80,137,878
Net other postemployment benefits liability	24,648,294	27,332,217
Total liabilities	226,541,777	160,857,901
Deferred inflows of resources	16,350,689	8,840,783
Net position:		
Net investment in capital assets	32,635,140	31,445,354
Restricted	2,110,879	1,151,621
Unrestricted	(88,255,102)	(85,958,592)
Total net position	$ (53,509,083)	$ (53,361,617)

Analysis of Financial Position

During fiscal year ended June 30, 2019, the District's net position decreased by $147,466. A few of the significant factors affecting net position during the year are discussed below:

A. Governmental Fund Operations

In the District's governmental funds, revenues exceeded expenditures by $1,731,395 for the fiscal year ended June 30, 2019. When Other Financing Sources (Uses) are included, revenues and other financing sources exceeded expenditures and other financing uses by $62,314,708 primarily due to an increase of $59,288,976 in the 2019 Building and Site with the issuance of the current year bond. See the section entitled Major Governmental Funds Budgeting and Operating Highlights below for further discussion of governmental fund operations.

B. Depreciation Expense

The provisions of GASB Statement No. 34 require the District to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net position. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2019, the depreciation expense was $3,521,630.

C. Capital Acquisitions

Capital outlay for the year ended June 30, 2019 totaled $2,036,741. Capital outlay was offset by current year depreciation expense of $3,521,630. The result was creating a decrease in net position from capital outlays of $1,891,995.

D. Debt Repayments

Repayment of debt decreased the District's long-term principal obligations thus contributing to an increase in the net position of the School District. The District repaid $3,495,000 of long-term debt during the year ended June 30, 2019.

Results of Operations

The results of this year's operations for the District as a whole are reported in the Statement of Activities. As the following table indicates, net position decreased for the year ending June 30, 2019. With an increase in the Foundation Allowance, total unrestricted revenue increased slightly in 2019. On the expense side, the District experienced a slight increase in operating expenses. Capital outlay continues as the District spends on the sinking fund.

Revenue:	2019	2018
General revenue:		
Property taxes, levied for general purposes	$ 8,660,417	$ 7,777,987
Property taxes, levied for debt service	6,214,699	5,793,858
Property taxes, levied for sinking fund	1,180,401	1,099,987
State of Michigan aid, unrestricted	33,540,575	31,098,935
Interest and investment earnings	464,455	44,768
Other general revenue	499,925	1,146,708
Total general revenue	50,560,472	46,962,243
Program revenue:		
Charges for services	3,345,915	3,384,970
Operating grants and contributions	12,835,198	14,324,707
Total revenue	66,741,585	64,671,920
Expenses:		
Instruction	35,225,145	32,244,253
Supporting services	21,808,603	19,924,616
Food services	1,836,712	1,690,761
School store	19,738	23,448
Community services	2,126,558	1,919,023
Interest on long-term debt	2,350,665	1,962,058
Depreciation - unallocated	3,521,630	3,594,796
Total expenses	66,889,051	61,358,955
Change in net position	$ (147,466)	$ 3,312,965

The General Fund and Capital Project Funds are reported separately as major funds in the fund financial statements. Funds reported as "Other Governmental Funds" in the fund financial statements include the Special Revenue Funds, Debt Retirement Funds, and Non-Major Capital Project Funds. The annual fund financial statements provide the following insights about the results of this year's operations:

Major Funds

A. General Fund

As a percentage of total expenditures, the General Fund experienced an increase in fund equity of $416,205 or 0.77% of total expenditures for the year ending June 30, 2019. The beginning fund balance was $6,236,057 as of July 1, 2018 and the ending total fund balance was $6,652,262 at June 30, 2019, which equates to 12.29% of total expenditures for the year.

B. 2019 Capital Projects Fund - Proposal I

This was a new fund for the District related to the first series of bonds approved on November 6, 2018. The ending total fund balance was $37,638,899 at June 30, 2019.

C. 2019 Capital Projects Fund - Proposal II

This was a new fund for the District related to the second series of bonds approved on November 6, 2018. The ending total fund balance was $21,650,077 at June 30, 2019.

D. Other Nonmajor Funds

Other nonmajor governmental funds experienced an increase in fund balance of $2,609,527 during the year. The beginning fund balance on July 1, 2018 was at $3,830,422 and at June 30, 2019 the fund balance was $6,439,949. The Sinking Fund and Technology Capital Projects Fund, approved by voters in September of 2002, finished its sixteenth year with a fund balance of $3,486,837, up from $1,858,813 at the end of FY 2017-18. The Sinking Fund was renewed in November 2011 for an additional ten (10) years at a reduced millage rate of .8 mills. Major uses of the sinking fund include the purchase of property and renovations to the existing capital infrastructure. In 2007-08 the District entered into a lease agreement with Nextel/Sprint for use of District owned band-width and established a new technology capital projects fund. The initial term of the lease was 10 years renewable every 5 years up to a total of 30 years. The up-front payment for the lease was $750,000 with initial monthly payments of $8,295 that are adjusted annually for inflation. The District's original intent was to earmark these funds for technology replacement but due to an increase in unfunded mandates $550,000 was transferred from this fund into the District's General Fund in 2008-09. However, the District plans to use the remaining funds for technology upgrades. The fund balance in the Food Service Fund increased during the 2018-19 school year by $1,925 for a total fund balance at year-end of $352,467. The District also maintains various debt service funds and other special revenue funds.

Major Governmental Funds Budgeting and Operating Highlights

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, based on facts and assumptions known at the time of the initial budget preparation. It is expected that there will be changes between the initial budget and subsequent budgets, as many factors are not known at the time of adoption of the initial budget. Some of these factors include enrollment changes and resultant staffing adjustments, staffing changes that take place during the year, state school aid adjustments, grant allocations, and other unforeseeable events. As a matter of practice, the District amends its budget periodically during the fiscal year to adjust for these changes. The District prepares budgets for the General Fund, Special Revenue Funds, Debt Service Fund, and Sinking Fund.

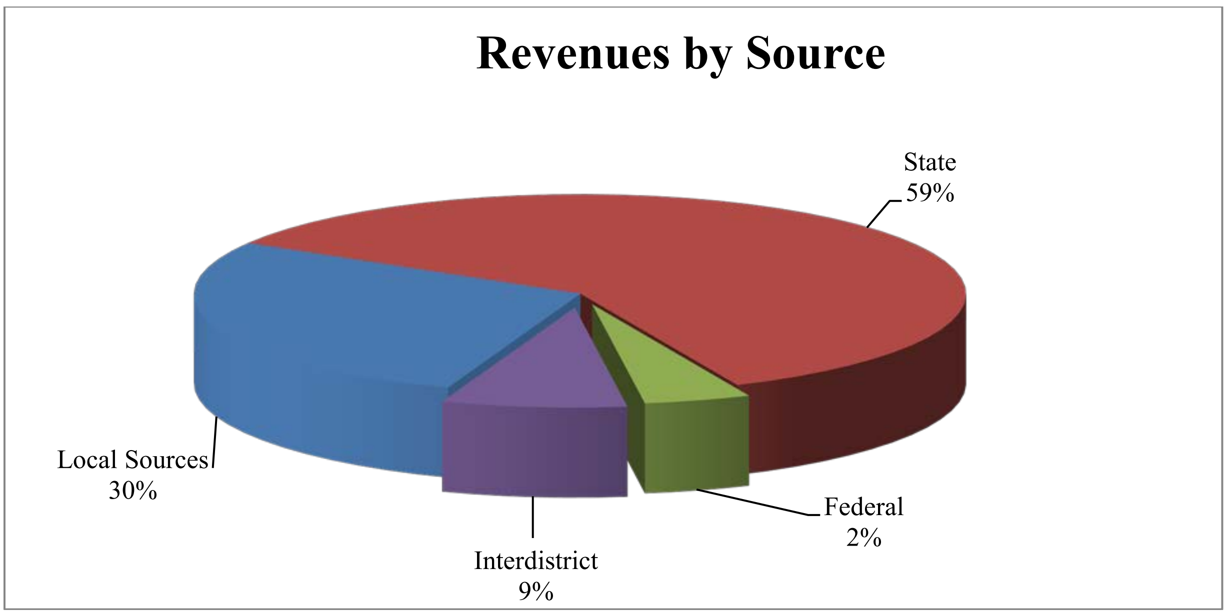
General Fund

In the General Fund, actual revenue was $55.0 million. This is above the original budget estimate of $52.8 million and in line with the final amended budgeted amount of $55.1 million. The actual expenditures of the General Fund were $54.1 million. This is above the original budget estimate of $53.1 million and below the final amended budgeted amount of $54.5 million, a variance of $361,395 or 0.66%.

The General fund revenues exceeded expenditures by $863,412 for the year ending June 30, 2019. After adjusting for net uses of Other Financing Sources and Uses of $447,207 revenues exceeded expenditures by $416,205. The ending fund balance in the General Fund for the year ending June 30, 2019 was $6,652,262 (12.29%) of expenditures of $54,126,098. For the prior year which ended June 30, 2018, the fund balance was $6,236,057 (11.91%) on expenditures of $52,377,033.

Governmental Fund Revenues

Revenues for all governmental funds totaled $66.9 million for 2018/2019. The following graph illustrates the District's revenues by source as a percentage of total revenue:



A. Unrestricted State Aid

Unrestricted state aid is determined by the following three variables: (1) State of Michigan student foundation allowance; (2) student enrollment for the year, blended at 90 percent of the current year's fall student count and 10 percent of the prior year's spring student count; and (3) the District's non-homestead property tax levy.

Annually, the State of Michigan establishes the per student foundation allowance. For the year ended June 30, 2019, the foundation allowance for Grand Ledge Public Schools was established at $7,871, resulting in an increase of $240 from the funding level for 2017 - 2018. Student enrollment for state aid for the 2018/2019 year was 5,340, an increase of 87 full time equivalent students over the prior year.

A. Unrestricted State Aid (Concluded)

The following schedule summarizes the District's blended student enrollment in full-time equivalencies and per student Foundation Allowance for the 2018-2019 and the previous ten years:

Year	Student enrollment	Change from prior year	Foundation allowance	Change from prior year
2018 / 2019	5,340	87	$ 7,871	$ 240
2017 / 2018	5,253	-14	7,631	120
2016 / 2017	5,267	96	7,511	120
2015 / 2016	5,171	75	7,391	265
2014 / 2015	5,096	(3)	7,126	100
2013 / 2014	5,099	(4)	7,026	60
2012 / 2013	5,103	(2)	6,966	10
2011 / 2012	5,105	35	6,956	(470)
2010 / 2011	5,070	(120)	7,426	-
2009 / 2010	5,190	(82)	7,426	-

B. Property Taxes

The District levies 18 mills of property taxes on all Non-Principal Residence Exemption (PRE) property and 6 mills on Commercial Property located within the District for General Fund operations. The levy is assessed on the Taxable Value of the property. The increase in taxable value is limited to the lesser of the inflation rate or 5%. When a property is sold, the Taxable Valuation of the sold property is adjusted to the State Equalized Value, which is approximately 50% of market value. This levy is subject to millage reduction fractions. In anticipation of future rollbacks, voters have approved a "Headlee Override" millage authorization of up to 3 mills. For the tax year 2018, the District levied the full 18 mills on non-homestead property that is required to earn per pupil funding.

The District levied 4.19 mills on all classes of property located within the District for retirement of bonded debt proposals approved by the voters in 2015 and 2016. This levy is not subject to millage reduction fractions and taxes are used to pay the principal and interest on bond obligations. The total amount collected for debt retirement was $6.2 million for the year.

The District's sinking funds are used for the repairs and replacement of buildings and sites. In November 2011, the District's voters renewed the sinking fund levy for an additional 10 years at a reduced rated of .80 mills. This levy is subject to future millage reduction fractions.

Governmental Fund Expenditures

The chart below illustrates that the General Fund comprises 84% of all expenditures within the governmental funds of the District. As of June 30, 2019, expenditures were $64.7 million for all District programs. The ending fund equity for all funds was $72.4 million.

	Expenditures & other uses (in millions)	Percent of total
General fund	$ 54.1	84%
Other governmental funds	10.6	16%
Total	$ 64.7	100%

Capital Asset and Debt Administration

A. Capital Assets

At June 30, 2019, the District had $140 million invested in land, buildings, improvements, furniture and equipment, buses and other vehicles. Of this amount, $67 million has been depreciated resulting in a net book value of $73 million. The District's buildings range in years of construction from 1929 (Sawdon Administration Building) to 1996 (Willow Ridge Elementary and the Operations Center). The majority of the buildings were constructed in the 1950's and 1960's. The District is committed to timely repairs and maintenance of its facilities. Computer purchases, taken in the aggregate, that are above the District's capitalization threshold of $5,000 are capitalized accordingly.

	2019	2018
Land	$ 4,842,689	$ 4,487,474
Construction in progress	407,106	-
Land improvements	7,230,482	7,070,742
Buildings	17,015,250	17,015,250
Building improvements	85,623,979	85,494,420
Equipment, computers and furnishing	20,586,201	23,758,263
Buses and other vehicles	4,667,125	4,277,236
Total	140,372,832	142,103,385
Less accumulated depreciation	66,703,071	66,906,931
Net capital assets	$ 73,669,761	$ 75,196,454

B. Long-Term Debt

At June 30, 2019, the District had $101.7 million in outstanding bonds, installment purchase agreement and other liabilities. The District collects revenues to meet its outstanding debt obligations across total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bonded debt as increased enrollment may require.

For more detailed information regarding capital assets and debt administration, please review the Notes to Financial Statements located in the financial section of this report.

Conditions that will Significantly Affect Financial Position and Results of Operations in Future Years

The total funding level for public school districts in Michigan has experienced a gradual increase during the last several years as the state's economy has gradually improved and increases in the per pupil funding have occurred. However, per pupil funding has only recently risen to a level above the 2008-2009 allowance while costs for services and supplies have increased at a much more significant rate. At the same time, the District experienced an increase in enrollment during 2018-19.

In terms of expenditures, the cost to sustain the state-managed pension system continues to grow thus increasing financial pressure. On the plus side of this issue, the Michigan Legislature passed reform legislation in 2012 that could help control future costs. Additionally, the District has made spending adjustments by continuing its "hard caps" (fixed District premium co-pays) on employee health insurance.

Conditions that will Significantly Affect Financial Position and Results of Operations in Future Years (Concluded)

In November 2011, local voters approved a request to renew the Sinking Fund levy for ten (10) years at a reduced rate of eight tenths (.8) of a mill. The Sinking Fund is restricted in use to the purchase of land and to improvements in buildings and sites. The levy is subject to rollback based on the Headlee tax limitation clause in the State Constitution. The Sinking Fund levy was subjected to a Headlee rollback in fiscal year 2018-19 which permanently reduced the rate to .7968.

On May 8, 2007 the voters approved a request to issue $33.9 million in bonded debt to finance improvements to existing facilities, technology upgrades and the purchase of buses. The bonds will be paid off over a period of thirty years.

The District refinanced outstanding debt obligations in fiscal years 2015 and 2016 resulting in a savings of $6.3 million over the remaining life of the bonds.

On November 6, 2018 the voters approved a request to issue $54.1 million in bonded debt to finance improvements to existing facilities, technology upgrades and the purchase of buses. The bonds will be paid off over a period of twenty-five years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact Nancy J. Rasinske, Chief Financial Officer, Grand Ledge Public Schools, 220 Lamson Street, Grand Ledge, Michigan 48837 or by telephone at (517) 925-5422.

BASIC FINANCIAL STATEMENTS

GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental activities
ASSETS:	
Cash and cash equivalents	$ 9,193,931
Investments	1,514,193
Receivables:	
Accounts receivable	107,045
Intergovernmental receivables	7,354,399
Inventories	67,967
Prepaids	443,553
Restricted cash - capital projects	37,808
Restricted investments - capital projects	59,678,064
Capital assets not being depreciated	5,249,795
Capital assets net of accumulated depreciation	68,419,966
TOTAL ASSETS	152,066,721
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	1,050,926
Related to other postemployment benefits	4,639,626
Related to pensions	31,626,110
TOTAL DEFERRED OUTFLOWS OF RESOURCES	37,316,662
LIABILITIES:	
Accounts payable	1,257,548
Accrued salaries and related items	3,065,786
Accrued retirement	1,370,021
Accrued interest	810,281
Unearned revenue	322,418
Noncurrent liabilities:	
Due within one year	3,963,089
Due in more than one year	97,747,813
Net other postemployment benefits liability	24,648,294
Net pension liability	93,356,527
TOTAL LIABILITIES	226,541,777
DEFERRED INFLOWS OF RESOURCES:	
Related to other postemployment benefits	5,541,479
Related to pensions	7,374,241
Related to state aid funding for pension benefits	3,434,969
TOTAL DEFERRED INFLOWS OF RESOURCES	16,350,689
NET POSITION:	
Net investment in capital assets	32,635,140
Restricted for capital projects (sinking fund)	915,387
Restricted for debt service	1,195,492
Unrestricted	(88,255,102)
TOTAL NET POSITION	$ (53,509,083)

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants	Governmental activities: Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	$ 35,225,145	$ -	$ 6,966,352	$ (28,258,793)
Support services	21,808,603	235,060	5,052,369	(16,521,174)
Community services	2,126,558	2,131,140	-	4,582
Food services	1,836,712	959,000	816,477	(61,235)
School store	19,738	20,715	-	977
Interest on long-term debt	2,350,665	-	-	(2,350,665)
Unallocated depreciation	3,521,630	-	-	(3,521,630)
Total governmental activities	$ 66,889,051	$ 3,345,915	$ 12,835,198	(50,707,938)
General revenues:				
Property taxes, levied for general purposes				8,660,417
Property taxes, levied for debt service				6,214,699
Property taxes, levied for sinking fund				1,180,401
Investment earnings				464,455
State sources - unrestricted				33,540,575
Other				499,925
Total general revenues				50,560,472
CHANGE IN NET POSITION				(147,466)
NET POSITION, beginning of year				(53,361,617)
NET POSITION, end of year				$ (53,509,083)

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	Total nonmajor funds	Total governmental funds
ASSETS					
ASSETS:					
Cash and cash equivalents	$ 3,592,364	$ -	$ -	$ 5,601,098	$ 9,193,462
Investments	1,514,193	-	-	-	1,514,193
Receivables:					
Accounts receivable	57,725	-	-	49,320	107,045
Intergovernmental receivables	7,338,567	-	-	15,832	7,354,399
Due from other funds	65,519	-	-	987,587	1,053,106
Due from internal service fund	469	-	-	-	469
Inventories	40,459	-	-	27,508	67,967
Prepaids	343,553	-	-	100,000	443,553
Restricted cash and cash equivalents	-	27,098	10,710	-	37,808
Restricted investments	-	38,038,697	21,639,367	-	59,678,064
TOTAL ASSETS	$ 12,952,849	$ 38,065,795	$ 21,650,077	$ 6,781,345	$ 79,450,066
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 700,815	$ 426,896	$ -	$ 129,837	$ 1,257,548
Accrued salaries and related items	3,036,643	-	-	29,143	3,065,786
Accrued retirement	1,359,859	-	-	10,162	1,370,021
Due to other funds	964,141	-	-	88,965	1,053,106
Unearned revenue	239,129	-	-	83,289	322,418
TOTAL LIABILITIES	6,300,587	426,896	-	341,396	7,068,879
FUND BALANCES:					
Nonspendable:					
Inventories	40,459	-	-	27,508	67,967
Prepaids	343,553	-	-	100,000	443,553
Restricted for:					
Debt service	-	-	-	2,005,773	2,005,773
Capital projects	-	37,638,899	21,650,077	915,387	60,204,363
Special revenue food service	-	-	-	231,764	231,764

See notes to financial statements.

	General fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	Total nonmajor funds	Total governmental funds
FUND BALANCES (Concluded):					
Assigned for:					
Capital projects	$ -	$ -	$ -	$ 2,571,450	$ 2,571,450
Severance pay	174,516	-	-	-	174,516
Committed:					
Community service	-	-	-	575,160	575,160
School store	-	-	-	12,907	12,907
Unassigned:					
General Fund	6,093,734	-	-	-	6,093,734
TOTAL FUND BALANCES	6,652,262	37,638,899	21,650,077	6,439,949	72,381,187
LIABILITIES AND FUND BALANCES	$ 12,952,849	$ 38,065,795	$ 21,650,077	$ 6,781,345	$ 79,450,066
Total governmental fund balances					$ 72,381,187
Amounts reported for governmental activities in the statement of net position are different because:					
Deferred outflows on refunding					1,050,926
Deferred outflows of resources - related to pensions				$ 31,626,110	
Deferred inflows of resources - related to pensions				(7,374,241)	
Deferred outflows of resources - related to other postemployment benefits				4,639,626	
Deferred inflows of resources - related to other postemployment benefits				(5,541,479)	
Deferred inflows of resources - related to state funding for pension benefits				(3,434,969)	
					19,915,047
Capital assets used in governmental activities are not financial resources and are not reported in the funds:					
The cost of the capital assets is				140,372,832	
Accumulated depreciation is				(66,703,071)	
					73,669,761
Long-term liabilities are not due and payable in the current period and are not reported in the funds:					
General obligation bonds					(88,535,000)
Bond premium					(12,532,767)
Note from direct borrowing					(306,756)
Compensated absences and termination benefits payable					(336,379)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid					(810,281)
Net other postemployment benefits liability					(24,648,294)
Net pension liability					(93,356,527)
Net position of governmental activities					$ (53,509,083)

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	Total nonmajor funds	Total governmental funds
REVENUES:					
Local sources:					
Property taxes	$ 8,660,417	$ -	$ -	$ 7,395,100	$ 16,055,517
Tuition	62	-	-	-	62
Investment earnings	44,931	257,892	145,329	16,303	464,455
Food sales and other	-	-	-	2,855,161	2,855,161
Other	554,148	-	-	416,352	970,500
Total local sources	9,259,558	257,892	145,329	10,682,916	20,345,695
State sources	39,139,252	-	-	63,747	39,202,999
Federal sources	704,866	-	-	753,138	1,458,004
Incoming transfers and other	5,885,834	-	-	-	5,885,834
Total revenues	54,989,510	257,892	145,329	11,499,801	66,892,532
EXPENDITURES:					
Current:					
Instruction	32,968,700	-	-	-	32,968,700
Supporting services	21,121,374	-	-	-	21,121,374
Food service activities	-	-	-	1,717,716	1,717,716

See notes to financial statements.

	General fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	Total nonmajor funds	Total governmental funds
EXPENDITURES (Concluded):					
Current (Concluded):					
Community service activities	$ 17,000	$ -	$ -	$ 2,043,792	$ 2,060,792
Payment to other districts	2,127	-	-	-	2,127
School store	-	-	-	19,738	19,738
Capital outlay	16,897	904,442	-	628,110	1,549,449
Bond issuance costs	-	249,442	140,112	-	389,554
Debt service:					
Principal repayment	-	-	-	3,495,000	3,495,000
Interest expense	-	-	-	1,834,100	1,834,100
Other	-	-	-	2,587	2,587
Total expenditures	54,126,098	1,153,884	140,112	9,741,043	65,161,137
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	863,412	(895,992)	5,217	1,758,758	1,731,395
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	20,117	-	-	-	20,117
Proceeds from sale of bonds	-	33,390,000	18,755,000	-	52,145,000
Bond premium	-	5,144,891	2,889,860	-	8,034,751
Proceeds from installment purchase agreement	383,445	-	-	-	383,445
Transfers in	125,764	-	-	976,533	1,102,297
Transfers out	(976,533)	-	-	(125,764)	(1,102,297)
Total other financing sources (uses)	(447,207)	38,534,891	21,644,860	850,769	60,583,313
NET CHANGE IN FUND BALANCES	416,205	37,638,899	21,650,077	2,609,527	62,314,708
FUND BALANCES:					
Beginning of year	6,236,057	-	-	3,830,422	10,066,479
End of year	$ 6,652,262	$ 37,638,899	$ 21,650,077	$ 6,439,949	$ 72,381,187

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net change in fund balances total governmental funds	$ 62,314,708
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(3,521,630)
Capital outlay	2,036,741
Loss on disposal of capital assets	(41,804)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	305,683
Accrued interest payable, end of the year	(810,281)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from installment purchase agreement	(383,445)
Proceeds from bond issuance	(52,145,000)
Premium on bond issuance	(8,034,751)
Payments on debt	3,571,689
Amortization of deferred charge on refunding	(91,041)
Amortization of bond premium	510,051
Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and termination benefits, beginning of the year	267,068
Accrued compensated absences and termination benefits, end of the year	(336,379)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Other postemployment benefits related items	685,604
Pension related items	(4,303,615)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period:	
State aid funding, beginning of year	3,263,905
State aid funding, end of year	(3,434,969)
Change in net position of governmental activities	$ (147,466)

GRAND LEDGE PUBLIC SCHOOLS
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

	Internal service fund
ASSETS:	
Cash and cash equivalents	$ 469
LIABILITIES:	
Due to general fund	469
NET POSITION	$ -

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
PROPRIETARY FUND
STATEMENT OF REVENUE, EXPENSE AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2019

	Internal service fund
OPERATING REVENUE:	
Charges to other funds	$ 2,861,405
OPERATING EXPENSES:	
Claims	2,860,602
Other expenses	803
Total operating expenses	2,861,405
CHANGE IN NET POSITON	-
NET POSITION:	
Beginning of year	-
End of year	$ -

GRAND LEDGE PUBLIC SCHOOLS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	Internal service fund
CASH FLOWS FOR OPERATING ACTIVITIES:	
Charges for services	$ 3,048,324
Payments on claims	(3,049,818)
Net cash provided by operating activities	(1,494)
CASH AND CASH EQUIVALENTS:	
Beginning of year	1,963
End of year	$ 469
CASH FLOWS FOR OPERATING ACTIVITIES:	
Operating income	$ -
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities which provided (used) cash:	
Prepaid expenses	59,738
Due from other funds	127,181
Due to other funds	469
IBNR reserve	(188,882)
	$ (1,494)

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Agency fund	Private purpose trust fund
ASSETS:		
Cash and cash equivalents	$ 500,456	$ 42,233
LIABILITIES:		
Due to student and other groups	500,456	-
NET POSITION:		
Restricted for trust activities	$ -	$ 42,233

GRAND LEDGE PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019

	Private purpose trust fund
ADDITIONS:	
Interest earnings	$ 441
DEDUCTIONS:	
Scholarships awarded	2,018
CHANGE IN NET POSITON	(1,577)
NET POSITION:	
Beginning of year	43,810
End of year	$ 42,233

See notes to financial statements.

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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, proprietary funds, and fiduciary funds, even though the latter two are excluded from the government-wide financial statements.

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

D. Basis of Presentation - Fund Financial Statements

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

The District reports the following <u>major</u> governmental funds:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *capital projects funds* account for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

The 2019 capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

The District issued $52,145,000 of bonds on March 20, 2019, at which time all funds were available for the intended purpose of the bond issue. Beginning with the year of bond issuance, the District has reported annual construction activity in the 2019 capital projects funds. The following is a summary of the cumulative revenues, expenditures, and other financing sources and uses for the 2019 capital projects funds since inception:

	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II
Revenues and other financing sources	$ 38,792,783	$ 21,790,189
Expenditures and other financing uses	$ 1,153,884	$ 140,112

The above revenue figures do include the bond proceeds and premium of $38,534,891 for 2019 Capital Projects Proposal I and $21,644,860 for 2019 Capital Projects Proposal II.

Other Nonmajor Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, community service and school store in the special revenue funds.

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

The *sinking capital projects* accounts for the receipt of sinking fund millage proceeds and the acquisition of fixed assets or construction of capital projects. The District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

The *technology capital projects* accounts for the receipt of lease revenue and the purchases of technology capital projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Proprietary funds are included in the government-wide statements.

The *internal service fund* accounts for risk management services to include employee medical insurance claim obligations provided to other departments of the school district on a cost reimbursement basis.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. 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 *private purpose trust funds* account for funds entrusted to the District for scholarship awards and both the principal and interest may be spent. These funds are not reported in the District's government-wide financial statements.

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

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

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

E. Measurement Focus and Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a 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 current year ended, the foundation allowance was based on pupil membership counts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

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

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

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

The private-purpose trust fund is reported using the *economic resources measurements focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Information (Concluded)

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2019. The District does not consider these amendments to be significant.

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

1. Cash and cash equivalents

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

2. Investments

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Inventories and prepaid items

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

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

4. Capital assets

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

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

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

Capital asset classes	Lives
Land improvements	20
Buildings and building improvements	50
Equipment, computers, and furnishing	5 - 20
School buses and other vehicles	8

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Defined benefit plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Deferred outflows

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

7. Deferred inflows

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net position flow assumption

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

9. Fund balance flow assumptions

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

10. Fund balance policies

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures/Expenses

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

1. Program revenues

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

2. Property taxes

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

For the year ended June 30, 2019, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund:	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	4.19
Sinking fund:	
PRE, Non-PRE, Commercial Personal Property	0.80

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses (Concluded)

3. Compensated absences

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

4. Long-term obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2019, the District had the following investments:

Investment type	Fair value	Weighted average maturity (years)	Standard & Poor's rating	%
MILAF External Investment pool - MIMAX	$ 60,507,902	0.0027	AAAm	99%
Michigan Class	684,355	0.0027	AAAm	1%
Total fair value	$ 61,192,257			100%
Portfolio weighted average maturity		0.0027		

1 day maturity equals 0.0027, one year equals 1.00

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2019, the fair value of the District's investments is the same as the value of the pool shares.

The other fund is Michigan Class (MC). MC is considered a local government investment pool of "qualified" investments for Michigan School Districts. MC is not regulated nor is it registered with the SEC. MC reports as of June 30, 2019, the fair value of the District's investments is the same as the value of the pooled shares.

MILAF, as defined by the GASB, are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

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

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

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

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2019, $9,885,877 of the District's bank balance of $10,403,479 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts. The carrying amount on the financial statements is $9,774,428. The fiduciary fund balances are included in the above balances.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

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

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

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

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

Michigan Class investments are Level 2.

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

The carrying amount of deposits and investments is as follows:

Deposits - including fiduciary funds of $542,689	$ 9,774,428
Investments	61,192,257
	$ 70,966,685

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

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

Cash - fiduciary funds	$ 542,689
Cash - District-wide	9,193,931
Restricted cash - capital projects	37,808
Investments	1,514,193
Restricted investments - capital projects	59,678,064
	$ 70,966,685

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 4,487,474	$ 355,215	$ -	$ 4,842,689
Construction in progress	-	407,106	-	407,106
Total assets not being depreciated	4,487,474	762,321	-	5,249,795
Capital assets, being depreciated:				
Land improvements	7,070,742	159,740	-	7,230,482
Buildings	17,015,250	-	-	17,015,250
Building improvements	85,494,420	129,559	-	85,623,979
Equipment, computers and furnishing	23,758,263	404,059	3,576,121	20,586,201
School buses and other vehicles	4,277,236	581,062	191,173	4,667,125
Total capital assets, being depreciated	137,615,911	1,274,420	3,767,294	135,123,037
Accumulated depreciation:				
Land improvements	2,637,064	396,377	-	3,033,441
Buildings	11,331,111	235,261	-	11,566,372
Building improvements	28,493,814	2,204,880	-	30,698,694
Equipment, computers and furnishing	21,792,357	419,986	3,534,317	18,678,026
School buses and other vehicles	2,652,585	265,126	191,173	2,726,538
Total accumulated depreciation	66,906,931	3,521,630	3,725,490	66,703,071
Net capital assets being depreciated	70,708,980	(2,247,210)	41,804	68,419,966
Net governmental capital assets	$ 75,196,454	$ (1,484,889)	$ 41,804	$ 73,669,761

Depreciation for the fiscal year ended June 30, 2019 amounted to $3,521,630. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2019 consist of the following:

Other governmental units:	
State aid	$ 7,156,445
Federal grants and other pass-through agencies	82,035
Other	115,919
	$ 7,354,399

No allowance for doubtful accounts is considered necessary.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2019:

	General obligation bonds	Note from direct borrowing	Compensated absences	Termination benefits	Total
Balance, July 1, 2018	$ 44,893,067	$ -	$ 182,873	$ 84,195	$ 45,160,135
Additions	60,179,751	383,445	-	77,668	60,640,864
Deletions	4,005,051	76,689	8,357	-	4,090,097
Balance, June 30, 2019	101,067,767	306,756	174,516	161,863	101,710,902
Due within one year	3,870,000	76,689	3,500	12,900	3,963,089
Due in more than one year	$ 97,197,767	$ 230,067	$ 171,016	$ 148,963	$ 97,747,813

NOTE 5 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation debt at June 30, 2019 is comprised of the following:

General obligations bonds:	
Serial bond due in annual installments of $2,680,000 to $2,895,000 from May 1, 2020 through May 1, 2024, interest at 5.00%.	$ 14,110,000
Serial bond due in annual installments of $1,060,000 to $1,335,000 from May 1, 2020 through May 1, 2037, interest at 4.00% to 5.00%.	22,280,000
Serial bond due in annual installments of $130,000 to $4,430,000 from May 1, 2020 through May 1, 2044, interest at 4.00% to 5.00%.	52,145,000
Plus premiums on bonds	12,532,767
Total general obligation bonds	101,067,767
Note from direct borrowing:	
Installment purchase note - July 2018 purchase of copiers and printers. Loan due in annual installments of $76,689 through June 1, 2023 with an interest rate of 3.5%.	306,756
Total general obligation bonds and note from direct borrowing	101,374,523
Compensated absences and termination benefits	336,379
Total general long-term obligations	$ 101,710,902

The District's outstanding note from direct borrowing related to governmental activities of $306,756 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2019, $78,435,000 of bonds outstanding are considered defeased.

NOTE 5 - LONG-TERM OBLIGATIONS (Concluded)

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2019, are as follows:

Year ending June 30,	General obligation bonds Principal	General obligation bonds Interest	Notes from direct borrowings and direct placements Principal	Notes from direct borrowings and direct placements Interest	Compensated absences and termination benefits	Total
2020	$ 3,870,000	$ 4,565,567	$ 76,689	$ 10,736	$ -	$ 8,522,992
2021	4,125,000	4,087,850	76,689	8,052	-	8,297,591
2022	4,380,000	3,894,050	76,689	5,368	-	8,356,107
2023	4,325,000	3,689,900	76,689	2,684	-	8,094,273
2024	4,285,000	3,488,450	-	-	-	7,773,450
2025 - 2029	10,690,000	15,576,150	-	-	-	26,266,150
2030 - 2034	14,985,000	12,772,850	-	-	-	27,757,850
2035 - 2039	19,730,000	8,606,250	-	-	-	28,336,250
2040 - 2044	22,145,000	3,322,250	-	-	-	25,467,250
	88,535,000	60,003,317	306,756	26,841	-	148,871,914
Premiums on bonds	12,532,767	-	-	-	-	12,532,767
Compensated absences and termination benefits	-	-	-	-	336,379	336,379
	$ 101,067,767	$ 60,003,317	$ 306,756	$ 26,841	$ 336,379	$ 161,741,060

Interest expense (all funds) for the year ended June 30, 2019 was approximately $2,350,665.

NOTE 6 - NOTE PAYABLE - STATE AID ANTICIPATION NOTE

For the year ended June 30, 2019, the District did not receive state aid anticipation notes. The outstanding state aid anticipation notes payable at June 30, 2018 were paid in full during the current year. Proceeds of the notes were used to fund school operations.

Activity for the year ended June 30, 2019 is as follows:

Balance June 30, 2018	Additions	Payments	Balance June 30, 2019
$ 2,595,357	$ -	$ 2,595,357	$ -

The District did not need to borrow for the fiscal year ending June 30, 2020.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2019 are as follows:

Receivable fund		Payable fund	
General fund	$ 65,519	General fund	$ 964,141
Special revenue funds	681,545	Special revenue funds	82,199
Debt service funds	6,042	Debt service funds	3,193
Capital projects fund	300,000	Capital projects funds	3,573
	$ 1,053,106		$ 1,053,106

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus 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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Reform 2012

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

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

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Reform 2012 (Concluded)

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

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

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

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

Pension Reform of 2017

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60^{th} 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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Regular Retirement (no reduction factor for age)

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

Member Contributions

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

Employer Contributions

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

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

For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of September 30, 2017 valuation will be amortized over a 21-year period beginning October 1, 2017 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2017 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%

The District's pension contributions for the year ended June 30, 2019 were equal to the required contribution total. Pension contributions were approximately $8,192,000, with $7,983,000 specifically for the Defined Benefit Plan.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employer Contributions (Concluded)

The District's OPEB contributions for the year ended June 30, 2019 were equal to the required contribution total. OPEB benefits were approximately $2,338,000, with $2,170,000 specifically for the Defined Benefit Plan.

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

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

Pension Liabilities

At June 30, 2019, the District reported a liability of $93,356,527 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2017 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, 2018 and 2017, the District's proportion was 0.31055% and 0.30924%.

MPSERS (Plan) Non-university employers	September 30, 2018	September 30, 2017
Total pension liability	$ 79,863,694,444	$ 72,407,218,688
Plan fiduciary net position	$ 49,801,889,205	$ 46,492,967,573
Net pension liability	$ 30,061,805,239	$ 25,914,251,115
Proportionate share	0.31055%	0.30924%
Net pension liability for the District	$ 93,356,527	$ 80,137,878

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2019, the District recognized pension expense of $12,286,222.

At June 30, 2019, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 2,149,780	$ (312,622)
Differences between expected and actual experience	433,193	(678,406)
Changes of assumptions	21,621,295	-
Net difference between projected and actual plan investments earnings	-	(6,383,213)
Reporting Unit's contributions subsequent to the measurement date	7,421,842	-
	$ 31,626,110	$ (7,374,241)

$7,421,842, reported as deferred outflows of resources related to pensions resulting from district employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year ended September 30,	Amount
2019	$ 6,903,437
2020	5,115,780
2021	3,516,850
2022	1,293,959

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

OPEB Liabilities

At June 30, 2019, the District reported a liability of $24,648,294 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2017 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the District's proportion was 0.31008% and 0.30865%.

MPSERS (Plan) Non-university employers	September 30, 2018	September 30, 2017
Total Other Postemployment Benefit Liability	$ 13,932,170,264	$ 13,920,945,991
Plan fiduciary net position	$ 5,983,218,473	$ 5,065,474,948
Net Other Postemployment Benefit Liability	$ 7,948,951,791	$ 8,855,471,043
Proportionate share	0.31008%	0.30865%
Net Other Postemployment Benefit liability for the District	$ 24,648,294	$ 27,332,217

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of $1,484,363.

At June 30, 2019, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 109,789	$ (6,505)
Differences between expected and actual experience	-	(4,587,681)
Changes of assumptions	2,610,267	-
Net difference between projected and actual plan investments earnings	-	(947,293)
Reporting Unit's contributions subsequent to the measurement date	1,919,570	-
	$ 4,639,626	$ (5,541,479)

$1,919,570, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year ended September 30,	Amount
2019	$ (699,703)
2020	(699,703)
2021	(699,703)
2022	(506,660)
2023	(215,654)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

Investment rate of return for pension - 7.05% a year, compounded annually net of investment and administrative expenses for the non-hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the hybrid group (Pension Plus Plan).

Investment rate of return for OPEB - 7.15% a year, compounded annually net of investment and administrative expenses.

Salary increases - The rate of pay increase used for individual members is 2.75%.

Inflation - 3.0%.

Mortality assumptions:

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for morality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for morality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2017. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2017 valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 7.05% (7% Pension Plus Plan), and the other postemployment benefit rate was 7.15%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare cost trend rate for other postemployment benefit - 7.5% for year one and graded to 3.0% in year twelve.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

The target asset allocation at September 30, 2018 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment category	Target allocation	Long-term expected real rate of return*
Domestic Equity Pools	28.00%	5.70%
Private Equity Pools	18.00%	9.20%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	0.50%
Real Estate and Infrastructure Pools	10.00%	3.90%
Absolute Return Pools	15.50%	5.20%
Short Term Investment Pools	2.00%	0.00%
	100.0%	

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

Pension discount rate - A single discount rate of 7.05% was used to measure the total pension liability (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.05% (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

OPEB discount rate - A single discount rate of 7.15% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.15%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Reporting Unit’s proportionate share of the net pension liability calculated using a single discount rate of 7.05% (7.00% for the Pension Plus Plan and 6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 122,569,910	$ 93,356,527	$ 69,084,955

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the Reporting Unit’s proportionate share of the net OPEB liability calculated using a single discount rate of 7.15%, as well as what the Reporting Unit’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 29,589,776	$ 24,648,294	$ 20,491,904

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Concluded)

Actuarial Assumptions (Concluded)

Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.0%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Healthcare cost trend rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 20,272,950	$ 24,648,294	$ 29,667,707

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2018 Comprehensive Annual Financial Report.

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

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the 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 pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

NOTE 9 - RISK MANAGEMENT (Concluded)

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance.

Self-funded dental and vision insurance programs were approved by the Board of Education and implemented for support personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. The District has estimated a liability for any incurred and unreported claims.

NOTE 10 - TRANSFERS

The transfer of $60,000 from the food service fund to the general fund was for indirect costs. The transfer of $975,000 from the general fund to the technology capital projects fund was to allocate funds for future technology purchases expenditures. The transfer of $1,533 from the general fund to the food service fund was for At-Risk funding for free and reduced students. The transfer of $65,764 from the technology capital projects fund to the general fund was for reimbursement of technology purchases.

NOTE 11 - LAND OPTION

Grand Ledge Public Schools holds an option on approximately 92 acres on Grand River Avenue pursuant to an option agreement dated August 10, 2005. The option price is $1.00 with the stipulation that the option must be exercised on or before August 31, 2025. Additionally, the option agreement stipulates that the land must be used for the purpose of building one or more schools including playgrounds and athletic facilities.

NOTE 12 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes abated
Delta Township	$ 136,420
City of Grand Ledge	22,426
City of Lansing	569,972
Oneida Township	134,080
	$ 862,898

NOTE 12 - TAX ABATEMENTS (Concluded)

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

NOTE 13 - CONTINGENT LIABILITIES

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

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

REQUIRED SUPPLEMENTARY INFORMATION

GRAND LEDGE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	$ 8,356,920	$ 9,250,192	$ 9,259,558	$ 9,366
State sources	38,541,218	39,324,242	39,139,252	(184,990)
Federal sources	665,402	821,551	704,866	(116,685)
Incoming transfers and other	5,214,471	5,728,672	5,885,834	157,162
Total revenues	52,778,011	55,124,657	54,989,510	(135,147)
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	24,772,251	25,379,771	25,397,992	(18,221)
Added needs	7,734,988	7,600,533	7,569,529	31,004
Community education	-	1,179	1,179	-
Total instruction	32,507,239	32,981,483	32,968,700	12,783
Supporting services:				
Pupil	4,108,256	4,089,865	4,090,803	(938)
Instructional staff	1,892,977	2,052,204	2,086,371	(34,167)
General administration	705,547	736,715	696,704	40,011
School administration	2,459,037	2,600,229	2,644,606	(44,377)
Business	686,280	549,376	548,247	1,129
Operation/maintenance	4,356,155	4,939,637	4,465,432	474,205
Pupil transportation	3,582,769	3,581,054	3,705,741	(124,687)
Central	1,937,012	2,023,066	1,963,453	59,613
Athletics	852,767	907,138	920,017	(12,879)
Total supporting services	20,580,800	21,479,284	21,121,374	357,910
Community services	16,026	24,599	17,000	7,599
Payments to other school districts	3,164	2,127	2,127	-
Capital outlay	-	-	16,897	(16,897)
Total expenditures	53,107,229	54,487,493	54,126,098	361,395
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(329,218)	637,164	863,412	226,248
OTHER FINANCING SOURCES (USES):				
Transfers in	444,000	167,324	125,764	(41,560)
Transfers out	(88,228)	(423,304)	(976,533)	(553,229)
Sale of capital assets	10,000	13,617	20,117	6,500
Installment purchase agreement	-	-	383,445	383,445
Total other financing sources (uses)	365,772	(242,363)	(447,207)	(204,844)
NET CHANGE IN FUND BALANCE	$ 36,554	$ 394,801	416,205	$ 21,404
FUND BALANCE:				
Beginning of year			6,236,057	
End of year			$ 6,652,262	

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

	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.31055%	0.30924%	0.29706%	0.29989%	0.29207%
Reporting Unit's proportionate share of net pension liability	$ 93,356,527	$ 80,137,878	$ 74,114,212	$ 73,248,599	$ 64,333,440
Reporting Unit's covered-employee payroll	$ 26,425,708	$ 26,065,957	$ 25,411,906	$ 25,047,090	$ 24,861,410
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	353.28%	307.44%	291.65%	292.44%	258.77%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	62.36%	64.21%	63.27%	63.17%	66.20%

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

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

	2019	2018	2017	2016	2015
Statutorily required contributions	$ 7,982,606	$ 8,105,353	$ 7,166,476	$ 6,508,076	$ 5,345,104
Contributions in relation to statutorily required contributions	7,982,606	8,105,353	7,166,476	6,508,076	5,345,104
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 26,459,231	$ 26,368,179	$ 26,353,064	$ 24,781,377	$ 25,311,511
Contributions as a percentage of covered-employee payroll	30.17%	30.74%	27.19%	26.26%	21.12%

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

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

	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.31008%	0.30865%
Reporting Unit's proportionate share of net OPEB liability	$ 24,648,294	$ 27,332,217
Reporting Unit's covered-employee payroll	$ 26,425,708	$ 26,065,957
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	93.27%	104.86%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Reporting Units should present information for those years for which information is

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

	2019	2018
Statutorily required contributions	$ 2,169,967	$ 2,249,686
Contributions in relation to statutorily required contributions	2,169,967	2,249,686
Contribution deficiency (excess)	$ -	$ -
Reporting Unit's covered-employee payroll	$ 26,459,231	$ 26,368,179
Contributions as a percentage of covered-employee payroll	8.20%	8.53%

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

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019

Pension Information

Benefit changes - there were no changes of benefit terms in 2018.

Changes of assumptions - the assumption changes for 2018 were:

Wage inflation rate decreased to 2.75% from 3.50%.

Discount rate for MIP and Basic plans decreased to 7.05% from 7.50%.

Projected salary increases decreased to 2.75%-11.55%, including wage inflation at 2.75% from 3.50-12.30%, including wage inflation of 3.50%.

Mortality assumptions were updated to the RP-2014 Male and Female Healthy Annuitant table from the RP-2000 Combined Healthy Life Mortality table.

OPEB Information

Benefit changes - there were no changes of benefit terms in 2018.

Changes of assumptions - the assumption changes for 2018 were:

Wage inflation rate decreased to 2.75% from 3.50%.

Discount rate for decreased to 7.15% from 7.50%.

Projected salary increases decreased to 2.75%-11.55%, including wage inflation at 2.75% from 3.50-12.30%, including wage inflation of 3.50%.

Healthcare cost trend rate decreased to 7.50% Year 1 graded to 3.00% Year 12 from 7.50% Year 1 graded to 3.50% Year 12.

Mortality assumptions were updated to the RP-2014 Male and Female Healthy Annuitant table from the RP-2000 Combined Healthy Life Mortality table.

ADDITIONAL SUPPLEMENTARY INFORMATION

GRAND LEDGE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2019

	Special revenue	Debt service	Capital projects	Total nonmajor funds
ASSETS				
ASSETS:				
Cash and cash equivalents	$ 348,159	$ 2,002,924	$ 3,250,015	$ 5,601,098
Accounts receivable	37,838	-	11,482	49,320
Intergovernmental receivables	15,832	-	-	15,832
Due from other funds	681,545	6,042	300,000	987,587
Prepaids	100,000	-	-	100,000
Inventories	27,508	-	-	27,508
TOTAL ASSETS	$ 1,210,882	$ 2,008,966	$ 3,561,497	$ 6,781,345
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 58,750	$ -	$ 71,087	$ 129,837
Accrued salaries and related items	29,143	-	-	29,143
Accrued retirement	10,162	-	-	10,162
Due to other funds	82,199	3,193	3,573	88,965
Unearned revenue	83,289	-	-	83,289
TOTAL LIABILITIES	263,543	3,193	74,660	341,396

	Special revenue	Debt service	Capital projects	Total nonmajor funds
FUND BALANCES:				
Nonspendable:				
Inventories	$ 27,508	$ -	$ -	$ 27,508
Prepaids	100,000	-	-	100,000
Restricted for:				
Debt service	-	2,005,773	-	2,005,773
Capital projects	-	-	915,387	915,387
Special revenue food service	231,764	-	-	231,764
Assigned for:				
Capital projects	-	-	2,571,450	2,571,450
Committed:				
Community service	575,160	-	-	575,160
School store	12,907	-	-	12,907
TOTAL FUND BALANCES	947,339	2,005,773	3,486,837	6,439,949
TOTAL LIABILITIES AND FUND BALANCES	$ 1,210,882	$ 2,008,966	$ 3,561,497	$ 6,781,345

GRAND LEDGE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2019

	Special revenue	Debt service	Capital projects	Total nonmajor funds
REVENUES:				
Local sources:				
Property taxes	$ -	$ 6,214,699	$ 1,180,401	$ 7,395,100
Investment earnings	2,644	8,228	5,431	16,303
Food sales and other	2,855,161	-	-	2,855,161
Other	255,694	-	160,658	416,352
Total local sources	3,113,499	6,222,927	1,346,490	10,682,916
State sources	63,339	-	408	63,747
Federal sources	753,138	-	-	753,138
Total revenues	3,929,976	6,222,927	1,346,898	11,499,801
EXPENDITURES:				
Current:				
Food service activities	1,717,716	-	-	1,717,716
Community service activity	2,043,792	-	-	2,043,792
School store	19,738	-	-	19,738
Capital outlay	-	-	628,110	628,110
Debt service:				
Principal repayment	-	3,495,000	-	3,495,000
Interest expense	-	1,834,100	-	1,834,100
Other expense	-	2,587	-	2,587
Total expenditures	3,781,246	5,331,687	628,110	9,741,043
EXCESS OF REVENUES OVER EXPENDITURES	148,730	891,240	718,788	1,758,758
OTHER FINANCING SOURCES (USES):				
Transfers in	1,533	-	975,000	976,533
Transfers out	(60,000)	-	(65,764)	(125,764)
Total other financing sources (uses)	(58,467)	-	909,236	850,769
NET CHANGE IN FUND BALANCES	90,263	891,240	1,628,024	2,609,527
FUND BALANCES:				
Beginning of year	857,076	1,114,533	1,858,813	3,830,422
End of year	$ 947,339	$ 2,005,773	$ 3,486,837	$ 6,439,949

GRAND LEDGE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Food service	Community service	School store	Totals
ASSETS				
ASSETS:				
Cash and cash equivalents	$ 335,252	$ -	$ 12,907	$ 348,159
Accounts receivable	7,664	30,174	-	37,838
Intergovernmental receivables	15,832	-	-	15,832
Due from other funds	-	681,545	-	681,545
Prepaids	100,000	-	-	100,000
Inventories	20,703	-	6,805	27,508
TOTAL ASSETS	$ 479,451	$ 711,719	$ 19,712	$ 1,210,882
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 14,590	$ 44,160	$ -	$ 58,750
Accrued salaries and related items	-	29,143	-	29,143
Accrued retirement	-	10,162	-	10,162
Due to other funds	61,946	20,253	-	82,199
Unearned revenue	50,448	32,841	-	83,289
TOTAL LIABILITIES	126,984	136,559	-	263,543
FUND BALANCES:				
Nonspendable:				
Inventories	20,703	-	6,805	27,508
Prepaids	100,000	-	-	100,000
Restricted for food service	231,764	-	-	231,764
Committed for:				
Community service	-	575,160	-	575,160
School store	-	-	12,907	12,907
TOTAL FUND BALANCES	352,467	575,160	19,712	947,339
TOTAL LIABILITIES AND FUND BALANCES	$ 479,451	$ 711,719	$ 19,712	$ 1,210,882

GRAND LEDGE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	Food service	Community service	School store	Totals
REVENUES:				
Sales	$ 951,257	$ 1,883,189	$ 20,715	$ 2,855,161
State aid	63,339	-	-	63,339
Federal aid	753,138	-	-	753,138
Investment earnings	2,631	-	13	2,644
Other	7,743	247,951	-	255,694
Total revenues	1,778,108	2,131,140	20,728	3,929,976
EXPENDITURES:				
Salaries	417,939	1,057,394	-	1,475,333
Benefits	204,047	587,418	-	791,465
Purchased services	245,138	34,224	-	279,362
Supplies and materials	780,622	161,066	7,980	949,668
Capital outlay	51,873	12,988	-	64,861
Other expenses	18,097	190,702	11,758	220,557
Total expenditures	1,717,716	2,043,792	19,738	3,781,246
EXCESS OF REVENUES OVER EXPENDITURES	60,392	87,348	990	148,730
OTHER FINANCING SOURCES (USES):				
Transfers in	1,533	-	-	1,533
Transfers out	(60,000)	-	-	(60,000)
Total other financing sources (uses)	(58,467)	-	-	(58,467)
NET CHANGE IN FUND BALANCES	1,925	87,348	990	90,263
FUND BALANCES:				
Beginning of year	350,542	487,812	18,722	857,076
End of year	$ 352,467	$ 575,160	$ 19,712	$ 947,339

GRAND LEDGE PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	2015 Refunding	2016 Refunding	Totals
ASSETS			
ASSETS:			
Cash and cash equivalents	$ 501,979	$ 1,500,945	$ 2,002,924
Due from other funds	6,042	-	6,042
TOTAL ASSETS	$ 508,021	$ 1,500,945	$ 2,008,966
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Due to other funds	$ -	$ 3,193	$ 3,193
FUND BALANCES:			
Restricted for debt service	508,021	1,497,752	2,005,773
TOTAL LIABILITIES AND FUND BALANCES	$ 508,021	$ 1,500,945	$ 2,008,966

GRAND LEDGE PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	2015 Refunding	2016 Refunding	Totals
REVENUES:			
Local sources:			
Property taxes	$ 3,499,704	$ 2,714,995	$ 6,214,699
Interest	4,776	3,452	8,228
Total revenues	3,504,480	2,718,447	6,222,927
EXPENDITURES:			
Principal repayment	2,490,000	1,005,000	3,495,000
Interest expense	830,000	1,004,100	1,834,100
Other	793	1,794	2,587
Total expenditures	3,320,793	2,010,894	5,331,687
NET CHANGE IN FUND BALANCES	183,687	707,553	891,240
FUND BALANCES:			
Beginning of year	324,334	790,199	1,114,533
End of year	$ 508,021	$ 1,497,752	$ 2,005,773

GRAND LEDGE PUBLIC SCHOOLS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Sinking fund	Technology capital projects	Totals
ASSETS			
ASSETS:			
Cash and cash equivalents	$ 990,047	$ 2,259,968	$ 3,250,015
Accounts receivable	-	11,482	11,482
Due from other funds	-	300,000	300,000
TOTAL ASSETS	$ 990,047	$ 2,571,450	$ 3,561,497
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 71,087	$ -	$ 71,087
Due to other funds	3,573	-	3,573
TOTAL LIABILITIES	74,660	-	74,660
FUND BALANCES:			
Restricted for capital projects	915,387	-	915,387
Assigned for capital projects	-	2,571,450	2,571,450
TOTAL FUND BALANCES	915,387	2,571,450	3,486,837
TOTAL LIABILITIES AND FUND BALANCES	$ 990,047	$ 2,571,450	$ 3,561,497

GRAND LEDGE PUBLIC SCHOOLS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	Sinking fund	Technology capital projects	Totals
REVENUES:			
Local sources:			
Property taxes	$ 1,180,401	$ -	$ 1,180,401
Telecommunications rights revenue	-	141,671	141,671
Other income	18,987	-	18,987
Investment income	930	4,501	5,431
State sources	408	-	408
Total revenues	1,200,726	146,172	1,346,898
EXPENDITURES:			
Capital outlay	628,110	-	628,110
EXCESS OF REVENUES OVER EXPENDITURES	572,616	146,172	718,788
OTHER FINANCING SOURCES (USES):			
Transfers in	-	975,000	975,000
Transfers out	-	(65,764)	(65,764)
Total other financing sources	-	909,236	909,236
NET CHANGE IN FUND BALANCES	572,616	1,055,408	1,628,024
FUND BALANCES:			
Beginning of year	342,771	1,516,042	1,858,813
End of year	$ 915,387	$ 2,571,450	$ 3,486,837

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE
REQUIREMENTS - 2015 REFUNDING
YEAR ENDED JUNE 30, 2019

$23,235,000 Bonds issued February 12, 2015.

Interest due			Debt service requirement for fiscal year	
May 1,	November 1,	Principal due May 1,	June 30,	Amount
$ 352,750	$ 352,750	$ 2,680,000	2020	$ 3,385,500
285,750	285,750	2,880,000	2021	3,451,500
213,750	213,750	2,895,000	2022	3,322,500
141,375	141,375	2,845,000	2023	3,127,750
70,250	70,250	2,810,000	2024	2,950,500
$ 1,063,875	$ 1,063,875	$ 14,110,000		$ 16,237,750

The above bonds dated February 15, 2015 have interest rates from 5.00%.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF BONDED DEBT SERVICE
REQUIREMENTS - 2016 REFUNDING
JUNE 30, 2019

$24,230,000 Bonds issued March 16, 2016.

Interest due			Debt service requirement for fiscal year	
May 1,	November 1,	Principal due May 1,	June 30,	Amount
$ 481,950	$ 481,950	$ 1,060,000	2020	$ 2,023,900
460,750	460,750	1,115,000	2021	2,036,500
438,450	438,450	1,335,000	2022	2,211,900
411,750	411,750	1,330,000	2023	2,153,500
385,150	385,150	1,315,000	2024	2,085,300
358,850	358,850	1,305,000	2025	2,022,700
332,750	332,750	1,290,000	2026	1,955,500
306,950	306,950	1,280,000	2027	1,893,900
281,350	281,350	1,265,000	2028	1,827,700
256,050	256,050	1,250,000	2029	1,762,100
231,050	231,050	1,240,000	2030	1,702,100
206,250	206,250	1,225,000	2031	1,637,500
181,750	181,750	1,215,000	2032	1,578,500
151,375	151,375	1,215,000	2033	1,517,750
121,000	121,000	1,210,000	2034	1,452,000
90,750	90,750	1,210,000	2035	1,391,500
60,500	60,500	1,210,000	2036	1,331,000
30,250	30,250	1,210,000	2037	1,270,500
$ 4,786,925	$ 4,786,925	$ 22,280,000		$ 31,853,850

The above bonds dated March 16, 2016 have interest rates from 4.00% to 5.00%.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF DEBT SERVICE
REQUIREMENTS – 2019 BONDS
JUNE 30, 2019

$52,145,000 Bonds issued March 20, 2019.

Interest due			Debt service requirement for fiscal year	
May 1,	November 1,	Principal due May 1,	June 30,	Amount
$ 1,300,025	$ 1,596,142	$ 130,000	2020	$ 3,026,167
1,297,425	1,297,425	130,000	2021	2,724,850
1,294,825	1,294,825	150,000	2022	2,739,650
1,291,825	1,291,825	150,000	2023	2,733,650
1,288,825	1,288,825	160,000	2024	2,737,650
1,285,625	1,285,625	510,000	2025	3,081,250
1,272,875	1,272,875	765,000	2026	3,310,750
1,253,750	1,253,750	865,000	2027	3,372,500
1,232,125	1,232,125	975,000	2028	3,439,250
1,207,750	1,207,750	1,185,000	2029	3,600,500
1,178,125	1,178,125	1,385,000	2030	3,741,250
1,143,500	1,143,500	1,580,000	2031	3,867,000
1,104,000	1,104,000	1,780,000	2032	3,988,000
1,059,500	1,059,500	1,985,000	2033	4,104,000
1,009,875	1,009,875	2,150,000	2034	4,169,750
956,125	956,125	2,320,000	2035	4,232,250
898,125	898,125	2,495,000	2036	4,291,250
835,750	835,750	2,680,000	2037	4,351,500
768,750	768,750	4,235,000	2038	5,772,500
662,875	662,875	4,370,000	2039	5,695,750
553,625	553,625	4,425,000	2040	5,532,250
443,000	443,000	4,430,000	2041	5,316,000
332,250	332,250	4,430,000	2042	5,094,500
221,500	221,500	4,430,000	2043	4,873,000
110,750	110,750	4,430,000	2044	4,651,500
$ 24,002,800	$ 24,298,917	$ 52,145,000		$ 100,446,717

The above bonds dated March 20, 2019 have interest rates from 4.00% to 5.00%.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF DEBT SERVICE
REQUIREMENTS – INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2019

$383,445.03 borrowed July 10, 2018.

		Debt service requirement for fiscal year	
Interest due	Principal due	June 1,	Amount
$ 10,736	$ 76,689	2020	$ 87,425
8,052	76,689	2021	84,741
5,368	76,689	2022	82,057
2,684	76,689	2023	79,373
$ 26,841	$ 306,756		$ 333,597

The above direct borrowing dated July 10, 2018, was for the purchase of copiers. The borrowing carries an interest rate of 3.5%

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Award amount	Accrued revenue 7/1/2018	Prior year expenditures (memorandum only)	Current year receipts (cash basis)	Current year expenditures	Accrued revenue 6/30/2019	Current year cash transferred to subrecipient
Clusters:									
Child Nutrition Cluster - U.S. Department of Agriculture -									
Passed through Michigan Department of Education:									
Non-Cash Assistance (Commodities):									
National Lunch Program Commodities 2018-19	10.555		$ 113,578	$ -	$ -	$ 113,578	$ 113,578	$ -	$ -
Cash Assistance:									
National School Lunch Program - Section 11	10.555	181960	5,864	5,864	468,921	98,608	92,744	-	-
National School Lunch Program - Section 11	10.555	191960	475,278	-	-	472,274	475,278	3,004	-
National School Lunch Program (including commodities) Subtotal			594,720	5,864	468,921	684,460	681,600	3,004	-
National School Lunch Program - Breakfast	10.553	181970	1,048	1,048	57,467	11,296	10,248	-	-
National School Lunch Program - Breakfast	10.553	191970	61,290	-	-	60,555	61,290	735	-
National School Breakfast Program Subtotal			62,338	1,048	57,467	71,851	71,538	735	-
Total U.S. Department of Agriculture (Cluster Total)			657,058	6,912	526,388	756,311	753,138	3,739	-

The accompanying notes are an integral part of this schedule.

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Award amount	Accrued revenue 7/1/2018	Prior year expenditures (memorandum only)	Current year receipts (cash basis)	Current year expenditures	Accrued revenue 6/30/2019	Current year cash transferred to subrecipient
U.S. Department of Education									
Passed through Michigan Department of Education:									
Title 1, Part A:									
Title 1 Part A 1718	84.010	1815301718	$ 401,762	$ 55,080	$ 395,832	$ 60,801	$ 5,721	$ -	$ -
Title 1 Part A 1819	84.010	1915301819	432,058	-	-	363,308	427,010	63,702	-
Total Title I Part A			833,820	55,080	395,832	424,109	432,731	63,702	-
Title I, Part D:									
Title I Part D	84.013	1817001718	91,319	1,792	71,163	2,003	211	-	-
Title I Part D	84.013	1917001819	84,457	-	-	7,213	7,823	610	-
Total Title I Part D			175,776	1,792	71,163	9,216	8,034	610	-
Title II, Part A - Improving teacher quality:									
Title II Part A	84.367	1805201718	175,851	-	94,915	13,862	13,862	-	-
Title II Part A	84.367	1905201819	231,013	-	-	197,470	207,406	9,936	-
Total Title II Part A			406,864	-	94,915	211,332	221,268	9,936	-
Title III - Limited English:									
Title III	84.365	1805801718	17,936	2,978	13,931	2,978	-	-	-
Title III	84.365	1905801819	15,659	-	-	10,126	10,126	-	2,127
Total Title III			33,595	2,978	13,931	13,104	10,126	-	2,127
Title IV, Part A - SSAE:									
Title IV Part A	84.424A	1907501819	35,087	-	-	24,378	28,426	4,048	-
Total passed through the Michigan Department of Education			1,485,142	59,850	575,841	682,139	700,585	78,296	2,127
Passed through the Eaton Intermediate School District:									
IDEA Flowthrough:									
IDEA Flowthrough 1718	84.027A	1804501718	3,186,275	441,359	2,948,359	441,359	-	-	-
Medicaid Assistance Program:									
Medicaid Outreach 1819	93.778		4,281	-	-	4,281	4,281	-	-
Total passed through the Eaton Intermediate School District			3,190,556	441,359	2,948,359	445,640	4,281	-	-
Total U.S. Department of Education			4,675,698	501,209	3,524,200	1,127,779	704,866	78,296	2,127
TOTAL FEDERAL AWARDS			$ 5,332,756	$ 508,121	$ 4,050,588	$ 1,884,090	$ 1,458,004	$ 82,035	$ 2,127

The accompanying notes are an integral part of this schedule.

GRAND LEDGE PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Grand Ledge Public Schools under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Grand Ledge Public Schools, it is not intended to and does not present the financial position or changes in net position of Grand Ledge Public Schools.

2. Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Grand Ledge Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Management has utilized the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.

4. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	$ 704,866
Other nonmajor governmental fund	753,138
Total federal expenditures	$ 1,458,004

5. Of the Federal expenditures presented in the schedule of expenditures of federal awards, Grand Ledge Public Schools provided federal awards to subrecipients reported below.

U.S. Department of Education:
Passed through the Michigan Department of Education:
Title III
Passed through to: Eaton Rapids Public Schools

Federal CFDA number	84.365
Pass-through grantor's number	1905801819
Subrecipient award amount	$ 2,127
Subrecipient current year expenditures	2,127
Current year cash transferred to subrecipent	2,127
Total passed through to subrecipients	$ 2,127

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

To the Board of Education
Grand Ledge Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Grand Ledge Public Schools' basic financial statements and have issued our report thereon dated September 6, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Maner Costerisan PC

September 6, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Grand Ledge Public Schools

Report on Compliance for Each Major Federal Program

We have audited Grand Ledge Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grand Ledge Public Schools' major federal programs for the year ended June 30, 2019. Grand Ledge Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Grand Ledge Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grand Ledge Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Grand Ledge Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Grand Ledge Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Grand Ledge Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grand Ledge Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grand Ledge Public Schools' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maner Costerisan PC

September 6, 2019

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

➢ Material weakness(es) identified:		Yes	X	No
➢ Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:

➢ Material weakness(es) identified:		Yes	X	No
➢ Significant deficiency(ies) identified?		Yes	X	None reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported with Title 2 CFR Section 200.516(a)?		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555, 10.553	Child Nutrition Cluster
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

GRAND LEDGE PUBLIC SCHOOLS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There were no audit findings in either of the prior two years.