GREENVILLE PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2017

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Greenville 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 Greenville Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Greenville 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 Greenville Public Schools as of June 30, 2017, and the respective changes in financial position 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 Greenville 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 October 27, 2017 on our consideration of Greenville 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 Greenville 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 Greenville Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

October 27, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Greenville Public Schools' ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2017. Please read it in conjunction with the District's financial statements which immediately follow this section.

FINANCIAL OVERVIEW

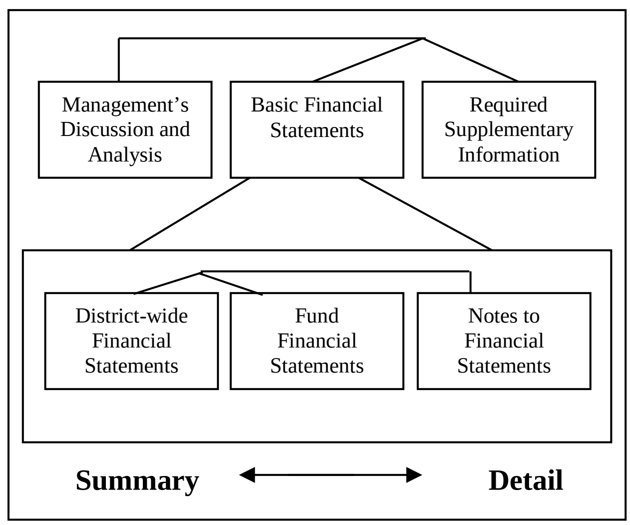
- The District's general fund financial situation improved from the 2016 fiscal year to 2017.
- For the 2016-2017 school year, fund balance in the general fund increased by $336,259.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide notes to financial statements.
- The governmental funds statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

Figure A-1
Organization of Greenville Public Schools' Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2
Major Features of District-Wide and Fund Financial Statements

Fund Financial Statements

	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net position * Statement of changes in fiduciary
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

District-wide financial statements:

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying debt, and its capital projects fund) or to show that it is properly using certain revenues (like school lunch).

The District has two kinds of funds.

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

- Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's combined net position changed as follows:

Table A-3
Greenville Public Schools Net Position

	2017	2016
Current assets	$ 12,934,277	$ 12,095,987
Capital assets, net of depreciation	45,601,728	48,099,555
Total assets	58,536,005	60,195,542
Deferred outflows of resources	8,879,696	7,404,013
Noncurrent liabilities	35,987,708	39,074,302
Other liabilities	7,638,169	7,639,024
Net pension liability	55,479,910	53,518,758
Total liabilities	99,105,787	100,232,084
Deferred inflows of resources	1,892,130	1,641,503
Net position:		
Net investment in capital assets	10,176,610	9,647,506
Restricted for debt service	2,812,636	2,227,530
Unrestricted	(46,571,462)	(46,149,068)
Total net position	$ (33,582,216)	$ (34,274,032)

Table A-4
Changes in Greenville Public Schools' Net Position

	2017	2016
Revenues:		
Program revenues:		
Charges for services	$ 892,090	$ 845,609
Federal, state and local categorical grants	8,767,406	6,665,985
General revenues:		
Property taxes	7,684,405	7,877,872
Investment	10,423	2,475
State aid - unrestricted	23,377,603	22,547,281
Other	530,649	555,488
Total revenues	41,262,576	38,494,710
Expenses:		
Instruction	21,474,488	20,864,274
Support services	12,794,103	11,974,489
Community services	341,266	216,434
Food services	1,763,726	1,657,817
Interest on long-term debt	1,418,825	1,541,140
Unallocated depreciation	2,778,352	2,809,348
Total expenses	40,570,760	39,063,502
Change in net position	$ 691,816	$ (568,792)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the District as a whole its *combined* fund balance, is $5,523,712 compared to $4,701,011 in 2016. The fund balance increased by $822,701 for the year primarily due to the results of effective budgeting and additional state aid.

General Fund and Budget Highlights

During the 2016-2017 fiscal year the original District budget was amended twice to reflect changes which affected the District. The final budget was amended to show a current year balance of $2,057,928 while the actual fund balance for the year was $2,199,879. The better-than-anticipated final result was due largely to transfers out coming in below expected.

At June 30, 2017, the District's fund balance in the general fund was $2,199,879. Remaining fund balance represented 6.36 percent of 2016-2017 general fund expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

Table A-5
Greenville Public Schools' Capital Assets

	2017			2016
	Cost	Accumulated depreciation	Net book value	Net book value
Land	$ 100,000	$ -	$ 100,000	$ 100,000
Land improvements	12,023,422	4,487,408	7,536,014	7,808,106
Buildings and additions	72,277,732	35,981,545	36,296,187	38,112,615
Furniture and equipment	6,167,562	5,558,342	609,220	834,376
Transportation equipment	2,457,090	1,396,783	1,060,307	1,244,458
Total	$ 93,025,806	$ 47,424,078	$ 45,601,728	$ 48,099,555

LONG-TERM DEBT

At June 30, 2017, the District had approximately $36.0 million in long-term obligations which included $35.5 in outstanding bonded debt and installment loans payable. These figures do not include the net pension liability. The bonded debt obligation was reduced during the year as $3.0 million of previously outstanding bonds were redeemed. In addition to the bonded debt, the District has obligations for accumulated compensated absences estimated at approximately $344,000 and capital leases payable of approximately $130,000 at the end of the fiscal year. More detailed information is available in Note 6 to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has enjoyed a stable negotiating environment. Contracts with our teacher union (GEA) are valid through June 30, 2018 and through June 30, 2019 with our support employee union (GESPA).

- The District has benefited from a stable student enrollment despite the availability of greater choice in choosing an education provider. This past school year the District added 62 students to their count. Future enrollment counts are uncertain.

- Implementation of the Patient Protection and Affordable Care Act (PPACA) has impacted the number of staff who are eligible for District provided health insurance. Certain provisions in the law have eliminated the grandfathering clauses in existing collaboratively bargained contracts, however staff, particularly our transportation staff, have become eligible for coverage under these provisions.

- Added funding in the School Aid Fund has been earmarked for specific purposes such as to cap the District contribution rate to the Michigan Public School Employees Retirement System (MPSERS). These funds can't be directed to other programs and can only pay the District's unfunded pension obligations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Business office at Greenville Public Schools, 1414 W. Chase Road, Greenville, MI 48838.

BASIC FINANCIAL STATEMENTS

GREENVILLE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2017

		Governmental activities
ASSETS:		
Cash and cash equivalents	$	3,394,583
Investments		311,368
Receivables:		
Accounts receivable		220,412
Intergovernmental		5,742,587
Student groups		532,162
Inventories		109,563
Prepaids		427,187
Restricted cash - capital projects and QZAB		2,196,415
Capital assets not being depreciated		100,000
Capital assets, net of accumulated depreciation		45,501,728
TOTAL ASSETS		58,536,005
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charge on refunding		187,550
Related to pensions		8,692,146
TOTAL DEFERRED OUTFLOWS OF RESOURCES		8,879,696
LIABILITIES:		
Accounts payable		193,018
Accrued salaries and related items		1,956,732
Accrued retirement		1,200,751
Accrued interest		260,117
Unearned revenue		27,551
State aid notes payable		4,000,000
Noncurrent liabilities:		
Due within one year		2,657,331
Due in more than one year		33,330,377
Net pension liability		55,479,910
TOTAL LIABILITIES		99,105,787
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions		166,780
Related to state aid funding for pension		1,725,350
TOTAL DEFERRED INFLOWS OF RESOURCES		1,892,130
NET POSITION:		
Net investment in capital assets		10,176,610
Restricted for debt service		2,812,636
Unrestricted		(46,571,462)
TOTAL NET POSITION	$	(33,582,216)

See notes to financial statements.

GREENVILLE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

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	$ 21,474,488	$ -	$ 6,034,201	$ (15,440,287)
Support services	12,794,103	472,029	1,360,567	(10,961,507)
Community services	341,266	-	-	(341,266)
Food services	1,763,726	420,061	1,372,638	28,973
Interest on long-term debt	1,418,825	-	-	(1,418,825)
Unallocated depreciation	2,778,352	-	-	(2,778,352)
Total governmental activities	$ 40,570,760	$ 892,090	$ 8,767,406	(30,911,264)
General revenues:				
Property taxes, levied for general purposes				3,701,982
Property taxes, levied for debt service				3,982,423
Investment earnings				10,423
State sources - unrestricted				23,377,603
Other				530,649
Total general revenues				31,603,080
CHANGE IN NET POSITION				691,816
NET POSITION, beginning of year				(34,274,032)
NET POSITION, end of year				$ (33,582,216)

See notes to financial statements.

GREENVILLE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General fund	2010 Energy Conservation QZAB debt service fund	Total nonmajor funds	Total governmental funds
ASSETS				
ASSETS:				
Cash and cash equivalents	$ 2,622,362	$ -	$ 772,221	$ 3,394,583
Investments	1,488	-	309,880	311,368
Receivables:				
Accounts receivable	210,580	-	9,832	220,412
Intergovernmental	5,696,407	-	46,180	5,742,587
Due from other funds	23,814	-	60,655	84,469
Due from student groups	532,162	-	-	532,162
Inventories	87,840	-	21,723	109,563
Prepaids	423,507	-	3,680	427,187
Restricted cash	-	2,160,000	36,415	2,196,415
TOTAL ASSETS	$ 9,598,160	$ 2,160,000	$ 1,260,586	$ 13,018,746
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 193,016	$ -	$ 2	$ 193,018
Accrued salaries and related items	1,952,495	-	4,237	1,956,732
Accrued retirement	1,200,751	-	-	1,200,751
Accrued interest	32,513	-	-	32,513
State aid notes payable	4,000,000	-	-	4,000,000
Due to other funds	9,041	12,535	62,893	84,469
Unearned revenue	10,465	-	17,086	27,551
TOTAL LIABILITIES	7,398,281	12,535	84,218	7,495,034

See notes to financial statements.

	General fund	2010 Energy Conservation QZAB debt service fund	Total nonmajor funds	Total governmental funds
FUND BALANCES:				
Nonspendable:				
Inventories	$ 87,840	$ -	$ 21,723	$ 109,563
Prepaids	423,507	-	3,680	427,187
Restricted:				
Debt service	-	2,147,465	892,775	3,040,240
Capital projects	-	-	30,833	30,833
Special revenue - food service	-	-	219,559	219,559
Assigned:				
Book store	-	-	7,798	7,798
Compensated absences	344,207	-	-	344,207
Unassigned	1,344,325	-	-	1,344,325
TOTAL FUND BALANCES	2,199,879	2,147,465	1,176,368	5,523,712
TOTAL LIABILITIES AND FUND BALANCES	$ 9,598,160	$ 2,160,000	$ 1,260,586	$ 13,018,746

Total governmental fund balances		$ 5,523,712
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred charge on refunding, net of amortization		187,550
Deferred outflows of resources - related to pensions		8,692,146
Deferred inflows of resources - related to pensions		(166,780)
Deferred inflows of resources - related to state pension funding		(1,725,350)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 93,025,806	
Accumulated depreciation is	(47,424,078)	
		45,601,728
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds payable and other debt		(35,513,999)
Capital lease obligation		(129,502)
Compensated absences		(344,207)
Accrued interest is not included as a liability in government funds, it is recorded when paid		(227,604)
Net pension liability		(55,479,910)
Net position of governmental activities		$ (33,582,216)

See notes to financial statements.

GREENVILLE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General fund	2010 Energy Conservation QZAB debt service fund	Total nonmajor funds	Total governmental funds
REVENUES:				
Local sources:				
Property taxes	$ 3,701,982	$ -	$ 3,982,423	$ 7,684,405
Investment earnings	8,040	-	2,383	10,423
Food sales	-	-	420,061	420,061
Other	1,246,398	-	6,964	1,253,362
Total local sources	4,956,420	-	4,411,831	9,368,251
State sources	29,148,192	-	146,603	29,294,795
Federal sources	1,215,713	-	1,311,292	2,527,005
Incoming transfers and other	334,675	-	-	334,675
Total revenues	35,655,000	-	5,869,726	41,524,726
EXPENDITURES:				
Current:				
Instruction	21,098,660	-	-	21,098,660
Supporting services	12,764,951	-	-	12,764,951
Food service activities	-	-	1,750,178	1,750,178
Book store activities	-	-	7,912	7,912
Community service activities	332,475	-	-	332,475
Capital outlay	-	-	48,447	48,447
Debt service:				
Principal repayment	382,100	-	2,635,000	3,017,100
Interest	31,160	25,000	1,383,470	1,439,630
Other	-	70	2,250	2,320
Total expenditures	34,609,346	25,070	5,827,257	40,461,673

See notes to financial statements.

	General fund	2010 Energy Conservation QZAB debt service fund	Total nonmajor funds	Total governmental funds
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 1,045,654	$ (25,070)	$ 42,469	$ 1,063,053
OTHER FINANCING SOURCES (USES):				
Payments to other governmental units	(240,352)	-	-	(240,352)
Transfers in	84,802	345,000	260,459	690,261
Transfers out	(553,845)	-	(136,416)	(690,261)
Total other financing sources (uses)	(709,395)	345,000	124,043	(240,352)
NET CHANGE IN FUND BALANCES	336,259	319,930	166,512	822,701
FUND BALANCES:				
Beginning of year	1,863,620	1,827,535	1,009,856	4,701,011
End of year	$ 2,199,879	$ 2,147,465	$ 1,176,368	$ 5,523,712

See notes to financial statements.

GREENVILLE 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, 2017

Net change in fund balances total governmental funds	$	822,701
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 the estimated useful lives as depreciation:		
Depreciation expense		(2,778,352)
Capital outlay		284,099
Book value of capital assets disposed		(3,574)
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		248,409
Accrued interest payable, end of the year		(227,604)
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 and 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 in the treatment of long-term debt and related items are as follows:		
Payments on bonds and other debt		2,917,604
Payments on capital leases		94,323
Amortization of deferred charge on refunding		(25,421)
Amortization of bond premium		82,936
Amortization of bond discount		(16,975)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:		
Unavailable revenue, beginning of the year		(4,361)
Compensated absences 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, beginning of the year		352,913
Accrued compensated absences, end of the year		(344,207)
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:		
Pension related items		(446,314)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:		
State aid funding for pension		(264,361)
Change in net position of governmental activities	$	691,816

GREENVILLE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Agency fund	Private purpose trust fund
ASSETS:		
Cash	$ 899,975	$ 23,650
Investments	-	32,470
TOTAL ASSETS	899,975	56,120
LIABILITIES:		
Accounts payable	-	6,011
Accounts payable - primary government	532,162	-
Due to student and other groups	367,813	-
TOTAL LIABILITIES	899,975	6,011
NET POSITION:		
Restricted for trust activities	$ -	$ 50,109

See notes to financial statements.

GREENVILLE PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2017

	Private purpose trust fund
ADDITIONS:	
Donations	$ 37,657
Interest earnings	270
Total additions	37,927
DEDUCTIONS:	
Scholarships awarded	7,250
Other	29,560
Total deductions	36,810
CHANGE IN NET POSITION	1,117
NET POSITION:	
Beginning of year	48,992
End of year	$ 50,109

See 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

The Greenville Public Schools (the "District") is governed by the Greenville 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 (GASB) Statements.

C. Basis of Presentation - Government-wide Financial Statements

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

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

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major 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.

The *2010 Energy Conservation QZAB debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds

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 and bookstore activities 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 *2013 QZAB capital projects fund* accounts for the revenue and expenditures that are related to the net proceeds from the issuance of the QZAB bonds that are going to be used for energy conservation improvements to school district facilities.

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 *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).

The *private purpose trust fund* is accounted for using the accrual method of accounting. Private purpose trust funds account for assets where both the principal and interest may be spent. These funds are not reported on the District financial statements.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

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 state-wide 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.

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 intergovernmental receivables.

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 measurement 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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-end June 30, 2017. The District does not consider these amendments to be significant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three 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. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 two 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 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	10 - 20 years
Building and additions	40 - 50 years
Transportation equipment	5 - 10 years
Furniture and equipment	3 - 10 years

5. Defined benefit plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public Employees Retirement System (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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred outflows/inflows of resources

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 two items that qualify for reporting in this category. They are the deferred charge on refunding and pension 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. Deferred outflows are recognized for pension related items. These amounts are expensed in the plan years in which they apply.

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 two items that qualify for reporting in this category. The first is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period.

7. Net position flow assumption

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. 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.

9. Fund balance policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The 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.

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 has by resolution authorized the superintendent and finance director to assign fund balance. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures/Expenses

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, 2017, 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	6.00

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses (Concluded)

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

The District had the following investments at June 30, 2017:

Investment type	Fair value	Weighted average maturity (years)	Standard & Poor's rating	%
Michigan CLASS - pooled short term investments	$ 343,838	0.0027	AAAm	100%
Portfolio weighted average maturity		0.0027		

1 day maturity equals 0.0027, one year equals 1.00

The District voluntarily invests certain excess funds in pooled short term investment funds which included money market funds. One of the pooled investment funds utilized by the District is Michigan Class. Michigan Class is an external money market investment fund of “qualified” investments for Michigan school districts. Michigan Class is not regulated nor is it registered with the SEC. Michigan Class reports as of June 30, 2017; the fair value of the District’s investments is the same as the value of the pool shares.

Michigan Class funds are a local government investment pool as defined by the GASB and as such are recorded at fair value. These funds are subject to the fair value disclosures.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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). As of June 30, 2017, the District did not have investments in commercial paper and corporate bonds.

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, 2017, $5,955,772 of the District's bank balance of $6,705,772 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount $6,514,623.

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.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

The District's investments are subject to the fair value measurement and are level 2.

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

At June 30, 2017, the carrying amount is as follows:

Deposits - including fiduciary funds of $923,625	$ 6,514,623
Investments - including fiduciary funds of $32,470	343,838
	$ 6,858,461

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

Cash - agency fund	$ 899,975
Cash - private purpose trust fund	23,650
Investments - private purpose trust fund	32,470
Government-wide:	
Cash and cash equivalents	3,394,583
Investments	311,368
Restricted cash - capital projects and QZAB	2,196,415
	$ 6,858,461

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2017 consist of the following:

	Government-wide
State aid	$ 5,198,370
Federal revenue	290,822
Intermediate and other	253,395
	$ 5,742,587

No allowance for doubtful accounts is considered necessary.

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets not being depreciated:				
Land	$ 100,000	$ -	$ -	$ 100,000
Other capital assets:				
Land improvements	12,023,422	-	-	12,023,422
Buildings and additions	72,261,982	15,750	-	72,277,732
Furniture and equipment	6,113,557	268,349	214,344	6,167,562
Transportation equipment	2,457,090	-	-	2,457,090
Subtotal	92,856,051	284,099	214,344	92,925,806
Accumulated depreciation:				
Land improvements	4,215,316	482,862	210,770	4,487,408
Buildings and additions	34,149,367	1,832,178	-	35,981,545
Furniture and equipment	5,279,181	279,161	-	5,558,342
Transportation equipment	1,212,632	184,151	-	1,396,783
Total accumulated depreciation	44,856,496	2,778,352	210,770	47,424,078
Net capital assets being depreciated	47,999,555	(2,494,253)	3,574	45,501,728
Net governmental capital assets	$ 48,099,555	$ (2,494,253)	$ 3,574	$ 45,601,728

Depreciation expense for the fiscal year ended June 30, 2017 amounted to $2,778,352. The District determined that it is impractical to allocate depreciation to the various governmental activities as the assets serve multiple purposes.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTE

At June 30, 2017, the District has issued a state aid anticipation note payable in the amount of $4,000,000 which has an interest rate of 0.97% and matures on August 21, 2017. Proceeds of the note were used to fund school operations. The note is secured by the full faith and credit of the District as well as pledged state aid. Activity for the year ended June 30, 2017 is as follows:

Balance July 1, 2016	Additions	Payments	Balance June 30, 2017
$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000

The District approved a note payable of $4,000,000 for the fiscal year ending June 30, 2018.

NOTE 6 - LONG-TERM DEBT

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

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2017:

	Accumulated compensated absences	Bonds and other debt	Capital lease	Total
Balance, July 1, 2016	$ 352,913	$ 38,497,564	$ 223,825	$ 39,074,302
Deletions	8,706	2,983,565	94,323	3,086,594
Balance, June 30, 2017	344,207	35,513,999	129,502	35,987,708
Due within one year	17,210	2,591,483	48,638	2,657,331
Total due in more than one year	$ 326,997	$ 32,922,516	$ 80,864	$ 33,330,377

NOTE 6 - LONG-TERM DEBT (Continued)

Bonds payable at June 30, 2017 is comprised of the following issues:

2008 refunding bonds - due in annual installments of $1,300,000 to $1,385,000 through May 1, 2024 with interest at 5.000%.	$ 9,405,000
2011 building and site bonds - due in annual installments of $225,000 to $1,700,000 through May 1, 2031 with interest from 3.000% to 5.000%.	14,270,000
2011 refunding bonds - due in annual installments of $585,000 to $590,000 through May 1, 2023 with interest from 4.125% to 5.000%.	3,535,000
2010 energy conservation improvement QZAB bonds - due in one installment on June 30, 2025 with interest at the rate of .50%. The bond was issued under the Qualified Zone Academy Bond program. Set-aside payments of $300,000 to $400,000 are required each year.	5,000,000
2013 Energy conservation refunding bonds - due in semi-annual installments of $40,000 to $45,000 through May 1, 2021 with interest from 1.600% to 2.850%.	355,000
2013 energy conservation improvement QZAB bonds - due in one installment on December 15, 2029. The bond is non-interest bearing. The bond was issued under the Qualified Zone Academy Bond program. Set-aside payments ranging from $60,000 to $117,000 are required each year.	1,575,000
Less unamortized discount	(193,542)
Plus premium on bond refunding	648,403
Total general obligation debt	34,594,861
Installment purchase agreement - due in annual installments of $198,491 to $209,650 through August 1, 2021 with interest at 1.84%.	816,146
Installment purchase agreement - due in an annual installment of $102,992 through July 1, 2018 with interest at 1.99%.	102,992
Total bonds and other debt	35,513,999
Obligation under contract for compensated absences	344,207
Capital leases payable - copiers and GPS devices	129,502
Total general long-term debt	$ 35,987,708

NOTE 6 - LONG-TERM DEBT (Concluded)

In the current year and in prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2017, $15,070,000 bonds outstanding are considered defeased.

The annual requirements to amortize debt outstanding as of June 30, 2017, including interest of $9,109,608, are as follows:

Year ending June 30,	Principal	Interest	Amounts payable
2018	$ 2,591,483	$ 1,321,830	$ 3,913,313
2019	2,497,143	1,209,383	3,706,526
2020	2,520,862	1,097,093	3,617,955
2021	2,559,650	983,224	3,542,874
2022	2,360,000	872,988	3,232,988
2023 - 2027	14,155,000	2,830,340	16,985,340
2028 - 2031	8,375,000	794,750	9,169,750
	35,059,138	9,109,608	44,168,746
Discounts on bond refunding	(193,542)	-	(193,542)
Premium on bond refunding	648,403	-	648,403
Accumulated compensated absences	344,207	-	344,207
Capital leases payable	129,502	-	129,502
	$ 35,987,708	$ 9,109,608	$ 45,097,316

The District entered into a capital leases for copiers and GPS devices. The future minimum lease obligations as of June 30 were as follows:

Year ending June 30,	Principal	Interest
2018	$ 48,638	$ 5,003
2019	46,297	2,489
2020	34,567	705
	$ 129,502	$ 8,197

The total interest expense on the capital leases amounted to $9,655 at June 30, 2017.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2017 are as follows:

Receivable fund	Receivable	Payable
General fund	$ 23,814	$ 9,041
Special revenue funds:		
Food Service	1,320	-
Book Store	-	1,767
2013 Capital project fund	-	5,582
Debt service funds:		
2001 Refunding	-	52,117
2008 Refunding	51,614	1,834
2010 Energy QZAB	-	12,535
2011 Refunding	-	371
2011 Building & Site	-	571
2013 Energy Conservation Refunding	7,721	651
	$ 84,469	$ 84,469

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 - RETIREMENT AND POST RETIREMENT 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/mpsers-cafr.

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

NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)

Benefits Provided

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

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

Benefit provisions of the defined benefit pension plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. 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. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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 - RETIREMENT AND POST RETIREMENT 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. Members who elected under Option 1 to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP).

Regular Retirement (no reduction factor for age)

Eligibility - 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 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus

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

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC.

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

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

NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)

Pension Plus (Concluded)

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

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7%. 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 Post-Employment Benefits (OPEB). Contribution provisions are specified by state statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 20-year period for fiscal 2016.

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:

October 1, 2015 - September 30, 2016	14.56% - 18.95%
October 1, 2016 - September 30, 2017	15.27% - 19.03%

The District's pension contributions for the year ended June 30, 2017 were equal to the required contribution total. Pension contributions were approximately $5,282,000, with $5,152,000 specifically for the Defined Benefit Plan. These amounts include contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (72.88% for pension and 27.12% for OPEB).

NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)

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

Pension Liabilities

At June 30, 2017, the District reported a liability of $55,479,910 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2015 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, 2016 and 2015, the District's proportion was 0.22237% and 0.21911%.

MPSERS (Plan) Non-university employers:	September 30, 2016	September 30, 2015
Total Pension Liability	$ 67,917,445,078	$ 66,312,041,902
Plan Fiduciary Net Position	$ 42,968,263,308	$ 41,887,015,147
Net Pension Liability	$ 24,949,181,770	$ 24,425,026,755
Proportionate share	0.22237%	0.21911%
Net Pension liability for the District	$ 55,479,910	$ 53,518,758

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

For the year ended June 30, 2017, the District recognized pension expense of $5,598,000.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

At June 30, 2017, 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	$ 1,564,648	$ 35,291
Changes of assumptions	867,385	-
Differences between expected and actual experience	691,426	131,489
Net difference between projected and actual plan investment earnings	922,076	-
Reporting Unit's contributions subsequent to the measurement date	4,646,611	-
	$ 8,692,146	$ 166,780

$4,646,611, 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
2017	$ 946,957
2018	874,445
2019	1,744,538
2020	312,815

Actuarial Assumptions

Investment rate of return - 8.0% 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).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 2.5%

NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)

Mortality assumptions - RP2000 Combined Healthy Life Mortality table, adjusted for mortality improvements to 2025 using projection scale BB for men and women were used.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2015. Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

The long-term expected rate of return on pension plan investments - The rate was **8%** (**7%** Pension Plus Plan) net of investment and administrative expenses was determined using a 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.

The target asset allocation at September 30, 2016 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%	5.90%
Alternate Investment Pools	18.00%	9.20%
International Equity	16.00%	7.20%
Fixed Income Pools	10.50%	0.90%
Real Estate and Infrastructure Pools	10.00%	4.30%
Absolute Return Pools	15.50%	6.00%
Short Term Investment Pools	2.00%	0.00%
	100.00%	

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

NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)

Actuarial Assumptions (Concluded)

Discount rate - The discount rate used to measure the total pension liability was **8%** (**7%** for Pension Plus Plan). The discount rate did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 the discount rate of **8% (7%** for Pension Plus 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:

	1% Decrease (6.0% - 7.0%)	Discount rate (7.0% - 8.0%)	1% Increase (8.0% - 9.0%)
Reporting Unit's proportionate share of the net pension liability	$ 71,444,159	$ 55,479,910	$ 42,020,513

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan - At year-end the School District is current on all required pension 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 funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)

Other Information

Discount Rate - Assumed Rate of Return

On February 23, 2017, in accordance with PA 300 of 1980, as amended, the Michigan Public Schools Employees' Retirement System's Board approved a decrease in the assumed investment rate of return (discount rate) used in the System's annual actuarial valuation for the non-hybrid defined benefit pension plan from 8% to 7.5% effective for the fiscal year 2016 valuation and following.

The September 30, 2016 Annual Actuarial Valuation Report will be used to establish the employer contribution for fiscal year beginning October 1, 2018 and will be based upon the 7.5% investment rate of return assumption. The actuarial computed employer contributions and the net pension liability will increase as a result of lowering the assumed investment rate of return.

Pension Reform 2017

Senate Bill 401, amends the Public School Employees Retirement Act (PA 300 of 1980, as amended).

The bill closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new option revised hybrid plan with similar plan benefit calculations but contains 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 would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The bill includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefit Provisions - Other Post-Employment

Introduction

Benefit provisions of the post-employment healthcare plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the 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 Post-Employment 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.

NOTE 8 - RETIREMENT AND POST RETIREMENT BENEFITS (Continued)

Benefit Provisions - Other Post-Employment (Concluded)

Introduction (Concluded)

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

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.

Employer Contributions

The employer contribution rate ranged from 5.52% to 6.45% of covered payroll for the period October 1, 2013 to March 9, 2015, 2.2% to 2.71% of covered payroll for the period from March 10, 2015 to September 30, 2015, and from 6.4% to 6.83% of covered payroll for the period from October 1, 2015 through September 30, 2016 5.69% to 5.91% of covered payroll for the period from October 1, 2016 through September 30, 2017 dependent upon the employee's date of hire and plan election.

The District post-employment healthcare contributions to MPSERS for the years ended June 30, 2017, 2016 and 2015 were approximately $1,719,000, $1,882,500 and $2,030,000.

NOTE 9 - TRANSFERS

The food service fund transferred $84,802 to the general fund. The transfer from the food service fund was made to allocate indirect costs between the funds. The general fund transferred $93,683, $345,000, and $80,000 to the 2013 energy conservation refunding debt fund, the 2010 energy conservation QZAB debt fund, and the 2014 QZAB debt fund, respectively. The transfers to these debt funds were to satisfy debt service and set-aside requirements. The general fund transferred $13,626, $4,590, $1,196, and $1,986 to the 2001 refunding debt fund, 2008 refunding debt fund, 2011 refunding debt fund, and the 2011 building and site debt fund, respectively. The transfers to these debt funds were to satisfying outstanding obligations. The general fund also transferred $13,764 to the 2013 QZAB capital projects fund to satisfy outstanding obligations. Lastly, the 2001 refunding debt fund transferred $51,614 to the 2008 refunding debt fund for the purpose of closing out the 2001 refunding debt fund.

NOTE 10 - TAX ABATEMENTS

Effective for the year ended June 30, 2017 the District is required to disclose significant tax abatements as required by GASB Statement No. 77 (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. For the purposes of this note, tax abatements are considered to be significant if they exceed $10,000. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes abated
City of Greenville	$ 56,000

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.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement No. 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

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.

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	$ 5,163,625	$ 4,913,349	$ 4,956,420	$ 43,071
State sources	28,188,560	29,092,171	29,148,192	56,021
Federal sources	1,044,025	1,423,422	1,215,713	(207,709)
Incoming transfers and other	463,900	430,122	334,675	(95,447)
Total revenues	34,860,110	35,859,064	35,655,000	(204,064)
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	16,658,585	16,837,775	16,873,228	(35,453)
Added needs	4,258,700	4,287,109	4,225,432	61,677
Total instruction	20,917,285	21,124,884	21,098,660	26,224
Supporting services:				
Pupil	2,057,950	1,990,255	1,980,640	9,615
Instructional staff	1,480,750	1,627,050	1,537,849	89,201
General administration	547,525	587,396	580,494	6,902
School administration	2,018,425	2,054,940	2,054,608	332
Business	457,125	453,450	474,244	(20,794)
Operation/maintenance	2,799,125	2,864,448	2,762,311	102,137
Pupil transportation	1,206,500	1,300,384	1,300,633	(249)
Central	945,675	1,236,321	1,204,570	31,751
Other	866,350	895,985	869,602	26,383
Total supporting services	12,379,425	13,010,229	12,764,951	245,278
Community services	320,450	346,450	332,475	13,975
Debt service	420,000	420,000	413,260	6,740
Total expenditures	34,037,160	34,901,563	34,609,346	292,217
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	822,950	957,501	1,045,654	88,153
OTHER FINANCING SOURCES (USES):				
Payments to other governmental units	(240,352)	(240,352)	(240,352)	-
Transfers in	85,000	85,000	84,802	(198)
Transfers out	(567,598)	(607,841)	(553,845)	53,996
Total other financing sources (uses)	(722,950)	(763,193)	(709,395)	53,798
NET CHANGE IN FUND BALANCE	$ 100,000	$ 194,308	336,259	$ 141,951
FUND BALANCE:				
Beginning of year			1,863,620	
End of year			$ 2,199,879	

GREENVILLE 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 (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)

	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.22237%	0.21911%	0.21208%
Reporting Unit's proportionate share of net pension liability	$ 55,479,910	$ 53,518,758	$ 46,714,713
Reporting Unit's covered-employee payroll	$ 18,909,447	$ 18,306,459	$ 18,052,332
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	293.40%	292.35%	258.77%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	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, reporting units should present information for those years for which information is available.

GREENVILLE PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED
AS OF 6/30 OF EACH FISCAL YEAR)

	2017	2016	2015
Statutorily required contributions	$ 5,151,858	$ 4,764,409	$ 3,907,132
Contributions in relation to statutorily required contributions	5,151,858	4,764,409	3,907,132
Contribution deficiency (excess)	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 18,221,362	$ 18,160,880	$ 18,362,690
Contributions as a percentage of covered-employee payroll	28.27%	26.23%	21.28%

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.

GREENVILLE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

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

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

ADDITIONAL SUPPLEMENTARY INFORMATION

GREENVILLE PUBLIC SCHOOLS
GENERAL FUND SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2017
(with comparative totals for the year ended June 30, 2016)

							Totals	
	Salaries	Employee benefits	Purchased services	Supplies and materials	Capital outlay	Other expenses	2017	2016
Instruction:								
Elementary	$ 4,301,196	$ 2,814,065	$ 96,430	$ 140,781	$ 54,228	$ 1,950	$ 7,408,650	$ 7,192,438
Middle school	2,234,775	1,480,257	45,261	65,150	-	2,095	3,827,538	3,689,535
High school	2,905,329	1,911,277	199,834	88,074	29,195	8,964	5,142,673	5,288,661
Preschool	285,355	147,958	13,456	20,745	-	8,837	476,351	343,678
Summer school	10,903	5,151	-	1,962	-	-	18,016	12,410
Special education	1,763,047	1,197,587	28,925	6,295	-	-	2,995,854	3,138,731
Compensatory education	473,523	274,255	45,965	131,323	-	79,100	1,004,166	887,236
Vocational education	104,941	66,328	2,751	696	-	50,696	225,412	258,699
Total instruction	12,079,069	7,896,878	432,622	455,026	83,423	151,642	21,098,660	20,811,388
Supporting services:								
Pupil services	1,104,396	726,918	142,278	7,048	-	-	1,980,640	2,008,362
Instructional staff services	797,684	511,212	126,200	51,207	30,849	20,697	1,537,849	1,488,144
General administration	205,213	125,510	218,006	2,467	-	29,298	580,494	475,681
School administration	1,186,072	842,192	16,505	6,264	-	3,575	2,054,608	2,138,661
Business services	192,799	134,350	35,203	1,338	-	110,554	474,244	450,959
Operations and maintenance	962,826	661,264	481,153	624,848	19,886	12,334	2,762,311	2,771,750
Transportation	600,703	387,015	112,205	176,087	-	24,623	1,300,633	2,119,709
Central services	346,719	241,999	233,325	174,041	204,327	4,159	1,204,570	744,815
Other supporting services	435,176	225,879	94,811	85,865	-	27,871	869,602	824,825
Total supporting services	5,831,588	3,856,339	1,459,686	1,129,165	255,062	233,111	12,764,951	13,022,906
Community services	191,489	102,955	12,617	24,540	-	874	332,475	219,543
Debt service								
Principal repayments	-	-	-	-	-	382,100	382,100	351,928
Interest	-	-	-	-	-	31,160	31,160	23,369
Total debt service	-	-	-	-	-	413,260	413,260	375,297
Total expenditures	$ 18,102,146	$ 11,856,172	$ 1,904,925	$ 1,608,731	$ 338,485	$ 798,887	$ 34,609,346	$ 34,429,134

GREENVILLE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2017

	Special revenue	Debt service	2013 QZAB capital projects fund	Total nonmajor funds
ASSETS:				
Cash and cash equivalents	$ 193,117	$ 579,104	$ -	$ 772,221
Investments	-	309,880	-	309,880
Accounts receivable	9,832	-	-	9,832
Intergovernmental receivables	46,180	-	-	46,180
Due from other funds	1,320	59,335	-	60,655
Prepaid expenditures	3,680	-	-	3,680
Inventories	21,723	-	-	21,723
Restricted cash	-	-	36,415	36,415
TOTAL ASSETS	$ 275,852	$ 948,319	$ 36,415	$ 1,260,586
LIABILITIES:				
Accounts payable	$ 2	$ -	$ -	$ 2
Accrued salaries and related items	4,237	-	-	4,237
Due to other funds	1,767	55,544	5,582	62,893
Unearned revenue	17,086	-	-	17,086
TOTAL LIABILITIES	23,092	55,544	5,582	84,218
FUND BALANCES:				
Nonspendable:				
Inventories	21,723	-	-	21,723
Prepaids	3,680	-	-	3,680
Restricted	219,559	892,775	30,833	1,143,167
Assigned	7,798	-	-	7,798
TOTAL FUND BALANCES	252,760	892,775	30,833	1,176,368
TOTAL LIABILITIES AND FUND BALANCES	$ 275,852	$ 948,319	$ 36,415	$ 1,260,586

GREENVILLE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2017

	Special revenue	Debt service	2013 QZAB capital projects fund	Total nonmajor funds
REVENUES:				
Local sources:				
Property taxes	$ -	$ 3,982,423	$ -	$ 3,982,423
Investment earnings	-	2,330	53	2,383
Food sales	420,061	-	-	420,061
Other	6,964	-	-	6,964
Total local sources	427,025	3,984,753	53	4,411,831
State sources	61,346	85,257	-	146,603
Federal sources	1,311,292	-	-	1,311,292
Total revenues	1,799,663	4,070,010	53	5,869,726
EXPENDITURES:				
Current:				
Food service activities	1,750,178	-	-	1,750,178
Book store activities	7,912	-	-	7,912
Capital outlay	9,094	-	39,353	48,447
Debt service:				
Principal repayment	-	2,635,000	-	2,635,000
Interest	-	1,383,470	-	1,383,470
Other expense	-	2,250	-	2,250
Total expenditures	1,767,184	4,020,720	39,353	5,827,257
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,479	49,290	(39,300)	42,469
OTHER FINANCING SOURCES (USES):				
Transfers in	-	246,695	13,764	260,459
Transfers out	(84,802)	(51,614)	-	(136,416)
Total other financing sources (uses)	(84,802)	195,081	13,764	124,043
NET CHANGE IN FUND BALANCES	(52,323)	244,371	(25,536)	166,512
FUND BALANCES:				
Beginning of year	305,083	648,404	56,369	1,009,856
End of year	$ 252,760	$ 892,775	$ 30,833	$ 1,176,368

GREENVILLE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Food service	Book store	Totals
ASSETS:			
Cash and cash equivalents	$ 183,550	$ 9,567	$ 193,117
Accounts receivable	9,832	-	9,832
Intergovernmental receivables	46,180	-	46,180
Due from other funds	1,320	-	1,320
Prepaid expenditures	3,680	-	3,680
Inventories	17,724	3,999	21,723
TOTAL ASSETS	$ 262,286	$ 13,566	$ 275,852
LIABILITIES:			
Accounts payable	$ -	$ 2	$ 2
Accrued salaries and related items	4,237	-	4,237
Due to other funds	-	1,767	1,767
Unearned revenue	17,086	-	17,086
TOTAL LIABILITIES	21,323	1,769	23,092
FUND BALANCES:			
Nonspendable:			
Inventories	17,724	3,999	21,723
Prepaids	3,680	-	3,680
Restricted	219,559	-	219,559
Assigned	-	7,798	7,798
TOTAL FUND BALANCES	240,963	11,797	252,760
TOTAL LIABILITIES AND FUND BALANCES	$ 262,286	$ 13,566	$ 275,852

GREENVILLE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

	Food service	Book store	Totals
REVENUES:			
Sales	$ 420,061	$ -	$ 420,061
State sources	61,346	-	61,346
Federal sources	1,311,292	-	1,311,292
Other	-	6,964	6,964
Total revenues	1,792,699	6,964	1,799,663
EXPENDITURES:			
Salaries	457,337	-	457,337
Benefits	264,504	-	264,504
Purchased services	24,692	3,400	28,092
Supplies and materials	980,295	4,273	984,568
Capital outlay	9,094	-	9,094
Other expenses	23,350	239	23,589
Total expenditures	1,759,272	7,912	1,767,184
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	33,427	(948)	32,479
OTHER FINANCING SOURCES (USES):			
Transfers out	(84,802)	-	(84,802)
NET CHANGE IN FUND BALANCES	(51,375)	(948)	(52,323)
FUND BALANCES:			
Beginning of year	292,338	12,745	305,083
End of year	$ 240,963	$ 11,797	$ 252,760

GREENVILLE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2017

	2001 Refunding	2008 Refunding	2011 Refunding	2011 Building & site	2013 Energy conservation refunding	2013 Refunding	2014 QZAB	Totals
ASSETS:								
Cash and cash equivalents	$ 36,104	$ 139,722	$ 79,756	$ 39,309	$ 927	$ 73,286	$ 210,000	$ 579,104
Investments	16,013	190,982	40,772	43,712	-	18,401	-	309,880
Due from other funds	-	51,614	-	-	-	7,721	-	59,335
TOTAL ASSETS	$ 52,117	$ 382,318	$ 120,528	$ 83,021	$ 927	$ 99,408	$ 210,000	$ 948,319
LIABILITIES:								
Due to other funds	$ 52,117	$ 1,834	$ 371	$ 571	$ -	$ 651	$ -	$ 55,544
FUND BALANCES:								
Restricted for debt service	-	380,484	120,157	82,450	927	98,757	210,000	892,775
TOTAL LIABILITIES AND FUND BALANCES	$ 52,117	$ 382,318	$ 120,528	$ 83,021	$ 927	$ 99,408	$ 210,000	$ 948,319

GREENVILLE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	2001 Refunding	2008 Refunding	2011 Refunding	2011 Building & site	2013 Energy conservation refunding	2013 Refunding	2014 QZAB	Totals
REVENUES:								
Local sources:								
Property taxes	$ 6,908	$ 1,964,641	$ 796,614	$ 858,573	$ -	$ 355,687	$ -	$ 3,982,423
Investment earnings	-	1,745	581	1	-	3	-	2,330
State sources	-	42,147	17,084	18,316	-	7,710	-	85,257
Total revenues	6,908	2,008,533	814,279	876,890	-	363,400	-	4,070,010
EXPENDITURES:								
Principal repayment	-	1,400,000	600,000	200,000	85,000	350,000	-	2,635,000
Interest	-	540,250	186,487	643,150	8,683	4,900	-	1,383,470
Other	-	500	750	1,000	-	-	-	2,250
Total expenditures	-	1,940,750	787,237	844,150	93,683	354,900	-	4,020,720
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,908	67,783	27,042	32,740	(93,683)	8,500	-	49,290
OTHER FINANCING SOURCES (USES):								
Transfers in	13,626	56,204	1,196	1,986	93,683	-	80,000	246,695
Transfers out	(51,614)	-	-	-	-	-	-	(51,614)
Total other financing sources (uses)	(37,988)	56,204	1,196	1,986	93,683	-	80,000	195,081
NET CHANGE IN FUND BALANCES	(31,080)	123,987	28,238	34,726	-	8,500	80,000	244,371
FUND BALANCES:								
Beginning of year	31,080	256,497	91,919	47,724	927	90,257	130,000	648,404
End of year	$ -	$ 380,484	$ 120,157	$ 82,450	$ 927	$ 98,757	$ 210,000	$ 892,775

GREENVILLE PUBLIC SCHOOLS
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2017

2008 Refunding Bonds

Fiscal year	Interest rate	Principal due May 1	Interest due May 1	Interest due November 1	Total due annually
2018	5.00%	$ 1,385,000	$ 235,125	$ 235,125	$ 1,855,250
2019	5.00%	1,370,000	200,500	200,500	1,771,000
2020	5.00%	1,360,000	166,250	166,250	1,692,500
2021	5.00%	1,345,000	132,250	132,250	1,609,500
2022	5.00%	1,330,000	98,625	98,625	1,527,250
2023	5.00%	1,315,000	65,375	65,375	1,445,750
2024	5.00%	1,300,000	32,500	32,500	1,365,000
Total 2008 bonded debt		$ 9,405,000	$ 930,625	$ 930,625	$ 11,266,250

The above bonds dated February 4, 2008 were issued for the purpose of refunding all or a portion of the outstanding 1998 Refunding Bonds of the School District, dated June 15, 1998. The amount of the original bond issue was $22,960,000.

GREENVILLE PUBLIC SCHOOLS
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2017

2011 Building & Site Bond

Fiscal year	Interest rate	Principal due May 1	Interest due May 1	Interest due November 1	Total due annually
2018	3.00%	$ 225,000	$ 319,075	$ 319,075	$ 863,150
2019	3.50%	250,000	315,700	315,700	881,400
2020	3.75%	275,000	311,325	311,325	897,650
2021	4.00%	325,000	306,169	306,169	937,338
2022	5.00%	440,000	299,669	299,669	1,039,338
2023	4.00%	550,000	288,669	288,669	1,127,338
2024	4.00%	650,000	277,669	277,669	1,205,338
2025	4.25%	1,355,000	264,669	264,669	1,884,338
2026	4.25%	1,700,000	235,875	235,875	2,171,750
2027	5.00%	1,700,000	199,750	199,750	2,099,500
2028	4.50%	1,700,000	157,250	157,250	2,014,500
2029	4.50%	1,700,000	119,000	119,000	1,938,000
2030	4.75%	1,700,000	80,750	80,750	1,861,500
2031	4.75%	1,700,000	40,375	40,375	1,780,750
Total 2011 bonded debt		$ 14,270,000	$ 3,215,945	$ 3,215,945	$ 20,701,890

The above bonds dated June 23, 2011 were issued for the purpose of erecting, furnishing and equipping additions to and partially remodeling, furnishing and refurnishing, equipping and re-equipping school facilities; acquiring, installing and equipping technology for school facilities; constructing, equipping, developing and improving athletic/physical education facilities and play fields; and developing and improving sites; and paying the costs of issuing the Bonds. The amount of the original bond issue was $14,570,000.

GREENVILLE PUBLIC SCHOOLS
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2017

2011 Refunding Bonds

			Interest due		
Fiscal year	Interest rate	Principal due May 1	May 1	November 1	Total due annually
2018	5.000%	$ 590,000	$ 82,119	$ 82,119	$ 754,238
2019	5.000%	590,000	67,369	67,369	724,738
2020	5.000%	590,000	52,619	52,619	695,238
2021	4.125%	590,000	37,869	37,869	665,738
2022	4.250%	590,000	25,700	25,700	641,400
2023	4.500%	585,000	13,163	13,163	611,326
Total 2011 bonded debt		$ 3,535,000	$ 278,839	$ 278,839	$ 4,092,678

The above bonds dated March 31, 2011 were issued for the purpose of currently refunding the outstanding 2001 Refunding Bonds. The amount of the original bond issue was $4,705,000.

GREENVILLE PUBLIC SCHOOLS
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2017

2010 Qualified Zone Academy Bonds Energy Bonds

Fiscal year	Interest rate	Principal due June 30	Interest due June 30	Total due
2018	0.50%	$ -	$ 25,000	$ 25,000
2019	0.50%	-	25,000	25,000
2020	0.50%	-	25,000	25,000
2021	0.50%	-	25,000	25,000
2022	0.50%	-	25,000	25,000
2023	0.50%	-	25,000	25,000
2024	0.50%	-	25,000	25,000
2025	0.50%	5,000,000	25,000	5,025,000
		$ 5,000,000	$ 200,000	$ 5,200,000

The above bonds dated June 30, 2010 were issued for the purpose of financing energy conservation improvements to school district facilities. The amount of the original bond issue was $5,000,000. As a covenant for issuance of the bonds, the District is required to deposit set-aside payments with two depositories.

Bonds of this issue are not subject to redemption prior to maturity.

GREENVILLE PUBLIC SCHOOLS
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2017

2013 Energy Conservation Refunding Bonds

		Principal due		Interest due		
Fiscal year	Interest rate	May 1	November 1	May 1	November 1	Total due annually
2018	1.6% - 1.8%	$ 45,000	$ 45,000	$ 3,535	$ 3,895	$ 97,430
2019	1.9% - 2.1%	45,000	40,000	2,750	3,130	90,880
2020	2.2% - 2.5%	45,000	45,000	1,783	2,277	94,060
2021	2.6% - 2.85%	40,000	50,000	570	1,220	91,790
Total 2013 energy conservation refunding debt		$ 175,000	$ 180,000	$ 8,638	$ 10,522	$374,160

The above bonds dated September 4, 2013 were issued for the purpose of currently refunding the outstanding 2006 Energy Conservation Bonds. The amount of the original bond issue was $675,000.

GREENVILLE PUBLIC SCHOOLS
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2017

2013 Qualified Zone Academy Bonds Energy Bonds

Fiscal year	Interest rate	Principal due December 15	Total due
2029	0.00%	$ 1,575,000	$ 1,575,000

The above bonds dated December 16, 2013 were issued for the purpose of financing energy management system renovations and other energy and water conservation upgrades throughout the District. The amount of the original bond issue was $1,575,000. The bonds are non-interest bearing. As a covenant for issuance of the bonds, the District is required to deposit set-aside payments on December 15 annually.

Bonds of this issue are not subject to redemption prior to maturity.

GREENVILLE PUBLIC SCHOOLS
SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2017

Installment Purchase Agreement

Fiscal year	Interest rate	Principal due August 1	Interest due August 1	Total due annually
2018	1.84%	$ 198,491	$ 15,017	$ 213,508
2019	1.84%	202,143	11,365	213,508
2020	1.84%	205,862	7,645	213,507
2021	1.84%	209,650	3,858	213,508
Total Installment purchase agreement		$ 816,146	$ 37,885	$ 854,031

The above installment purchase agreement payable dated August 28, 2015 was issued for the purpose of acquiring school busses. The amount of the original issuance was $1,011,050.

GREENVILLE PUBLIC SCHOOLS
SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2017

Installment Purchase Agreement

Fiscal year	Interest rate	Principal due July 1	Interest due July 1	Total due annually
2018	1.990%	$ 102,992	$ 1,745	$ 104,737

The above installment purchase agreement payable dated July 1, 2012 was issued for the purpose of acquiring technology equipment. The amount of the original issuance was $438,721.

GREENVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue June 30, 2016	Prior year expenditures (memo only)	Adjustments	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2017
U.S. Department of Agriculture:									
Passed through Michigan Department of Education:									
Child Nutrition Cluster:									
Non-cash assistance (donated foods):									
National School Lunch Program - non bonus	10.555		$ 126,094	$ -	$ -	$ -	$ 126,094	$ 126,094	$ -
Cash Assistance:									
National School Lunch Program	10.555	161960	758,942	29,178	758,942	-	109,150	138,328	-
		171960	672,737	-	-	-	672,737	655,277	17,460
			1,431,679	29,178	758,942	-	781,887	793,605	17,460
Total National School Lunch Program Subtotal			1,557,773	29,178	758,942	-	907,981	919,699	17,460
National School Breakfast Program	10.553	161970	366,979	15,293	366,979	-	51,604	66,897	-
		171970	323,848	-	-	-	323,848	314,254	9,594
Totoal National School Breakfast Program Subtotal			690,827	15,293	366,979	-	375,452	381,151	9,594
Summer Food Service Program - Meals	10.559	160900	20,256	7,946	20,256	-	-	7,946	-
Summer Food Service Program - Sponsor Administration	10.559	161900	2,105	823	2,105	-	-	823	-
Summer Food Service Program - Meals	10.559	170900	25,238	-	-	-	25,238	17,485	7,753
Summer Food Service Program - Sponsor Administration	10.559	171900	2,621	-	-	-	2,621	1,814	807
Total Summer Food Service Program Subtotal			50,220	8,769	22,361	-	27,859	28,068	8,560
Total Cash Assistance			2,172,726	53,240	1,148,282	-	1,185,198	1,202,824	35,614
Total Child Nutrition Cluster			2,298,820	53,240	1,148,282	-	1,311,292	1,328,918	35,614
Total U.S. Department of Agriculture			2,298,820	53,240	1,148,282	-	1,311,292	1,328,918	35,614

The accompanying notes are an integral part of this schedule.

GREENVILLE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass-through grantor's number	Approved grant award amount	Accrued revenue June 30, 2016	Prior year expenditures (memo only)	Adjustments	Current year expenditures	Current year cash receipts	Accrued revenue June 30, 2017
U.S. Department of Education:									
Passed through Michigan Department of Education:									
Title I, Part A - Improving Basic Programs	84.010	151530-1415	$ 854,755	$ 4,361	$ 10,887	$ (4,361)	$ -	$ -	$ -
Title I, Part A - Improving Basic Programs	84.010	161530-1516	817,462	89,142	782,306	-	18,416	107,558	-
Title I, Part A - Improving Basic Programs	84.010	171530-1617	1,052,276	-	-	-	994,240	784,399	209,841
Total Title I, Part A			2,724,493	93,503	793,193	(4,361)	1,012,656	891,957	209,841
Title IIA	84.367	160520-1516	158,407	20,365	145,484	-	976	21,341	-
Title IIA	84.367	170520-1617	153,620	-	-	-	153,148	123,459	29,689
Total Title II, Part A			312,027	20,365	145,484	-	154,124	144,800	29,689
Total passed through Michigan Department of Education			3,036,520	113,868	938,677	(4,361)	1,166,780	1,036,757	239,530
Passed through Montcalm Area Intermediate School District (MAISD):									
I.D.E.A - Preschool	84.173		48,933	-	-	-	48,933	33,255	15,678
Total Special Education Cluster/ pass through MAISD			48,933	-	-	-	48,933	33,255	15,678
Total U.S. Department of Education			3,085,453	113,868	938,677	(4,361)	1,215,713	1,070,012	255,208
TOTAL FEDERAL AWARDS			$ 5,384,273	$ 167,108	$ 2,086,959	$ (4,361)	$ 2,527,005	$ 2,398,930	$ 290,822

The accompanying notes are an integral part of this schedule.

GREENVILLE PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Greenville Public Schools under programs of the federal government for the year ended June 30, 2017. 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 Greenville Public Schools, it is not intended to and does not present the net position or changes in net position of Greenville 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 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. Greenville 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 Cash Management System (CMS) and the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal funds.

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

General fund	$ 1,215,713
Other nonmajor governmental funds	1,311,292
Total	$ 2,527,005

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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
Greenville 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 Greenville Public Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Greenville Public Schools basic financial statements and have issued our report thereon dated October 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greenville 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 Greenville Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Greenville 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and responses that we consider to be material weaknesses (2017-001 and 2017-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenville 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*.

Greenville Public Schools' Response to Findings

Greenville Public Schools' response to the findings identified in our audit are described in the accompanying corrective action plan. Greenville Public Schools response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

October 27, 2017

Maner Costerisan
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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
Greenville Public Schools

Report on Compliance for Each Major Federal Program

We have audited Greenville 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 Greenville Public Schools' major federal programs for the year ended June 30, 2017. Greenville 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greenville 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 Greenville 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 Greenville Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Greenville 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, 2017.

Report on Internal Control Over Compliance

Management of Greenville 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 Greenville 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 Greenville 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 and 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

October 27, 2017

GREENVILLE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unmodified*	
Internal control over financial reporting:		
➢ Material weakness(es) identified?	X Yes	____ No
➢ Significant deficiency(ies) identified?	____ Yes	X No
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 No
Type of auditor's report issued on compliance for major	*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
10.553, 10.555 and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type	$750,000	
Auditee qualified as low-risk auditee?	____ Yes	X No

Section II - Financial Statement Findings

Finding 2017-001

Considered a material weakness

Criteria: Greenville Public Schools should complete monthly bank reconciliations in a timely manner.

Condition: The District completed bank reconciliations; however, the reconciliations were not completed in a timely manner.

Context: The District's staff is working to improve the process of preparing and reviewing monthly reconciliations.

Questioned Costs: $0

Cause: The District experienced significant turnover in the current year, which caused various month-end closing procedures to be delayed.

Effect: Inaccurate financial information may be used for management decisions and reporting.

Recommendation: We recommend Greenville Public Schools establish improved controls for preparing and reviewing bank reconciliations. The District should ensure that reconciliations are completed in a timely manner on a monthly basis and agree to the general ledger.

Section II - Financial Statement Findings

Finding 2017-002

Considered a material weakness

Criteria: Greenville Public Schools should reconcile significant balance sheet accounts on a monthly basis.

Condition: The District recorded numerous adjusting journal entries to balance sheet accounts after year-end. Additionally, the auditor proposed and the client recorded material adjusting journal entries.

Context: Failure to complete monthly reconciliations of balance sheet accounts increases the risk that financial statements will be materially misstated.

Questioned Costs: $0

Cause: The District experienced significant turnover in the current year, which caused various month-end closing procedures to be delayed.

Effect: Inaccurate financial information may be used for management decisions and reporting.

Recommendation: We recommend Greenville Public Schools establish improved controls for preparing and reviewing account reconciliations. The District should ensure that reconciliations are completed in a timely manner on a monthly basis and agree to the general ledger.

Section III - Federal Award Findings and Questioned Costs

None

GREENVILLE PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Finding 2016-001

Considered a material weakness

Criteria: Greenville Public Schools should establish written federal policies and procedures that meet the criteria of the Uniform Guidance requirements.

Condition: The District does have limited written federal policies and procedures, however they have not been updated in accordance with Uniform Guidance.

Cause: The District did not update their federal policies and procedures in a timely manner.

Effect: The District does not have a detailed written document to train appropriate individuals on the District's federal policies and procedures. This may result in noncompliance.

Recommendation: We recommend Greenville Public Schools establish improved federal policies and procedures that are in line with the Uniform Guidance. The District should ensure that these policies and procedures incorporate all required disclosures.

Status: The District has addressed and resolved this finding.

Greenville Public Schools

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Corrective Action Plan

Greenville Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2017.

Auditor: Maner Costerisan
2425 E. Grand River, Ave., Suite 1
Lansing, Michigan 48912

Audit Period: Year ended June 30, 2017

The findings from the June 30, 2017 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding - Financial statement audit

Finding 2017-001 Material weakness

Recommendation: We recommend Greenville Public Schools establish improved controls for preparing and reviewing bank reconciliations. The District should ensure that reconciliations are completed in a timely manner on a monthly basis and agree to the general ledger.

Action to be taken: The District will allocate additional resources to ensure that bank reconciliations are completed timely and accurately.

Finding 2017-002 Material weakness

Recommendation: We recommend Greenville Public Schools establish improved controls for preparing and reviewing account reconciliations. The District should ensure that reconciliations are completed in a timely manner on a monthly basis and agree to the general ledger.

Action to be taken: The District will allocate additional resources to ensure that account reconciliations are completed timely and accurately.