

**GRAND RAPIDS PUBLIC SCHOOLS**

**FINANCIAL REPORT  
WITH SUPPLEMENTAL INFORMATION**

**JUNE 30, 2020**

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FINANCIAL REPORT  
 WITH SUPPLEMENTAL INFORMATION  
 GRAND RAPIDS PUBLIC SCHOOLS  
 JUNE 30, 2020

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## **Independent Auditor's Report**

To the Board of Education  
Grand Rapids Public Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Public Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Grand Rapids Public Schools' basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Public Schools as of June 30, 2020 and the respective changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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To the Board of Education  
Grand Rapids Public Schools

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, and the pension and OPEB schedules of funding progress and employer contributions, 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, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Rapids Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020 on our consideration of Grand Rapids Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Rapids Public Schools' internal control over financial reporting and compliance.



October 22, 2020

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GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

This section of the Grand Rapids Public Schools annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**Using This Annual Report**

The annual report of the Grand Rapids Public Schools includes a series of financial statements designed to show information about the District as a whole, at the fund level, and information concerning its fiduciary responsibilities. The district-wide financial statements provide information about the whole school district. These statements can be found on pages 11 through 14 of this report. The fund-level financial statements provide more detailed information at the fund level and can be found on pages 15 through 21 of this report. The remaining statements, the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position provide financial information about activities for which the District acts solely as a trustee to provide cash grants for donor specified purposes or as an agent for the benefit of student groups. Following the district-wide and fund-level financial statements are the footnotes, required supplementary information and other supplementary information.

Reporting the School District as a Whole – District-Wide Financial Statements

The district-wide financial statements appear first in this report, and present an aggregate view of the financial position of the District. All governmental activities for the District are included, representing all of the services provided by the District. The statements are prepared using the accrual basis of accounting. This means that all assets and liabilities of the District are recorded, regardless of when related cash is received or paid. This is the basis of accounting utilized by most private sector companies.

The Statement of Net Position reports all assets, deferred outflows, liabilities and deferred inflows of the District, both short and long term. The difference between the total of assets and deferred outflows and the total liabilities and deferred inflows is labeled as net position. The level of net position is one indicator of the financial health of the District. The Statement of Activities reports on the current year revenue and expense of the entire District. The total revenue less the total expense is referred to as the operating results for the current year. Sustained, positive operating results may indicate improving financial health, while decreasing operating results may indicate a deteriorating financial condition. It is important to keep in mind that while we are required to report financial information in this manner, it is not the goal of the District to generate a profit. Financial reports are just one indicator of the overall health of the District.

GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

Reporting the District's Most Significant Funds – Fund-Level Financial Statements

The District's fund-level financial statements provide information on the most significant funds, not the District as a whole. Governmental fund reporting provides a short-term view of the financial status of the District. The fund-level statements are prepared on the modified accrual basis of accounting, and include only current assets and liabilities of the District as well as deferred inflows and outflows. Unlike the district-wide statements, fixed asset purchases are expensed in the year of purchase, and long-term debt is not recorded as a liability. Reconciliations between the district-wide statements and the fund-level statements are provided on pages 17 and 22.

Some funds are required to be established by state law and by bond covenants. However, the District establishes many other funds to record and analyze financial information. The District's major governmental funds are the General Operating Fund, the 2016 Construction Capital Projects Fund and the 2019 Construction Capital Projects Fund.

**The District as a Trustee**

Reporting the District's Fiduciary Responsibility

The District is the trustee or fiduciary for its trust funds and student activity funds. All of the District's fiduciary activities are reported in separate statements entitled Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These funds are not available to finance the general operations of the District, and thus are not included in either the district-wide financial statements or the fund-level statements. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**Condensed Financial Information and Analysis of the District's Overall Financial Position and Results of Operations**

The District as a Whole

The Statement of Net Position provides financial information on the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2020 and 2019.

Table 1: Statement of Net Position (in millions)

	June 30	
	2020	2019
Current assets	\$ 128.98	\$ 168.39
Capital assets	257.08	227.13
Deferred outflows	134.30	137.71
Total assets and deferred outflows of resources	520.36	533.23
Current liabilities	58.63	59.86
Non-current liabilities	720.87	719.04
Deferred inflows	74.28	71.92
Total liabilities and deferred inflows of resources	853.78	850.82
Net position		
Net investment in capital assets	109.21	106.09
Restricted	4.87	1.17
Unrestricted	(447.50)	(424.85)
Total net position	\$(333.42)	(\$317.59)

The District's net position as of June 30, 2020 was (\$333.42) million. Capital assets, net of related debt, totaling \$109.21 million, compares the original cost, less depreciation, of the District's capital assets to the long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants that limit the District's ability to use the net position for day-to-day operations. The remaining amount of net position, (\$447.50) million, was unrestricted. The unrestricted net position of governmental activities represent the accumulated results of all past years' operations plus the impact of the net pension liability and net OPEB liability. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

The results of the 2020 fiscal year's operations for the District as a whole are presented in the Statement of Activities (Table 2). This table shows the change in total net position for the 2019-2020 and 2018-2019 school years.

Table 2: Changes in Net Position (in millions)

	Year Ended June 30	
	2020	2019
<u>Revenues</u>		
Program revenues		
Charges for services	\$ 6.77	\$ 8.76
Operating grants and contributions	90.43	124.74
Capital grants and contributions	2.05	.11
General revenues		
Property taxes	56.44	51.06
State school aid, unrestricted	86.71	82.60
Federal revenue, unrestricted	.09	.11
Other general revenues	8.93	7.52
Total revenues	<u>251.42</u>	<u>274.90</u>
<u>Functions/program expenses</u>		
Instruction	122.95	111.49
Support services	107.58	101.54
Community services	1.40	1.41
Special Education Center Programs	.41	33.23
Food service	11.54	12.77
GRASP	.37	.33
Interest on bonded debt	11.18	8.47
Other expenditures	1.25	2.67
Unallocated depreciation	10.57	9.93
Total expenses	<u>267.25</u>	<u>281.84</u>
Increase (decrease) in net position	<u>(15.83)</u>	<u>(6.94)</u>
Net position – beginning of year	<u>(317.59)</u>	<u>(310.65)</u>
Net position – end of year	<u><u>\$(333.42)</u></u>	<u><u>\$(317.59)</u></u>

During the 2020 fiscal year, the net position of the District decreased by approximately \$15.83 million.

GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

As reported in the statement of activities, the cost of all of our governmental activities this year was \$267.25 million. Certain activities were partially funded from those who benefited from the programs (\$6.77 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$92.48 million). We paid for the remaining "public benefit" portion of our governmental activities with \$ 56.44 million in property taxes, \$86.71 million in state school aid (unrestricted), \$.09 million in federal unrestricted revenue and \$8.93 million with our other revenue.

As discussed above, the net cost shows the financial burden that was placed on the state and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the District and balance those needs with state-prescribed available unrestricted resources.

### **Analysis of Balances and Transactions of Individual Funds**

#### **Grand Rapids Public Schools' Funds**

The District uses funds to record and analyze financial information. Different funds are utilized for different purposes.

#### General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$210,958,072, total expenditures of \$213,072,455, and total other financing sources, net of uses, of \$583,297. It ended the fiscal year with a fund balance of \$10,731,001.

#### Special Revenue Funds

The District operates a total of four special revenue funds, the most significant of which are the Special Education Center Programs (countywide, tuition based programs) and the food service program. The total revenue of all special revenue funds was \$11,792,569, with total expenditures of \$11,937,146, and total other financing uses, net of sources, of \$583,297. The ending fund balance was \$4,614,066. Of the ending fund balance, \$4,098,401 is attributable to the food service fund.

#### Debt Service Funds

The District operates four debt service funds. Total revenues were \$23,971,953, total expenses were \$22,270,827 and total other financing sources, net of uses, were \$569,925. The ending fund balance in the debt service funds was \$4,624,346.

GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

Capital Project Funds

There are seven capital project funds incorporated into the financial statements of the District. Total revenues were \$2,687,070 and total expenses were \$39,534,502. Total other financing uses, net of sources were \$232,006. The ending fund balance in the capital projects funds was \$65,136,796.

**Analysis of Differences Between Original and Final Budgeted Amounts and Between Actual and Budgeted Amounts**

The District revises its budget several times throughout the course of the year as it attempts to recognize unexpected changes to revenues and expenses. The final amendment to the operating budget was prepared in May, and adopted by the Board in June 2020. A schedule showing the District's original and final adopted budgets, as well as final actual revenue and expense is provided in the annual report.

General Fund Highlights

There were a number of adjustments to the general operating budget to more accurately reflect current revenues and expenditures.

Revenue:

- The budgets for local, restricted state and federal revenue were adjusted during the year to account for changes related to several grant awards, as well as budget for grants (new and continuing) where awards were not available prior to the completion of the original budget.
- Several grant awards were not entirely expended during the 2020 fiscal year, but deferred into 2021, resulting in budget variances.

Expenditures:

- The budget was adjusted to account for increases of several grant awards, as well as budget for grants that were awarded subsequent to the completion of the original budget.

GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**Description of Changes in Capital Assets and Long-term Debt During the Year**

**Capital Asset and Debt Administration**

Capital Assets

At June 30, 2020, the District's investment in capital assets (net of accumulated depreciation), including land, buildings, vehicles, furniture and other equipment, was \$257.08 million.

	June 30	
	2020	2019
Land	\$ 7,652,636	\$ 7,656,861
Construction in progress	45,501,553	27,864,285
Buildings	321,897,673	308,649,182
Vehicles	2,279,269	2,168,269
Furniture and equipment	56,482,528	47,135,451
Total capital assets	433,813,659	393,474,048
Accumulated depreciation	176,734,393	166,347,914
	\$257,079,266	\$227,126,134

This year's additions, net of depreciation and disposals, included major building renovations, instructional computers, and equipment. We present more detailed information about our capital assets in the Notes to the Financial Statements.

Debt Administration

At June 30, 2020, the outstanding bonded indebtedness of the District was \$210,585,000. Those bonds consisted of:

	June 30	
	2020	2019
General obligation bonds	\$210,585,000	\$222,015,000

At June 30, 2020, the District's bond rating for General Obligation, Unlimited Tax debt was A1 (Moody's) and AA (Standard & Poor's). The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. The District's other obligations include accrued vacation pay, sick leave, and workers' compensation. We present more detailed information about our long-term liabilities in the Notes to the Financial Statements.

GRAND RAPIDS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020

**Economic Factors and Budget Planning**

Many factors are considered when the Board of Education and the District administration work to project financial information and to develop the budget and operation plan for the upcoming fiscal year. The District is aware of the following circumstances that could significantly affect its future financial health: over 75% of the District's revenue available for general operations is derived from the state foundation grant. The foundation grant is based upon the student FTE count. Thus, projecting student FTE is the single most important factor in projecting revenue. Our state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Foundation revenue was calculated for the year ended June 30, 2020 using 90% of the audited October 2019 student count and 10% of the audited February 2019 student count.

The District has experienced declining enrollment for many years. Enrollment for fall 2019 decreased to 15,386 from the fall 2018 enrollment of 16,209. During the summer of 2019 the operation of the Special Education Center Programs was transitioned to the Kent Intermediate School District. This transition resulted in a decline of approximately 820 students.

Rising special education costs continue to financially burden the District. During the 2020 fiscal year, we had to use approximately \$13.7 million to cover the excess costs of special education. These are dollars that must either come from general education, or from the unrestricted net assets of the District. Mandated special education services have never been adequately funded by the government bodies that made them law. Therefore, districts such as the Grand Rapids Public Schools have struggled and have been forced to use dollars intended for general education programs to cover special education costs.

The COVID 19 pandemic has resulted in economic challenges for the State of Michigan (State) and has strained expected revenues into the School Aid Fund (SAF) for fiscal year 2020-2021. Consequently, the budget process for the District's 2020-2021 fiscal year was challenging and resulted in budget cuts totaling over \$10.6 million. Subsequently, additional funding was made available through the State using federal Coronavirus Relief Funds. Additionally, State revenues to the SAF improved resulting in no significant cuts in school financing for fiscal year 2020-2021. However, there is continued uncertainty of the pandemic's impact on future State revenues and continued uncertainty on future State funding for the District.

**Contacting the District's Financial Management**

This report is designed to provide an overview of the financial condition of the Grand Rapids Public Schools. If you have questions about this report, or desire additional information, please contact the business office.

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GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2020

Assets	
Current assets	
Cash and investments (Note B)	\$ 21,027,653
Restricted assets (Note B)	76,312,837
Receivables (Note C)	
State aid	21,606,498
Accounts receivable	4,707,065
Property taxes	167,719
Interest	<u>62</u>
Total receivables	26,481,344
Due from other governmental agencies	3,545,713
Prepaid expenditures and other assets	1,193,080
Inventory	421,990
Total current assets	<u>128,982,617</u>
Non current assets	
Capital assets, net of accumulated depreciation (Note D)	257,079,266
Deferred outflows of resources	
Deferred charges on bond refunding (Note E)	2,875,964
Deferred outflows related to pensions (Note H)	106,983,411
Deferred outflows related to OPEB (Note H)	<u>24,437,605</u>
Total deferred outflows of resources	134,296,980
Total assets and deferred outflows of resources	<u>\$ 520,358,863</u>

The Notes to the Financial Statements are an integral part of this statement.

Liabilities	
Current liabilities	
Accounts payable	\$ 16,641,095
Accrued salaries, benefits, withholdings and payroll taxes	13,503,674
Other liabilities	1,827,643
Unearned revenue (Note C)	
Programs financed by other governmental agencies	9,093,650
Due to other governmental agencies	4,520,629
Due to private-purpose trust and agency funds	582
Current portion of long term obligations (Note E)	13,039,147
Total current liabilities	<u>58,626,420</u>
Non current liabilities	
Serial bonds payable (Note E)	198,080,000
Capital lease obligation (Note E)	1,858,604
Bond premium (Note E)	31,854,448
Net pension liability (Note H)	399,661,878
Net OPEB liability (Note H)	85,920,837
Other long term liabilities (Note E)	3,497,127
Total non current liabilities	<u>720,872,894</u>
Total liabilities	<u>779,499,314</u>
Deferred inflows of resources	
Deferred inflows related to pension and revenue in support of pension payment (Note A and H)	37,702,823
Deferred inflows related to OPEB and revenue in support of OPEB payment (Note A and H)	36,574,341
Total deferred inflows of resources	<u>74,277,164</u>
Net position	
Net investment in capital assets	109,209,208
Restricted for:	
Debt service	2,913,481
Capital projects	1,959,490
Total restricted	<u>4,872,971</u>
Unrestricted	(447,499,794)
Total net position	<u><u>\$ (333,417,615)</u></u>

GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Governmental activities:			
Instruction	\$ 122,948,822	\$ 151,623	\$ 39,401,193
Support services	107,576,472	5,536,935	38,648,695
Community services	1,396,739		1,376,973
Special Education Center Programs	405,561	27,052	381,258
Food service	11,541,203	504,209	10,563,337
GRASP	371,694	520,202	19,809
Interest on bonded debt	11,183,338		
Other	1,250,216	29,363	38,297
Unallocated depreciation	10,572,411		
<b>Total governmental activities</b>	<b><u>\$ 267,246,456</u></b>	<b><u>\$ 6,769,384</u></b>	<b><u>\$ 90,429,562</u></b>
General purpose revenues:			
Property taxes - levied for general operations			
Property taxes - levied for debt service			
Property taxes - collected for sinking fund			
State school aid - unrestricted			
Federal revenue - unrestricted			
Investment income			
Other			
<b>Total general purpose revenues</b>			
<b>Change in net position</b>			
<b>Net position at beginning of year</b>			
<b>Net position at end of year</b>			

The Notes to the Financial Statements are an integral part of this statement.

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
	\$ (83,396,006)
	(63,390,842)
	(19,766)
	2,749
	(473,657)
	168,317
	(11,183,338)
\$ 2,046,122	863,566
	(10,572,411)
<u>\$ 2,046,122</u>	<u>(168,001,388)</u>
	34,207,463
	22,227,934
	1,434
	86,713,096
	94,302
	2,988,473
	5,939,925
	152,172,627
	(15,828,761)
	(317,588,854)
	<u>\$ (333,417,615)</u>

GRAND RAPIDS PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General
<b>Assets</b>	
Cash and investments (Note B)	\$ 15,294,713
Restricted assets (Note B)	
Receivables (Note C)	
State aid	21,523,547
Accounts receivable	4,236,799
Property taxes	20,621
Interest	62
Total receivables	25,781,029
Due from other governmental agencies	3,354,966
Prepaid expenditures	1,193,080
Due from other funds (Note I)	10,850,409
Inventory	352,709
Total assets	\$ 56,826,906
<b>Liabilities</b>	
Accounts payable	\$ 8,201,431
Accrued salaries, benefits, withholdings and payroll taxes	13,503,674
Other liabilities	18,753
Unearned revenue (Note C)	
Programs financed by other governmental agencies	9,093,650
Due to other governmental agencies	4,520,629
Due to other funds (Note I)	10,757,768
Total liabilities	46,095,905
<b>Fund balances</b>	
Nonspendable	
Inventory and prepaid expenditures	1,545,789
Restricted	
Capital projects	
Debt service	
Food service (Note A)	
Committed	
Capital projects	
Assigned	
General Fund	
Budgeted use of fund balance for 2020-2021 fiscal year	5,080,154
Capital projects	
Special revenue (Note A)	
Unassigned	
General fund	4,105,058
Total fund balances	10,731,001
Total liabilities, deferred inflows of resources and fund balances	\$ 56,826,906

The Notes to the Financial Statements are an integral part of the statement.

Capital Projects 2016 Construction	Capital Projects 2019 Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 131,286	\$ 72,818,526	\$ 5,732,940	\$ 21,027,653
		3,363,025	76,312,837
		82,951	21,606,498
150,000		320,266	4,707,065
		147,098	167,719
			62
<u>150,000</u>		<u>550,315</u>	<u>26,481,344</u>
		190,747	3,545,713
			1,193,080
7,980,571		1,848,596	20,679,576
		69,281	421,990
<u>\$ 8,261,857</u>	<u>\$ 72,818,526</u>	<u>\$ 11,754,904</u>	<u>\$ 149,662,193</u>
\$ 8,261,857	\$ 4,119	\$ 173,688	\$ 16,641,095
			13,503,674
		98,025	116,778
			9,093,650
			4,520,629
	8,542,449	1,379,941	20,680,158
<u>8,261,857</u>	<u>8,546,568</u>	<u>1,651,654</u>	<u>64,555,984</u>
		69,281	1,615,070
	64,271,958	402,474	64,674,432
		4,624,346	4,624,346
		4,029,120	4,029,120
		405,836	405,836
			5,080,154
		56,528	56,528
		515,665	515,665
			4,105,058
	<u>64,271,958</u>	<u>10,103,250</u>	<u>85,106,209</u>
<u>\$ 8,261,857</u>	<u>\$ 72,818,526</u>	<u>\$ 11,754,904</u>	<u>\$ 149,662,193</u>

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GRAND RAPIDS PUBLIC SCHOOLS  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2020

Total governmental fund balances		\$ 85,106,209
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$433,813,659 and the accumulated depreciation is \$176,734,393.		257,079,266
Deferred interest charges on bond refunding are capitalized in governmental activities and recognized as component of interest expense in a systematic manner over the life of the debt.		2,875,964
Deferred outflow pension		106,983,411
Deferred outflow other post employment benefits		24,437,605
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	210,585,000	
Capital lease	1,878,341	
Bond premium	31,854,448	
Compensated absences	3,791,944	
Workers' compensation benefits	187,435	
Unemployment compensation	32,158	
Net pension liability	399,661,878	
Net other post employment benefits liability	85,920,837	
Total long-term liabilities		(733,912,041)
Accrued interest is not included as a liability in governmental funds.		(1,710,865)
Deferred inflows related to pension investment returns and changes in assumptions and revenue in support of pension contributions subsequent to the measurement date are not reported in the governmental funds		(37,702,823)
Deferred inflows related to OPEB investment returns and changes in assumptions and revenue in support of OPEB contributions subsequent to the measurement date are not reported in the governmental funds		(36,574,341)
Total net position - governmental activities		\$ (333,417,615)

The Notes to the Financial Statements are an integral part of this statement.

GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General	Capital Projects 2016 Construction	Capital Projects 2019 Construction
Revenue:			
Local sources:			
Property taxes	\$ 32,675,307		
Investment income	370,001	\$ 157,934	\$ 2,157,280
Payment from local governmental agencies	22,070,067		
Special Education Center Programs			
Food service			
GRASP			
Other	6,700,914	325,152	
Total local sources	<u>61,816,289</u>	<u>483,086</u>	<u>2,157,280</u>
State sources:			
Restricted	44,707,975		
Unrestricted	86,293,939		
Total state sources	<u>131,001,914</u>		
Federal sources:			
Restricted	18,045,567		
Unrestricted	94,302		
Total federal sources	<u>18,139,869</u>		
Total revenue	<u>\$ 210,958,072</u>	<u>\$ 483,086</u>	<u>\$ 2,157,280</u>

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 23,761,524	\$ 56,436,831
303,258	2,988,473
	22,070,067
237,652	237,652
504,209	504,209
520,202	520,202
54,117	7,080,183
<u>25,380,962</u>	<u>89,837,617</u>
644,483	45,352,458
	86,293,939
<u>644,483</u>	<u>131,646,397</u>
9,785,781	27,831,348
	94,302
<u>9,785,781</u>	<u>27,925,650</u>
<u>\$ 35,811,226</u>	<u>\$ 249,409,664</u>

GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General	Capital Projects 2016 Construction	Capital Projects 2019 Construction
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Expenditures:			
Instruction	\$ 109,710,157		
Support services	99,852,136		
Community services	1,394,515		
Special Education Center Programs			
Food service			
GRASP			
Bond principal maturities			
Interest on bonded debt			
Capital outlay	2,115,647	\$ 35,893,391	\$ 51,142
Other		757,428	
Total expenditures	<u>213,072,455</u>	<u>36,650,819</u>	<u>51,142</u>
Other financing sources (uses):			
Proceeds from sale of real property		131,286	
Transfers from other funds (Note I)	659,794	23,688,968	
Transfers to other funds (Note I)	(76,497)		(25,297,426)
Total other financing sources (uses)	<u>583,297</u>	<u>23,820,254</u>	<u>(25,297,426)</u>
Net change in fund balances	<u>(1,531,086)</u>	<u>(12,347,479)</u>	<u>(23,191,288)</u>
Fund balances at beginning of year	12,262,087	12,347,479	87,463,246
Fund balances at end of year	<u>\$ 10,731,001</u>	<u>\$ 12,347,479</u>	<u>\$ 64,271,958</u>

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
	\$ 109,710,157
	99,852,136
	1,394,515
\$ 405,561	405,561
11,094,767	11,094,767
338,329	338,329
11,430,000	11,430,000
10,821,371	10,821,371
2,829,432	40,889,612
121,054	878,482
<u>37,040,514</u>	<u>286,814,930</u>
206,633	337,919
2,254,880	26,603,642
(1,229,719)	(26,603,642)
<u>1,231,794</u>	<u>337,919</u>
<u>2,506</u>	<u>(37,067,347)</u>
10,100,744	122,173,556
<u>\$ 10,103,250</u>	<u>\$ 85,106,209</u>

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GRAND RAPIDS PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds	\$ (37,067,347)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report fixed asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which fixed asset additions of \$42,604,691 exceeded depreciation of \$11,812,191 in the current period.	30,792,500
Net book value of disposed assets not reflected in the governmental funds	(839,368)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments reported as expenditures in the governmental funds.	11,430,000
Increase in net pension liability	(28,298,856)
Decrease in other post employment benefits liability	11,962,779
Decrease in deferred outflows pension	(10,475,769)
Increase in deferred outflows other post employment benefits	7,342,943
Deferred inflows related to pension investment returns and changes in assumptions and revenue in support of pension contributions subsequent to the measurement date are not reported in the governmental funds.	11,273,373
Deferred inflows related to OPEB investment returns and changes in assumptions and revenue in support of OPEB contributions subsequent to the measurement date are not reported in the governmental funds.	(13,628,369)
Decrease in other long-term debt and other liabilities	(49,003)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.	(78,141)
Amortization of deferred interest charges on bond refunding	(283,826)
Amortization of bond premiums	2,090,323
Change in net position of governmental activities	\$ (15,828,761)

The Notes to the Financial Statements are an integral part of this statement.

GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	Private-Purpose Trust Funds	Agency Funds
Assets:		
Cash and investments (Note B)		\$ 2,106,284
Accounts receivable (Note C)		8,152
Due from other funds (Note I)	\$ 928,601	
Total assets	\$ 928,601	\$ 2,114,436
Liabilities:		
Accounts payable		\$ 9,431
Due to student and other groups		1,176,986
Due to other funds (Note I)		928,019
Total liabilities		\$ 2,114,436
Net position		
Restricted for endowments	\$ 928,601	

The Notes to the Financial Statements are an integral part of this statement.

GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	Private-Purpose Trust Funds
Revenue	
Investment income	\$ 10,646
Other	875
Total revenue	11,521
Expenditures	
Other	2,850
Change in net position	8,671
Net position at the beginning of year	919,930
Net position at the end of year	\$ 928,601

The Notes to the Financial Statements are an integral part of this statement.

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GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies**

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For the Grand Rapids Public Schools, this includes general operations, special education services, food service, and other student and supportive service activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or the levying of taxes. Grand Rapids Public Schools has no component units.

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Major funds are presented individually in the fund-level financial statements. The District's major funds are the General Fund, the Capital Projects 2016 Construction Fund and the Capital Projects 2019 Construction Fund. The nonmajor funds are combined and presented as one column in the fund-level financial statements. Nonmajor funds are grouped by type in the supplementary information section. The financial activities of the District are recorded in the following fund types and individual funds:

Governmental Funds

The General Fund is used to record transactions relating to general operation activities needed to provide a full range of educational programs for students. These programs are funded primarily by the District's share of property taxes that are collected by the City of Grand Rapids, state aid revenue and various grants and awards from other governmental agencies.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies** (continued)

Governmental Funds (continued)

The Special Revenue Funds are used to record transactions and funds received for designated purposes which require separate accounting because of legal or regulatory provisions or administrative action and include School Service and Special Education Center Programs.

The School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The School Service Funds maintained by the District are Food Service, Grand Rapids Academic Summer Program (GRASP), and Houseman Field Funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

The Special Education Center Programs Fund is used to record all transactions associated with special education center programs administered by the District on behalf of Kent Intermediate School District. These programs are funded primarily by the District's share of the county-wide special education property taxes, state aid revenue, tuition paid by participating school districts and grants and awards from other governmental agencies. The operation of the Special Education Center Programs was transitioned to the Kent Intermediate School District during the summer of 2019.

The Debt Service Funds are used to record tax revenue and other revenue designated for retirement of bonded indebtedness and the related payments for debt service.

The Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designed for acquiring new school sites, buildings, and equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Sinking Fund Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of section 1212(1) of the State of Michigan's School Code.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies** (continued)

Fiduciary Funds

The Private-Purpose Trust Funds are used to account for assets held by the District in a trustee capacity. The District accounts for 19 nonexpendable trust funds entrusted to the District to provide cash grants for their respective purposes. Only the income portion of these trusts may be spent. The District also maintains five expendable trust funds to account for funds entrusted to the District for scholarship awards and general school needs for Lincoln School. The entire amount of these trusts, both the principal and interest, may be spent for the donor-specified purposes.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District maintains an Activity Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Basis of Presentation

The District's financial statements include both district-wide statements and fund-level statements.

District-wide Statements - The district-wide statements provide information about the district as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The district-wide statements categorize primary activities as either governmental or business-type activities. All of the District's activities are classified as governmental.

The district-wide statements are prepared using the full accrual, economic resources measurement focus. All assets and deferred outflows along with liabilities and deferred inflows, both current and long-term, are recognized in the Statement of Net Position. The District's net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies** (continued)

Basis of Presentation (continued)

The district-wide Statement of Activities presents a comparison between direct expenses and program revenues for each of the District's functions. Direct expenses are those that are specifically associated with a service, program or department, and are therefore clearly identifiable to a particular function. Program revenues include charges paid for services, and grants and contributions that are restricted to meeting the operational or capital needs of a specific program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each function is self-supporting, or draws from the general revenues of the District.

Fund-level Statements - Fund-level statements report detailed information about the District at the individual fund level. The focus of these statements is on major funds, rather than fund type. Each major fund is presented separately, with all non-major funds aggregated into a single column. Additional information about non-major funds can be found in the additional information accompanying these statements.

All governmental fund types are accounted for using a flow of current financial resources measurement focus. Fund-level statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. The Balance Sheet reports current assets, deferred outflows, current liabilities, deferred inflows and fund balance. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. A reconciliation between the two sets of statements is provided as a separate statement.

Fiduciary funds are reported using the economic resources measurement focus.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies (continued)**

Basis of Accounting

The basis of accounting refers to when transactions are recorded in the financial statements. District-wide statements are prepared using the full accrual method of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The fund-level statements are prepared using the modified accrual basis of accounting. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available to meet current expenditures. The District considers revenues available if collected within sixty days after year end for property taxes, state aid, interest, and entitlement funds and grants. Expenditures are recorded on an accrual basis because they are measurable when they are incurred. However, principal and interest on long-term obligations, compensated absences and claims and judgments are recognized when due.

Under the modified accrual basis, the following revenues are considered to be measurable and available to meet current resources: property taxes, state aid, interest income, grants and charges for services. Property taxes are recorded the year the taxes are levied. Under this method, revenue for fiscal year 2020 generally includes property taxes that were levied on July 1, 2019, and substantially collected during the first quarter of the 2019-2020 fiscal year.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position includes a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and 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. The District has a deferred charge on refunding reported in the district-wide statement of net position. A deferred charge on refunding results from the difference between 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 debt or refunding debt. The other item is the deferred outflow related to the District's participation in the statewide pension and other post-employment benefits plans, as disclosed in Note H.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies (continued)**

Basis of Accounting (continued)

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of these items, including deferred inflows related to pension and revenue in support of pension payment, deferred inflows related to OPEB and revenue in support of OPEB payment, and unavailable revenues from property taxes, grant and categorical state aid payments. The first item arises only under a modified accrual basis of accounting, and is therefore only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, grant and categorical state aid payments that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria are satisfied or eligibility requirements are met. In subsequent periods, when both revenue recognition criteria and eligibility requirements are met, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

The State of Michigan utilizes a foundation allowance funding approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation allowance is funded from a combination of state and local sources. The School Aid Act and the School Code of Michigan primarily govern revenues from state sources. The state portion of the foundation is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law.

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 categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

Grants and Intergovernmental Revenue - The District receives various grants from other governmental agencies to finance specific programs. Federal and state grants and assistance awards are recorded as intergovernmental receivables and revenue when the related expenditures are incurred and funds are received within sixty days after year end.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies (continued)**

Basis of Accounting (continued)

Cash and investments – Cash is cash, checking and savings deposits. Investments are recorded at fair value based on quoted market prices or estimated fair value, except for the investments in MILAF, which are valued at amortized cost or net asset value (NAV).

Inventories and prepaid costs - Inventories of supplies are stated at the lower of average cost or market on a first-in, first-out basis. Inventory purchases are expensed in the period that the related items are consumed. United States Department of Agriculture Commodities inventory received by the Food Service Fund is recorded as expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund-level financial statements.

Capital Assets – Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost in the district-wide statement of net position. Donated capital assets are recorded at their net acquisition value at date of donation. Capital assets are not included in the fund-level statements.

For assets purchased with proceeds from installment loans, the full cost of the assets is recorded as a current operating expenditure in the year of acquisition. The loans obtained to finance such purchases are recorded as an other financing source in the General Fund.

The District maintains a capitalization threshold of \$5,000 with an asset life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset.

Depreciation is calculated on all capital assets with the exception of land and construction in progress. Depreciation is computed on the straight-line basis over the following useful lives:

Buildings and improvements	20 – 99 years
Furniture and equipment	5 – 10 years
Vehicles	5 – 10 years

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies (continued)**

Basis of Accounting (continued)

Other Liabilities - The liabilities for employee-compensated absences, unemployment and self-insurance are recorded in the district-wide financial statements. Amounts are recognized in the appropriate governmental fund in fund-level statements when due. The liabilities for employee-compensated absences have been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

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

Interfund Transactions - The District has numerous transactions between funds that include transfers of resources to meet legal and other operating requirements. These transactions are generally reflected as transfers in the accompanying financial statements. Outstanding balances between funds are reported as “due to/from other funds.”

Pension and Other Post-Employment Benefit (OPEB) Plans - For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies** (continued)

Basis of Accounting (continued)

Net Position – When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District’s policy is to first apply restricted resources.

Fund Balance – In the fund-level financial statements, governmental funds report the following components of fund balance:

- Nonspendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted: Amounts that are legally restricted by outside parties including grantors or contributors, constitutional provisions or enabling legislation for use for a specific purpose. This would include, but is not limited to bonded capital projects funds, debt service funds and food service funds.
- Committed: Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- Assigned: Amounts that are intended to be used for specific purposes expressed by the Board of Education, Superintendent, or designee, who is authorized by board policy approved by the Board of Education to make assignments. This can include but is not limited to the budgeted use of fund balance for the next fiscal year. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the general fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the general fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represents expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

GRAND RAPIDS PUBLIC SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**Note A -- Significant Accounting Policies (continued)**

Basis of Accounting (continued)

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first (when appropriate), followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Information relating to the nonmajor special revenue fund balances is summarized below:

	Nonspendable Inventory	Restricted	Assigned	Total
Food service	\$69,281	\$4,029,120		\$4,098,401
Houseman Field			\$ 15,793	15,793
GRASP			499,872	499,872
<b>Total</b>	<b>\$69,281</b>	<b>\$4,029,120</b>	<b>\$515,665</b>	<b>\$4,614,066</b>

Use of Estimates

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

Michigan Public School Accounting Manual

The accompanying financial statements have been prepared on a basis substantially consistent with the Michigan Public School Accounting Manual (Bulletin 1022), which outlines the accounting procedures and policies for school districts required by the Michigan State Board of Education.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies (continued)**

Budgets

Formal budgets are adopted at the function level for the General Fund and Special Revenue Funds in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriations action to implement these budgets. Debt service fund budgets are also adopted on an activity level. Budgets are prepared on a basis consistent with generally accepted accounting principles. All budget amendments are approved by the Board of Education. In addition, an unappropriated budget is prepared for the Capital Projects Funds.

Budget requests are presented to the Chief Financial Officer each year. During May and June prior to the fiscal year for which the budgets are being adopted, the proposed budgets are finalized, and the Superintendent recommends their adoption to the Board of Education. A public hearing is held to review the budgets and, prior to July, the budgets are approved by the Board of Education. Budgets for the current year are continually reviewed for required revisions. Major changes are reviewed by the Chief Financial Officer prior to presentation to the Superintendent, the finance committee of the Board of Education and the Board of Education. Budgets for full and multi-funded programs are adjusted as notices of funding changes are received.

Budget to actual comparisons for the General Fund are presented in required supplementary information. The negative budget variances in the General Fund other local revenue, state restricted revenue and federal restricted revenue are related to expenditures in several grant programs being less than budget. There is a negative budget variance in the transfers in to General Fund from other funds, resulting from the indirect cost recovery amount transferred to the General Fund from the Food Service Fund.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District has evaluated the impact this standard will have on the financial statements. As of July 1, 2020, the District will report the activities and related balances currently reported as fiduciary in a newly created special revenue fund. The provisions of this statement, originally effective for the District's financial statements for the year ending June 30, 2020, were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note A -- Significant Accounting Policies** (continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement, originally effective for the District's financial statements for the year ending June 30, 2021, were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note B -- Cash and Investments**

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

The District has approved three banks for the deposit of its funds. Currently, the District has funds on deposit at each of those banks.

The District's cash and investments are subject to several types of risk, which are examined in more detail in the following paragraphs:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. The District's deposits were reflected in the accounts of the banks (without recognition of checks written but not yet cleared or deposits in transit) at \$11,071,646. Of that amount \$551,232 was covered by federal depository insurance and \$10,520,414 was uninsured and uncollateralized. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counter-party, 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 policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business using the criteria established in the investment policy. At June 30, 2020 the District held no investment securities that were uninsured and unregistered.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note B -- Cash and Investments (continued)**

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District’s investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. The District’s policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for on-going operations, thereby avoiding the need to sell securities in the open market; and by 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 to the top two ratings issued by nationally recognized statistical rating organizations. The District’s investment policy does not further limit its investment choices.

At June 30, 2020 the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund – MAX Class	\$ 36,216,125	N/A	AAAm	Standard & Poor’s
Michigan Liquid Asset Fund – Cash Management	965,739	N/A	AAAm	Standard & Poor’s
PNC money market fund	9,064,879	N/A	A-1	Standard & Poor’s
Fifth Third Securities money market fund	156,991	N/A	AAAm	Standard & Poor’s
Federated Government Securities	1,004,590	N/A	AAAm	Standard & Poor’s
Coca-Cola Company Commercial Paper	1,223,519	11/20/2020	A-1	Standard & Poor’s
JP Morgan Securities LLC Commercial Paper	1,921,077	1/29/2021	A-1	Standard & Poor’s

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note B -- Cash and Investments** (continued)

Investment Restrictions

The Michigan Liquid Asset Fund – MAX Class investment may not be redeemed for at least 14 calendar days with the exception of direct investments of funds distributed by the State of Michigan. In addition, redemptions made prior to the 14 day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. The Michigan Liquid Asset Fund – Cash Management investment has no limitations or restrictions on participant withdrawals except for a one day minimum investment period.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than five percent of the District's investments are in Michigan Liquid Asset Fund, PNC Institutional Government Fund, and Michigan Cooperative Liquid Assets Securities System which are 70.1%, 8.7% and 9.6%, respectively, of the District's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. State law and the District's policy prohibit investment in foreign currency.

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note B -- Cash and Investments** (continued)

Fair Value Measurement (continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The District has the following recurring fair value measurements as of June 30, 2020:

<u>Investment</u>	<u>Balance at June 30, 2020</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt securities:				
US Treasury notes	\$22,764,282		\$22,764,282	
Federal agency notes	7,699,938		7,699,938	
Commercial paper	3,144,596		3,144,596	
Equity securities:				
Corporate stock-donated	31,802	\$31,802		
Total investments	<u>\$33,640,618</u>	<u>\$31,802</u>	<u>\$33,608,816</u>	

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of debt securities at June 30, 2020 was determined primarily based on Level 2 inputs. The District estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The District holds shares in an investment pool where the fair value of the investments are measured on a recurring basis using net asset value per share of the investment pool as a practical expedient.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note B -- Cash and Investments** (continued)

Fair Value Measurement (continued)

At the year ended June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Michigan CLASS investment pool	\$10,010,516	None	N/A	None
Michigan Liquid Asset Fund Term	<u>2,027,847</u>	None	N/A	None
Total investments measured at net asset value (NAV)	<u>\$12,038,363</u>			

The valuation method for the Michigan Class investment pool measured at the net asset value (NAV) per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan Class investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated ‘A-1’ or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

The valuation method for the Michigan Liquid Asset Fund Term investment portfolio is measured at the net asset value (NAV) per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan Liquid Asset Fund Term investment portfolio invests in U.S. treasury obligations, federal agency obligations of the U.S. government or obligations of the State of Michigan, high-grade commercial paper (rated prime at the time of purchase or better), U.S. government or federal agency obligation repurchase agreements, and approved money market funds. The portfolio is designed to provide a fixed rate, fixed term investment with a minimum maturity of 60 days and a maximum maturity of one year. The investment strategy of the portfolio is to match the cash flows required to meet the planned redemptions according to the master construction schedule.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note B -- Cash and Investments** (continued)

Restricted Assets

The balances for the restricted assets accounts as of June 30, 2020 are as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$72,949,812
Unspent debt service funds	2,942,905
Unspent sinking funds	420,120
 Total restricted assets	 <u>\$76,312,837</u>

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note C - Receivables**

Receivables as of June 30, 2020 for the District’s individual major funds and the nonmajor funds, and fiduciary funds in the aggregate are as follows:

	General Fund	2016 Construction Fund	2019 Construction Fund	Nonmajor Governmental Funds	Fiduciary Funds	Total
State aid	\$21,523,547			\$82,951		\$21,606,498
Accounts receivable	4,236,799	\$150,000		320,266	\$8,152	4,715,217
Property taxes	20,621			147,098		167,719
Interest	62					62
Less allowance for uncollectible accounts						
<b>Total</b>	<u>\$25,781,029</u>	<u>\$150,000</u>		<u>\$550,315</u>	<u>\$8,152</u>	<u>\$26,489,496</u>

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned and unavailable revenue are as follows:

	Deferred Inflow - Unavailable	Liability - Unearned
Grant and categorical state aid payments received prior to meeting all eligibility requirements		\$9,093,650
<b>Total</b>		<u>\$9,093,650</u>

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note D -- Capital Assets**

Information relating to capital assets is summarized below:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Non-depreciating assets:					
Land	\$ 7,656,861		\$ 4,225		\$ 7,652,636
Construction in progress	27,864,285	\$38,224,407		\$(20,587,139)	45,501,553
Other capital assets:					
Buildings and additions	308,649,182	375,766	300,666	13,173,391	321,897,673
Vehicles	2,168,269	111,000			2,279,269
Furniture and equipment	<u>47,135,451</u>	<u>3,893,518</u>	<u>1,960,189</u>	<u>7,413,748</u>	<u>56,482,528</u>
Subtotal	357,952,902	4,380,284	2,260,855	20,587,139	380,659,470
Accumulated depreciation:					
Buildings and additions	142,177,003	7,710,100	187,893		149,699,210
Vehicles	1,880,491	60,317			1,940,808
Furniture and equipment	<u>22,290,420</u>	<u>4,041,774</u>	<u>1,237,819</u>		<u>25,094,375</u>
Subtotal	166,347,914	11,812,191	1,425,712		176,734,393
Net other capital assets	<u>191,604,988</u>	<u>(7,431,907)</u>	<u>835,143</u>	<u>20,587,139</u>	<u>203,925,077</u>
Net capital assets	<u>\$227,126,134</u>	<u>\$30,792,500</u>	<u>\$ 839,368</u>		<u>\$257,079,266</u>

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

Instruction	\$ 144,745
Support services	654,609
Food service	440,426
Unallocated	<u>10,572,411</u>
Total governmental activities	<u>\$11,812,191</u>

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note E -- Long-Term Debt**

Serial and Variable Bonds Payable

Information relating to serial and variable bonds payable is summarized below:

	Balance July 1, 2019	Additions	Payments/ Amortization	Balance June 30, 2020	Due Within One Year
June 5, 2012 Issue: 1.79% serial bonds due in annual installments ranging from \$555,000 to \$565,000 with a final maturity in 2021	\$ 1,665,000		\$(545,000)	\$ 1,120,000	\$ 555,000
March 16, 2016 Issue: 4.0% to 5.0% serial bonds due in annual installments ranging from \$3,050,000 to \$9,410,000 with a final maturity in 2041	101,760,000		(4,090,000)	97,670,000	4,215,000
March 21, 2017 Issue: 5.0% serial bonds due in annual installments ranging from \$3,585,000 to \$5,295,000 with a final maturity in 2029	42,960,000		(3,415,000)	39,545,000	3,585,000
May 14, 2019 Issue: 5.0% serial bonds due in annual installments ranging from \$1,700,000 to \$4,450,000 with a final maturity in 2044	75,630,000		(3,380,000)	72,250,000	4,150,000
	222,015,000		(11,430,000)	210,585,000	12,505,000
Capital lease obligation	1,898,078		(19,737)	1,878,341	19,737
Premium on issuance of March 16, 2016 bonds	16,212,842		(998,885)	15,213,957	
Premium on issuance of March 21, 2017 bonds	5,552,092		(569,445)	4,982,647	
Premium on issuance of May 14, 2019 bonds	12,179,837		(521,993)	11,657,844	
	<u>\$257,857,849</u>		<u>\$(13,540,060)</u>	<u>\$244,317,789</u>	<u>\$12,524,737</u>

At June 30, 2020, the District had deferred outflows of \$2,875,964 related to deferred charges on bond refundings.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note E -- Long-Term Debt** (continued)

Serial and Variable Bonds Payable (continued)

Proceeds of the June 5, 2012 serial bonds have been placed in escrow and will be used to acquire certain capital improvements by the prepayment of lease payments due under an existing capital lease. The debt service on the June 5, 2012 serial bonds is being repaid out of the general revenue of the District.

Proceeds of the March 16, 2016 serial bonds were used to advance refund a portion of the District's April 1, 2007 bonds and to finance major construction and renovation projects, as well as security and technology projects, throughout the District. The advance refunding resulted in a difference between the acquisition price and the net carrying amount. This difference is reported as a deferred outflow – deferred interest and is charged to operations through the year 2030 using the straight-line method of amortization. Additionally, the bond premium is reported as an addition to bonds payable and has been allocated to the advance refunding and the building and site construction. The premium for the advance refunding will be credited to interest expense annually through the year 2031 using the straight-line method of amortization. The premium for the building and site construction will be credited to interest expense annually through the year 2041 using the straight-line method of amortization. The debt service on the March 16, 2016 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

Proceeds of the March 21, 2017 serial bonds were used to currently refund \$51,910,000 of the March 6, 2007 bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of the March 6, 2007 bonds of \$1,050,974. This difference is reported as a deferred outflow – deferred interest and will be charged to operations through the year 2029 in the amount of \$87,581 using the straight-line method of amortization. Additionally, the bond premium amount of \$6,833,343 is reported as an addition to bonds payable. The premium for the current refunding will be credited to interest expense annually through the year 2029 in the amount of \$569,445 using the straight-line method of amortization. The debt service on the March 21, 2017 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note E -- Long-Term Debt (continued)**

Serial and Variable Bonds Payable (continued)

Proceeds of the May 14, 2019 issue will be used to provide approximately \$87 million (net of total issuance costs of approximately \$653,000) of funding for school building and site construction, as well as security and technology projects, throughout the District. The bond premium amount of \$12,266,836 is reported in the accompanying statements as an addition to bonds payable and will be credited to interest expense annually through the year 2044 in the amount of \$521,993 using the straight-line method. The debt service on the May 14, 2019 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

In prior years, the District defeased certain 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 basic financial statements. At June 30, 2020, \$88,290,000 of bonds outstanding are considered defeased.

General obligation bonds of the District are backed by its full faith and credit. Qualified bonds are fully guaranteed by the State of Michigan. The District does not have any qualified bonds. At June 30, 2020, the District's legal debt limit for total bonded debt is \$935.0 million. After reducing this limit for bonded debt currently outstanding, the District's legal debt margin is approximately \$724.4 million at June 30, 2020.

Principal and Interest Payments

Principal and interest payments are recorded as expenditures in the fiscal year in which payment is due. The annual requirements to pay principal and interest on all long-term debt at June 30, 2020 are as follows (fiscal years):

Year Ending June 30	Other Debt		
	Principal	Interest	Total
2021	\$ 12,505,000	\$ 10,384,581	\$ 22,889,581
2022	13,090,000	9,769,556	22,859,556
2023	10,115,000	9,207,000	19,322,000
2024	10,510,000	8,698,750	19,208,750
2025	10,965,000	8,170,750	19,135,750
2026 to 2030	61,115,000	32,041,000	93,156,000
2031 to 2035	36,210,000	18,571,750	54,781,750
2036 to 2040	36,100,000	10,100,000	46,200,000
2041 to 2044	19,975,000	1,823,750	21,798,750
Total	<u>\$210,585,000</u>	<u>\$108,767,137</u>	<u>\$319,352,137</u>

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note E -- Long-Term Debt** (continued)

Capital Lease

The District leases the space in which it conducts its Grand Rapids Public Museum Middle School from the VanAndel Public Museum. The lease is for a period of 99 years, with annual lease payments beginning at \$67,500 for the year ended June 30, 2017 with an annual escalation of this amount equal to the annual percentage increase in the State of Michigan foundation allowance, or 3 percent, if there is no increase in the foundation allowance. The lease also gives the District the option to renew the lease for an additional 30 year period. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the district-wide statement of net position. The lease payment is recorded as an expenditure when payable. At June 30, 2020, this space is the only property under a capital lease with a gross cost of \$1,954,000 and accumulated depreciation of \$75,659.

The future minimum lease obligations and the net present value are as follow (fiscal years):

2021		\$ 71,263
2022		73,045
2023		74,871
2024		76,743
2025		78,662
2026-2030		411,370
Thereafter		<u>14,593,538</u>
Total		<u>15,379,492</u>
Less amount representing interest		<u>13,501,151</u>
Present value of net minimum lease payments		<u><u>\$ 1,878,341</u></u>

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note E -- Long-Term Debt (continued)**

Other Long-Term Liabilities

The District is required to recognize certain other long-term liabilities in the district-wide financial statements. Information relating to other long-term liabilities is summarized below:

	Balance July 1, 2019	Additions / Adjustments	Payments	Balance June 30, 2020	Due Within One Year
Compensated absences:					
Vacation	\$1,619,562	\$1,018,179	\$ (675,892)	\$1,961,849	\$326,975
Sick leave	2,032,111	2,233,975	(2,435,991)	1,830,095	
Workers' compensation (see Note F)	283,116	38,767	(134,448)	187,435	187,435
Unemployment (see Note F)	8,008	60,772	(36,622)	32,158	
	<u>\$3,942,797</u>	<u>\$3,351,693</u>	<u>\$(3,282,953)</u>	<u>\$4,011,537</u>	<u>\$514,410</u>

The liabilities for compensated absences, workers' compensation and unemployment will be paid with the District's General Fund resources.

Accumulated Sick Pay Benefits

The District has negotiated contracts with its employees, which provide for payments for accumulated unused sick days to employees eligible for retirement. Payments vary up to a maximum of \$60 per day for each credited sick day as specified in the contracts. Sick leave benefits totaling approximately \$1,830,000 at June 30, 2020 are recorded in the district-wide financial statements as part of the liability for compensated absences.

**Note F -- Risk Management**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employees' injuries (workers' compensation). The District has purchased commercial insurance for employee medical, dental, and vision claims, as well as errors and omissions, foreign travel, board of education personal liability, workers' compensation excess, and athletic accident claims. The District participates in the Middle Cities Risk Management Trust for claims relating to general liability, employers' liability, property, auto, and boiler and machinery. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note F -- Risk Management** (continued)

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The District is partially self-insured for workers' compensation and unemployment claims. The District estimates, by using methods described below, the liabilities for claims that have been incurred through the end of the fiscal year. This estimate includes claims that have been reported, as well as those that have not yet been reported. The portion of these liabilities considered due is recorded in the General Fund. The remaining estimated liabilities are recorded as long-term liabilities in the district-wide financial statements. Management believes such reserves are reasonable estimates of ultimate liabilities. However, these estimates may be more or less than the amounts actually paid when the claims are resolved.

Workers' Compensation

The District is exposed to various risks of loss related to employees' job-related injuries. The District, in an effort to control the rising costs of insurance, has decided to pay the first \$375,000 of each workers' compensation claim. Excess insurance is purchased to pay claims above this amount, to the statutory limit for workers' compensation for the State of Michigan for employee injury and \$1,000,000 for employer's liability. The District pays all claims, settlements, and judgments from its General Fund resources.

The liability presented as of June 30, 2020 has been established by the District's third-party claims administrator. As of June 30, 2020, the District recorded claims reserves of \$187,435 as a long-term liability.

Unemployment

The District is a reimbursing employer for unemployment. The State of Michigan invoices the district in August for the previous calendar year's claims. In the fund-level statements, the District has recorded the liability for the calendar year 2019 claims that were invoiced and paid in August 2020. In the district-wide statements, the additional liability for claims from January 1, 2020 to June 30, 2020 has been recorded. The District believes that any claims incurred but not reported would be insignificant. The District pays all claims from its General Fund resources.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note F -- Risk Management (continued)**

Estimated liability

Changes in the estimated liability for uninsured workers' compensation and unemployment during the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Estimated liability, beginning of year	\$327,905	\$290,758
Estimated claims incurred, including changes in estimates	78,566	424,959
Claim payments	<u>(171,070)</u>	<u>(387,812)</u>
Estimated liability, end of year	<u>\$235,401</u>	<u>\$327,905</u>

The estimated claim liabilities at June 30, 2020 and 2019 are included in the balance sheet as follows:

	<u>2020</u>	<u>2019</u>
General Fund	\$ 15,808	\$ 36,781
Long-term liability, district-wide statements	<u>219,593</u>	<u>291,124</u>
Total	<u>\$235,401</u>	<u>\$327,905</u>

**Note G -- Lease Revenue**

The District, as lessor, has entered into agreements to lease school buildings and facilities to other organizations, with terms extending to fiscal year 2037. In each case, ownership of the property remains with the District during and at the conclusion of the term of the leases. Future minimum lease payments are as follows:

2021	\$279,347
2022	198,709
2023	177,969
2024	182,532
2025	187,212
Thereafter	<u>350,316</u>
	<u>\$1,376,085</u>

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits**

Plan Description

The District participates in the Michigan Public School Employees Retirement System (MPERS or the “System”), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan (State) that covers substantially all employees of the District. Certain District employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides post-employment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement System at 7150 Harris Drive, P. O. Box 30171, Lansing, MI 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment healthcare plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member’s date of hire, MPERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

Benefits Provided (continued)

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

GRAND RAPIDS PUBLIC SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

Contributions (continued)

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The District’s contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees, based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2018 – September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 – September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The District’s required and actual pension contributions to the plan for the year ended June 30, 2020 were \$31,290,737, which include the District’s contributions required for those members with a defined contribution benefit. The District’s required and actual pension contributions include an allocation of \$13,237,915 in revenue received from the State of Michigan and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2020.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

Contributions (continued)

The District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$7,904,846, which include the District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2020, the District reported a liability of \$399,661,878 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2018, which used updated procedures to roll forward the estimated liability to September 30, 2019. 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, as actuarially determined. At September 30, 2019 and 2018, the District's proportion was 1.206831% and 1.235332%, respectively, representing a change of 2.306988%.

Net OPEB Liability

At June 30, 2020, the District reported a liability of \$85,920,837, for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used updated procedures to roll forward the estimated liability to September 30, 2019. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018 the District's proportion was 1.197044% and 1.231403%, respectively, representing a change of 2.789955%.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

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

For the year ended June 30, 2020, the District recognized pension expense of \$57,499,137, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,791,411	\$ (1,666,552)
Changes in assumptions	78,254,077	
Net difference between projected and actual earnings on pension plan investments		(12,808,484)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	591,781	(9,989,872)
The District's contributions to the plan subsequent to the measurement date	26,346,142	
Total	<u>\$106,983,411</u>	<u>\$(24,464,908)</u>

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

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

The \$13,237,915 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$22,054,322
2022	18,218,582
2023	11,394,346
2024	4,505,111
Total	<u>\$56,172,361</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,521,715.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$(31,526,785)
Changes in assumptions	\$18,617,306	
Net difference between projected and actual earnings on OPEB plan investments		(1,494,205)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	316,171	(3,553,351)
Employer contributions to the plan subsequent to the measurement date	5,504,128	
Total	\$24,437,605	\$(36,574,341)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows: (Note: Employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future OPEB expense.)

Year Ended June 30	Amount
2021	\$ (4,675,966)
2022	(4,675,966)
2023	(3,996,776)
2024	(2,815,571)
2025	(1,476,585)
Total	\$(17,640,864)

GRAND RAPIDS PUBLIC SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2019 is based on the results of an actuarial valuation date of September 30, 2018 and rolled forward. The total pension and OPEB liability was determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% -11.55%	Including wage inflation of 2.75%
Healthcare cost trend rate - OPEB	7.50%	Year 1 graded to 3.5% year 12
Mortality basis		RP2014 Male and Female Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

Assumption changes as a result of an experience study for the periods 2012 to 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study which resulted in a lower than projected per person health benefit cost for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

GRAND RAPIDS PUBLIC SCHOOLS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

Discount Rate

The discount rate used to measure the total pension liability was 6.0 to 6.80 percent as of September 30, 2019 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2019. 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 district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan’s fiduciary net position and the OPEB plan’s fiduciary net position were 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 and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity pools	28.0%	5.5%
Private equity pools	18.0%	8.6%
International equity pools	16.0%	7.3%
Fixed income pools	10.5%	1.2%
Real estate and infrastructure pools	10.0%	4.2%
Absolute return pools	15.5%	5.4%
Short-term investment pools	2.0%	0.8%
Total	100.0%	

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate on the plan option. The following also reflects what the District’s 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 (5.0%-5.8%)	Current Rate (6.0%-6.8%)	1% Increase (7.0%-7.8%)
Net pension liability of the District	\$519,586,009	\$399,661,878	\$300,240,641

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, calculated using the current discount rate. It also reflects what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (5.95%)	Current Rate (6.95%)	1% Increase (7.95%)
Net OPEB liability of the District	\$105,394,818	\$85,920,837	\$69,568,102

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, calculated using the current healthcare cost trend rate. It also reflects what the District’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability of the District	\$68,874,817	\$85,920,837	\$105,392,507

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note H – Pension Plan and Postemployment Benefits (continued)**

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2020, the District reported a payable of \$5,013,768 and \$1,094,169 for the outstanding amount of contributions to the pension and OPEB plans, respectively, required for the year ended June 30, 2020, consisting of pension and OPEB contributions payable plus any other amounts owed to the plans including the UAAL payments for July and August 2020.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note I -- Interfund Receivables, Payables, and Transfers**

Individual interfund receivable and payable balances at June 30, 2020 are as follows:

Amounts due to	
General Fund	
Capital Projects Funds:	
Unrestricted General Purpose	\$    3,291
Strategic Facilities Plan	2,301
2019 Construction Fund	8,542,449
2012 Sinking Fund	4,178
Special Revenue Funds:	
Food Service	1,370,171
Agency Funds	928,019
Total due to General Fund	10,850,409
Debt Retirement Funds – Nonmajor Funds	
General Fund	1,534,975
Capital Projects Funds – 2016 Construction Fund	
General Fund	7,980,571
Capital Projects Funds – Nonmajor Funds	
General Fund	73,800
Special Revenue Funds - Nonmajor Funds	
General Fund	239,821
Trust Funds	
General Fund	928,601
Total	\$21,608,177

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note I-- Interfund Receivables, Payables, and Transfers (continued)**

Interfund balances represent routine and temporary cash flow assistance from other funds until amounts are transferred from fund investment accounts.

Information relating to interfund transfers is summarized below:

	General Fund	Capital Projects 2016 Construction	Other Nonmajor Governmental Funds	Total
Transfers out:				
General Fund			\$ 76,497	\$ 76,497
Capital Projects 2019 Construction		\$23,688,968	1,608,458	25,297,426
Other Nonmajor Governmental Funds	\$659,794		569,925	1,229,719
Total	<u>\$659,794</u>	<u>\$23,688,968</u>	<u>\$2,254,880</u>	<u>\$26,603,642</u>

Transfers provided funding for the District’s portion of the cost of educational services in the Special Education Center Programs, and provided funding for debt service, as well as indirect costs for operating the Special Education Center Programs and the food service program.

**Note J -- Contingencies**

In the normal course of activities, the District is a party in various legal actions and subject to certain asserted and unasserted claims and assessments. Although some actions have been brought for large amounts, the District has not experienced significant losses or cost. Based on consultation with legal counsel, the District is of the opinion that the outcome of any pending actions will not have a material adverse effect on the financial position of the District.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note K -- Commitments**

Construction was in process as of June 30, 2020 on several major renovations of school buildings in the District. Information relating to commitments for these projects is summarized below:

Project	Total Contracts	Remaining Commitment at June 30, 2020
Brookside Elementary	\$ 202,160	\$ 91,433
District Buildings	1,143,761	438,547
Ottawa Hills High School	18,018,017	1,841,624
Southwest Community Campus High School	17,679,247	2,707,841
Union High School	20,235,220	10,176,704

As of June 30, 2020 the District had several other outstanding contract commitments totaling \$84,022.

**Note L – Tax Abatements**

The District receives reduced property tax revenues as a result of Commercial Rehabilitation Act agreements, Industrial Facilities Tax exemptions (PA 198 of 1974), Brownfield Redevelopment agreements, Neighborhood Enterprise Zone agreements, Obsolete Properties Rehabilitation Act agreements, New Personal Property agreements (PA 328), Payment in Lieu of Taxes (PA 326 of 1966) agreements, Ad Valorem extension agreements, Ad Valorem Tool and Die agreements, Ad Valorem Agriculture agreements, and Air and Water Pollution agreements granted by the City of Grand Rapids within the boundaries of the District. 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. Other agreements are intended to promote economic development in specific areas.

For the fiscal year ended June 30, 2020, the District’s property tax revenues were reduced by \$6,141,220 under these programs.

The District is reimbursed for lost revenue caused by tax abatements on the operating millage of non-homestead properties, from the State of Michigan under the school aid formula. The District received approximately \$5,425,000 in reimbursements from the State of Michigan. The District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the District.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note M – Subsequent Events**

Following the passing of Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27<sup>th</sup>, 2020 to combat the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the District received \$5,600,158 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can only be used for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

REQUIRED SUPPLEMENTAL INFORMATION

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GRAND RAPIDS PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenue:				
Local sources:				
Property taxes	\$ 32,000,000	\$ 32,655,000	\$ 32,675,307	\$ 20,307
Investment income	725,000	365,000	370,001	5,001
Payments from local governmental agencies	22,164,000	21,880,000	22,070,067	190,067
Other	8,029,364	7,873,872	6,700,914	(1,172,958)
Total local sources	<u>62,918,364</u>	<u>62,773,872</u>	<u>61,816,289</u>	<u>(957,583)</u>
State sources:				
Restricted	43,519,993	46,616,239	44,707,975	(1,908,264)
Unrestricted	85,634,400	82,847,800	86,293,939	3,446,139
Total state sources	<u>129,154,393</u>	<u>129,464,039</u>	<u>131,001,914</u>	<u>1,537,875</u>
Federal sources:				
Restricted	17,989,452	24,035,482	18,045,567	(5,989,915)
Unrestricted	40,000	30,000	94,302	64,302
Total federal sources	<u>18,029,452</u>	<u>24,065,482</u>	<u>18,139,869</u>	<u>(5,925,613)</u>
Total revenue	<u>210,102,209</u>	<u>216,303,393</u>	<u>210,958,072</u>	<u>(5,345,321)</u>
Expenditures:				
Instruction	106,607,890	113,130,178	109,710,157	3,420,021
Support services	102,149,114	105,399,024	99,852,136	5,546,888
Community services	1,677,378	2,292,376	1,394,515	897,861
Capital outlay	1,851,205	2,272,451	2,115,647	156,804
Total expenditures	<u>212,285,587</u>	<u>223,094,029</u>	<u>213,072,455</u>	<u>10,021,574</u>
Other financing sources (uses):				
Transfers from other funds	744,900	730,703	659,794	(70,909)
Transfers to other funds	(84,640)	(86,756)	(76,497)	10,259
Total other financing sources (uses)	<u>660,260</u>	<u>643,947</u>	<u>583,297</u>	<u>(60,650)</u>
Net change in fund balances	<u>(1,523,118)</u>	<u>(6,146,689)</u>	<u>(1,531,086)</u>	<u>4,615,603</u>
Fund balances at beginning of year	12,262,087	12,262,087	12,262,087	
Fund balances at end of year	<u>\$ 10,738,969</u>	<u>\$ 6,115,398</u>	<u>\$ 10,731,001</u>	<u>\$ 4,615,603</u>

The Notes to the Financial Statements are an integral part of this statement.

GRAND RAPIDS PUBLIC SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM  
FOR THE PLAN YEAR ENDED SEPTEMBER 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of net pension liability (%)	1.20683%	1.23533%	1.24286%
District's proportionate share of net pension liability	\$ 399,661,878	\$ 371,363,022	\$ 322,077,024
District's covered payroll	\$ 105,026,809	\$ 105,272,446	\$ 104,116,904
District's proportionate share of net pension liability as a percentage of its covered payroll	380.53%	352.76%	309.34%
Plan fiduciary net position as a percentage of total pension liability	60.08%	62.12%	63.96%

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the Plan's fiscal year ended September 30, 2014.

<u>2016</u>	<u>2015</u>	<u>2014</u>
1.25721%	1.28950%	1.27525%
\$ 313,664,456	\$ 314,961,612	\$ 280,892,825
\$ 106,030,863	\$ 107,761,376	\$ 107,103,354
295.82%	292.28%	262.26%
63.01%	62.92%	66.15%

GRAND RAPIDS PUBLIC SCHOOLS  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM  
(AMOUNTS DETERMINED AS OF JUNE 30 OF EACH YEAR)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 30,459,877	\$ 32,722,887	\$ 31,690,726
Contributions in relation to statutorily required contributions	30,459,877	32,722,887	31,690,726
Contribution deficiency (excess)	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>
District's covered payroll	\$ 90,890,180	\$ 105,815,232	\$ 104,453,405
Contributions as a percentage of covered payroll	33.51%	30.92%	30.34%

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the fiscal year ended June 30, 2015.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 30,422,546	\$ 29,481,660	\$ 23,280,156
30,422,546	29,481,660	23,581,519
<u>\$</u>	<u>\$</u>	<u>\$ (301,363)</u>
\$ 110,194,656	\$ 104,923,104	\$ 107,318,010
27.61%	28.10%	21.97%

GRAND RAPIDS PUBLIC SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM  
FOR THE PLAN YEAR ENDED JUNE 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of net OPEB liability (%)	1.19704%	1.23140%	1.24324%
District's proportionate share of net OPEB liability	\$ 85,920,837	\$ 97,883,616	\$ 110,094,965
District's covered payroll	\$ 105,026,809	\$ 105,272,446	\$ 104,116,904
District's proportionate share of net OPEB liability as a percentage of its covered payroll	81.81%	92.98%	105.74%
Plan fiduciary net position as a percentage of total OPEB liability	48.67%	43.10%	36.53%

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the Plan's fiscal year ended September 30, 2018.

GRAND RAPIDS PUBLIC SCHOOLS  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM  
YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 7,303,571	\$ 8,311,813	\$ 7,544,382
Contributions in relation to statutorily required contributions	7,303,571	8,311,813	7,544,382
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 90,890,180	\$ 105,815,232	\$ 104,453,405
Contributions as a percentage of covered payroll	8.04%	7.86%	7.22%

This schedule is to be built prospectively. Until a full 10 year trend is compiled, the schedule will show information for those years for which data is available, beginning with the fiscal year ended June 30, 2018.

GRAND RAPIDS PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

**Pension Information**

Ultimately, 10 years of data will be presented in both of the pension related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points.

The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

**Covered Payroll**

The employers' covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues - an amendment to GASB Statements No. 67, No. 68, and No. 73 as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For the District, covered payroll represents payroll on which contributions to both plans are based.

**OPEB Information**

Ultimately, 10 years of data will be presented in both of the OPEB related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points.

The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points.

The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2018.

**Covered Payroll**

The employers' covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues - an amendment to GASB Statements No. 67, No. 68, and No. 73 as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For the District, covered payroll represents payroll on which contributions to both plans are based.

OTHER SUPPLEMENTAL INFORMATION

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GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 5,264,984		\$ 467,956	\$ 5,732,940
Restricted assets		\$ 2,942,905	420,120	3,363,025
Receivables:				
State aid receivable	82,951			82,951
Accounts receivable	320,266			320,266
Property taxes		146,466	632	147,098
Total receivables	<u>403,217</u>	<u>146,466</u>	<u>632</u>	<u>550,315</u>
Due from other governmental agencies	190,747			190,747
Inventory	69,281			69,281
Due from other funds	239,821	1,534,975	73,800	1,848,596
Total assets	<u><u>\$ 6,168,050</u></u>	<u><u>\$ 4,624,346</u></u>	<u><u>\$ 962,508</u></u>	<u><u>\$ 11,754,904</u></u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 85,788		\$ 87,900	\$ 173,688
Other liabilities	98,025			98,025
Due to other funds	1,370,171		9,770	1,379,941
Total liabilities	<u>1,553,984</u>		<u>97,670</u>	<u>1,651,654</u>
<b>Fund balances</b>				
<b>Nonspendable</b>				
Inventory	69,281			69,281
<b>Restricted</b>				
Capital projects			402,474	402,474
Debt service		\$ 4,624,346		4,624,346
Food service	4,029,120			4,029,120
<b>Committed</b>				
Capital projects			405,836	405,836
<b>Assigned</b>				
Capital projects			56,528	56,528
Special revenue	515,665			515,665
Total fund balances	<u>4,614,066</u>	<u>4,624,346</u>	<u>864,838</u>	<u>10,103,250</u>
Total liabilities and fund balances	<u><u>\$ 6,168,050</u></u>	<u><u>\$ 4,624,346</u></u>	<u><u>\$ 962,508</u></u>	<u><u>\$ 11,754,904</u></u>

GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2020

	<u>Special Education Center Programs</u>	<u>Food Service</u>	<u>Houseman Field</u>
<b>Assets</b>			
Cash and investments		\$ 5,264,984	
Receivables:			
State aid receivable		82,951	
Accounts receivable		174	
Total receivables		83,125	
Due from other governmental agencies		190,747	
Inventory		69,281	
Due from other funds	\$ 76		\$ 16,617
Total assets	\$ 76	\$ 5,608,137	\$ 16,617
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 76	\$ 41,540	\$ 824
Other liabilities		98,025	
Due to other funds		1,370,171	
Total liabilities	76	1,509,736	824
<b>Fund balances</b>			
Nonspendable			
Inventory		69,281	
Restricted		4,029,120	
Assigned			15,793
Total fund balances		4,098,401	15,793
Total liabilities and fund balances	\$ 76	\$ 5,608,137	\$ 16,617

<u>GRASP</u>	<u>Total</u>
	\$ 5,264,984
	82,951
\$ 320,092	<u>320,266</u>
<u>320,092</u>	403,217
	190,747
	69,281
223,128	239,821
<u>\$ 543,220</u>	<u>\$ 6,168,050</u>

\$ 43,348	\$ 85,788
	98,025
	<u>1,370,171</u>
<u>43,348</u>	1,553,984

	69,281
	4,029,120
499,872	<u>515,665</u>
<u>499,872</u>	4,614,066
<u>\$ 543,220</u>	<u>\$ 6,168,050</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2020

	2012	2016	2017	2019
	Refunding	Voted Debt	Refunding	Voted Debt
	Bonds	and Refunding	Bonds	Bonds
	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>
Assets				
Restricted assets		\$ 1,358,705	\$ 763,643	\$ 820,557
Property taxes receivable		49,466	53,876	43,124
Due from other funds	\$ 4,317	1,121,719	408,273	666
Total assets	<u>\$ 4,317</u>	<u>\$ 2,529,890</u>	<u>\$ 1,225,792</u>	<u>\$ 864,347</u>
Fund balances				
Restricted	<u>\$ 4,317</u>	<u>\$ 2,529,890</u>	<u>\$ 1,225,792</u>	<u>\$ 864,347</u>
Total fund balances	<u>\$ 4,317</u>	<u>\$ 2,529,890</u>	<u>\$ 1,225,792</u>	<u>\$ 864,347</u>

Total

\$ 2,942,905  
146,466  
1,534,975  
\$ 4,624,346

\$ 4,624,346  
\$ 4,624,346

GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2020

	<u>Unrestricted General Purpose</u>	<u>Strategic Facilities Plan</u>	<u>2012 Sinking Fund</u>	<u>2016 Technology Fund</u>
<b>Assets</b>				
Cash and investments	\$ 59,819	\$ 408,137		
Restricted assets			\$ 420,120	
Property taxes receivable			632	
Due from other funds				\$ 30,232
<b>Total assets</b>	<u><u>\$ 59,819</u></u>	<u><u>\$ 408,137</u></u>	<u><u>\$ 420,752</u></u>	<u><u>\$ 30,232</u></u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable			\$ 14,100	\$ 30,232
Due to other funds	\$ 3,291	\$ 2,301	4,178	
<b>Total liabilities</b>	<u>3,291</u>	<u>2,301</u>	<u>18,278</u>	<u>30,232</u>
<b>Fund balances</b>				
Restricted			402,474	
Committed		405,836		
Assigned	56,528			
<b>Total fund balances</b>	<u>56,528</u>	<u>405,836</u>	<u>402,474</u>	
<b>Total liabilities and fund balances</b>	<u><u>\$ 59,819</u></u>	<u><u>\$ 408,137</u></u>	<u><u>\$ 420,752</u></u>	<u><u>\$ 30,232</u></u>

2016 Security Fund	Total
	\$ 467,956
	420,120
	632
\$ 43,568	73,800
\$ 43,568	\$ 962,508

\$ 43,568	\$ 87,900
	9,770
43,568	97,670

	402,474
	405,836
	56,528
	864,838
\$ 43,568	\$ 962,508

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GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenue:				
Local sources:				
Property taxes		\$ 23,760,090	\$ 1,434	\$ 23,761,524
Investment income	\$ 70,879	211,863	20,516	303,258
Special Education Center Programs	237,652			237,652
Food service	504,209			504,209
GRASP	520,202			520,202
Other	29,363		24,754	54,117
Total local sources	<u>1,362,305</u>	<u>23,971,953</u>	<u>46,704</u>	<u>25,380,962</u>
State sources - restricted	644,483			644,483
Federal sources - restricted	9,785,781			9,785,781
Total revenue	<u>11,792,569</u>	<u>23,971,953</u>	<u>46,704</u>	<u>35,811,226</u>
Expenditures:				
Special Education Center Programs	405,561			405,561
Food service	11,094,767			11,094,767
GRASP	338,329			338,329
Bond principal maturities		11,430,000		11,430,000
Interest on bonded debt		10,821,371		10,821,371
Capital outlay			2,829,432	2,829,432
Other	98,489	19,456	3,109	121,054
Total expenditures	<u>11,937,146</u>	<u>22,270,827</u>	<u>2,832,541</u>	<u>37,040,514</u>
Other financing sources (uses):				
Proceeds from sale of real property			206,633	206,633
Transfer from General Fund	76,497			76,497
Transfer from Capital Projects Fund		569,925	1,608,458	2,178,383
Transfer to General Fund	(659,794)			(659,794)
Transfer to Debt Service Funds			(569,925)	(569,925)
Total other financing sources (uses)	<u>(583,297)</u>	<u>569,925</u>	<u>1,245,166</u>	<u>1,231,794</u>
Net change in fund balances	<u>(727,874)</u>	<u>2,271,051</u>	<u>(1,540,671)</u>	<u>2,506</u>
Fund balances at beginning of year	<u>5,341,940</u>	<u>2,353,295</u>	<u>2,405,509</u>	<u>10,100,744</u>
Fund balances at end of year	<u>\$ 4,614,066</u>	<u>\$ 4,624,346</u>	<u>\$ 864,838</u>	<u>\$ 10,103,250</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2020

	Special Education Center Programs	Food Service	Houseman Field
Revenue:			
Local sources:			
Investment income		\$ 67,925	
Sales		503,996	
Admissions and class fees			\$ 29,363
Other	\$ 237,652	213	
Total local sources	<u>237,652</u>	<u>572,134</u>	<u>29,363</u>
State sources - restricted	170,658	473,825	
Federal sources - restricted		9,785,781	
Total revenue	<u>408,310</u>	<u>10,831,740</u>	<u>29,363</u>
Expenditures:			
School services			
Salaries	266,869	2,153,215	5,897
Benefits	124,122	1,608,068	2,828
Nonsalaries	14,570	7,097,083	89,764
Payments to other public schools		236,401	
Total expenditures	<u>405,561</u>	<u>11,094,767</u>	<u>98,489</u>
Other financing sources (uses):			
Transfer from General Fund	7,371		69,126
Transfer to General Fund	<u>(10,120)</u>	<u>(649,674)</u>	
Total other financing sources (uses)	<u>(2,749)</u>	<u>(649,674)</u>	<u>69,126</u>
Net change in fund balances		<u>(912,701)</u>	
Fund balances at beginning of year		5,011,102	15,793
Fund balances at end of year	<u>\$</u>	<u>\$ 4,098,401</u>	<u>\$ 15,793</u>

<u>GRASP</u>	<u>Total</u>
\$ 2,954	\$ 70,879
	503,996
520,202	549,565
	237,865
523,156	1,362,305
	644,483
	9,785,781
523,156	11,792,569
136,420	2,562,401
88,644	1,823,662
113,265	7,314,682
	236,401
338,329	11,937,146
	76,497
	(659,794)
	(583,297)
184,827	(727,874)
315,045	5,341,940
\$ 499,872	\$ 4,614,066

GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2020

	2012 Refunding Bonds	2016 Voted Debt and Refunding Bonds	2017 Refunding Bonds	2019 Voted Debt Bonds
Revenue:				
Local sources:				
Property taxes		\$ 10,018,965	\$ 5,985,193	\$ 7,755,932
Investment income		107,099	55,403	49,361
Total revenue		<u>10,126,064</u>	<u>6,040,596</u>	<u>7,805,293</u>
Expenditures:				
Bond principal maturities	\$ 545,000	4,090,000	3,415,000	3,380,000
Interest on bonded debt	24,925	5,088,000	2,148,000	3,560,446
Other		500	18,456	500
Total expenditures	<u>569,925</u>	<u>9,178,500</u>	<u>5,581,456</u>	<u>6,940,946</u>
Other financing sources:				
Transfer from Capital Projects Fund	569,925			
Total other financing sources	<u>569,925</u>			
Net change in fund balances		<u>947,564</u>	<u>459,140</u>	<u>864,347</u>
Fund balances at beginning of year	4,317	1,582,326	766,652	
Fund balances at end of year	<u>\$ 4,317</u>	<u>\$ 2,529,890</u>	<u>\$ 1,225,792</u>	<u>\$ 864,347</u>

Total

\$ 23,760,090

211,863

23,971,953

11,430,000

10,821,371

19,456

22,270,827

569,925

569,925

2,271,051

2,353,295

\$ 4,624,346

GRAND RAPIDS PUBLIC SCHOOLS  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2020

	Unrestricted General Purpose	Strategic Facilities Plan	2012 Sinking Fund	2016 Technology Fund
Revenue:				
Local sources:				
Property taxes			\$ 1,434	
Investment income	\$ 777	\$ 9,118	10,621	
Other		24,754		
Total revenue	<u>777</u>	<u>33,872</u>	<u>12,055</u>	
Expenditures:				
Capital outlay			427,067	\$ 2,028,374
Other			3,109	
Total expenditures			<u>430,176</u>	<u>2,028,374</u>
Other financing sources (uses):				
Proceeds from sale of real property		206,633		
Transfers from (to) Capital Projects Fund				1,426,146
Transfers to Debt Service Fund		(569,925)		
Total other financing uses		<u>(363,292)</u>		<u>1,426,146</u>
Net change in fund balances	<u>777</u>	<u>(329,420)</u>	<u>(418,121)</u>	<u>(602,228)</u>
Fund balances at beginning of year	55,751	735,256	820,595	602,228
Fund balances at end of year	<u>\$ 56,528</u>	<u>\$ 405,836</u>	<u>\$ 402,474</u>	<u>\$</u>

2016 Security Fund	Total
	\$ 1,434
	20,516
	<u>24,754</u>
	46,704
\$ 373,991	2,829,432
	<u>3,109</u>
<u>373,991</u>	2,832,541
	206,633
182,312	1,608,458
	<u>(569,925)</u>
<u>182,312</u>	1,245,166
<u>(191,679)</u>	<u>(1,540,671)</u>
191,679	2,405,509
<u>\$</u>	<u>\$ 864,838</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF REVENUE - BUDGET AND ACTUAL  
 GENERAL FUND (GENERAL PROGRAMS)  
 YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Actual (Over)/Under <u>Budget</u>
Local sources			
Property taxes	\$ 32,655,000	\$ 32,675,307	\$ (20,307)
Investment income	365,000	370,001	(5,001)
Payments from local governmental agencies:			
County special education tax	11,400,000	11,473,571	(73,571)
County enhancement millage	3,600,000	3,700,929	(100,929)
Services to other governmental agencies	6,880,000	6,895,567	(15,567)
Other revenue:			
Rental of facilities	270,000	284,523	(14,523)
Other	780,000	811,682	(31,682)
Total local sources	<u>55,950,000</u>	<u>56,211,580</u>	<u>(261,580)</u>
State sources			
Restricted			
Special education	9,295,000	9,484,306	(189,306)
Other	17,567,000	17,699,498	(132,498)
Total restricted state sources	<u>26,862,000</u>	<u>27,183,804</u>	<u>(321,804)</u>
Unrestricted	<u>82,847,800</u>	<u>86,293,939</u>	<u>(3,446,139)</u>
Total state sources	<u>109,709,800</u>	<u>113,477,743</u>	<u>(3,767,943)</u>
Federal sources			
Restricted	140,000	151,809	(11,809)
Unrestricted	30,000	94,302	(64,302)
	<u>170,000</u>	<u>246,111</u>	<u>(76,111)</u>
Total revenue	<u>\$ 165,829,800</u>	<u>\$ 169,935,434</u>	<u>\$ (4,105,634)</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF REVENUE - BUDGET AND ACTUAL  
 GENERAL FUND (GRANTS)  
 YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
Local sources			
Other revenue	\$ 6,113,838	\$ 4,889,414	\$ 1,224,424
State sources			
Restricted	19,754,239	17,524,171	2,230,068
Federal sources			
Restricted	23,895,482	17,893,758	6,001,724
Unrestricted			
Total revenue	<u>\$ 49,763,559</u>	<u>\$ 40,307,343</u>	<u>\$ 9,456,216</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF REVENUE - BUDGET AND ACTUAL  
 GENERAL FUND (ATHLETICS)  
 YEAR ENDED JUNE 30, 2020

	Budget	Actual	Actual (Over)/Under Budget
Local sources			
Other revenue	\$ 710,034	\$ 715,295	\$ (5,261)
Total revenue	\$ 710,034	\$ 715,295	\$ (5,261)

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND (GENERAL PROGRAMS)  
 YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
Instruction			
Basic programs			
Elementary			
Salaries	\$ 24,023,943	\$ 23,747,422	\$ 276,521
Benefits and payroll taxes	17,551,918	18,210,844	(658,926)
Nonsalaries	<u>1,809,919</u>	<u>1,672,998</u>	<u>136,921</u>
Total elementary	43,385,780	43,631,264	(245,484)
Secondary			
Salaries	16,140,736	15,865,014	275,722
Benefits and payroll taxes	11,639,661	11,975,209	(335,548)
Nonsalaries	<u>2,234,179</u>	<u>2,226,858</u>	<u>7,321</u>
Total secondary	30,014,576	30,067,081	(52,505)
Other basic programs			
Salaries	420,000	396,152	23,848
Benefits and payroll taxes	390,630	492,487	(101,857)
Nonsalaries	<u>27,000</u>	<u>19,140</u>	<u>7,860</u>
Total other basic programs	<u>837,630</u>	<u>907,779</u>	<u>(70,149)</u>
Total basic programs	74,237,986	74,606,124	(368,138)
Added needs			
Salaries	7,125,500	7,031,099	94,401
Benefits and payroll taxes	5,592,225	5,479,782	112,443
Nonsalaries	<u>2,046,250</u>	<u>1,739,587</u>	<u>306,663</u>
Total added needs	14,763,975	14,250,468	513,507
Total instruction	89,001,961	88,856,592	145,369
Support services			
Pupil services			
Salaries	1,789,007	1,791,779	(2,772)
Benefits and payroll taxes	1,360,614	1,379,556	(18,942)
Nonsalaries	<u>10,495,818</u>	<u>10,436,716</u>	<u>59,102</u>
Total pupil services	13,645,439	13,608,051	37,388

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND (GENERAL PROGRAMS)  
 YEAR ENDED JUNE 30, 2020

	Budget	Actual	Actual (Over)/Under Budget
Support services (continued)			
Instructional staff services			
Salaries	\$ 3,567,008	\$ 3,590,024	\$ (23,016)
Benefits and payroll taxes	2,621,331	2,571,103	50,228
Nonsalaries	<u>1,146,192</u>	<u>1,052,426</u>	<u>93,766</u>
Total instructional staff services	7,334,531	7,213,553	120,978
General administration			
Salaries	678,800	672,275	6,525
Benefits and payroll taxes	431,154	420,332	10,822
Nonsalaries	<u>452,300</u>	<u>371,135</u>	<u>81,165</u>
Total general administration	1,562,254	1,463,742	98,512
School administration			
Salaries	8,024,184	7,951,473	72,711
Benefits and payroll taxes	5,770,786	5,834,817	(64,031)
Nonsalaries	<u>361,125</u>	<u>314,129</u>	<u>46,996</u>
Total school administration	14,156,095	14,100,419	55,676
Fiscal services			
Salaries	1,772,820	1,745,578	27,242
Benefits and payroll taxes	1,308,611	1,266,027	42,584
Nonsalaries	<u>1,377,377</u>	<u>1,243,309</u>	<u>134,068</u>
Total fiscal services	4,458,808	4,254,914	203,894
Operations and maintenance			
Salaries	6,582,870	6,772,384	(189,514)
Benefits and payroll taxes	4,973,074	5,165,156	(192,082)
Nonsalaries			
Utilities	4,224,750	3,974,408	250,342
Repairs	1,809,500	1,722,066	87,434
Other	<u>3,190,760</u>	<u>3,051,592</u>	<u>139,168</u>
Total operations and maintenance	20,780,954	20,685,606	95,348
Pupil transportation			
Nonsalaries	<u>11,188,330</u>	<u>11,772,102</u>	<u>(583,772)</u>
Total pupil transportation	11,188,330	11,772,102	(583,772)

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND (GENERAL PROGRAMS)  
 YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
Support services (continued)			
Staff and personnel services			
Salaries			
Planning, research and evaluation	\$ 202,000	\$ 199,678	\$ 2,322
Communications	387,690	386,287	1,403
Personnel services	1,291,200	1,257,353	33,847
Information services	1,961,240	1,894,071	67,169
Benefits and payroll taxes			
Planning, research and evaluation	148,256	143,486	4,770
Communications	275,591	269,539	6,052
Personnel services	910,977	868,240	42,737
Information services	1,465,298	1,393,019	72,279
Nonsalaries			
Planning, research and evaluation	53,000	37,883	15,117
Communications	693,600	722,509	(28,909)
Personnel services	485,500	401,551	83,949
Information services	1,918,500	1,645,861	272,639
Total staff and personnel services	<u>9,792,852</u>	<u>9,219,477</u>	<u>573,375</u>
Total support services	<u>82,919,263</u>	<u>82,317,864</u>	<u>601,399</u>
Community services			
Salaries	2,200	1,276	924
Benefits and payroll taxes	4,874	613	4,261
Nonsalaries	23,550	16,974	6,576
Total community services	<u>30,624</u>	<u>18,863</u>	<u>11,761</u>
Capital outlay	118,500	69,525	48,975
Transfer to athletics	1,424,446	1,423,694	752
Expenses redistributed	(874,358)	(652,250)	(222,108)
Total expenditures	<u>\$ 172,620,436</u>	<u>\$ 172,034,288</u>	<u>\$ 586,148</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND (GRANTS)  
 YEAR ENDED JUNE 30, 2020

	Budget	Actual	Actual (Over)/Under Budget
Instruction			
Basic programs			
Elementary			
Salaries	\$ 1,366,542	\$ 1,114,308	\$ 252,234
Benefits and payroll taxes	849,747	758,684	91,063
Nonsalaries	1,126,832	717,726	409,106
Total elementary	3,343,121	2,590,718	752,403
Secondary			
Salaries	302,473	212,806	89,667
Benefits and payroll taxes	174,530	131,082	43,448
Nonsalaries	698,351	359,233	339,118
Total secondary	1,175,354	703,121	472,233
Other basic programs			
Salaries	2,754,425	2,847,416	(92,991)
Benefits and payroll taxes	1,979,835	2,016,029	(36,194)
Nonsalaries	624,291	573,992	50,299
Total other basic programs	5,358,551	5,437,437	(78,886)
Total basic programs	9,877,026	8,731,276	1,145,750
Added needs			
Salaries	7,162,969	6,730,205	432,764
Benefits and payroll taxes	5,304,444	4,946,605	357,839
Nonsalaries	1,783,778	445,479	1,338,299
Total added needs	14,251,191	12,122,289	2,128,902
Total instruction	24,128,217	20,853,565	3,274,652
Support services			
Pupil services			
Salaries	3,640,915	3,371,398	269,517
Benefits and payroll taxes	2,488,437	2,320,290	168,147
Nonsalaries	1,552,281	1,361,367	190,914
Total pupil services	7,681,633	7,053,055	628,578
Instructional staff services			
Salaries	2,482,333	2,226,540	255,793
Benefits and payroll taxes	1,653,749	1,502,477	151,272
Nonsalaries	3,621,190	1,727,123	1,894,067
Total instructional staff services	7,757,272	5,456,140	2,301,132

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND (GRANTS)  
 YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
Support services (continued)			
School administration			
Salaries	90,778	94,350	(3,572)
Benefits and payroll taxes	<u>60,894</u>	<u>62,959</u>	<u>(2,065)</u>
Total school administration	151,672	157,309	(5,637)
Operations and maintenance			
Salaries	738,298	104,460	633,838
Benefits and payroll taxes	483,014	49,635	433,379
Nonsalaries			
Other	<u>477,090</u>	<u>247,005</u>	<u>230,085</u>
Total operations and maintenance	1,698,402	401,100	1,297,302
Pupil transportation			
Nonsalaries	<u>1,451,384</u>	<u>1,097,199</u>	<u>354,185</u>
Total pupil transportation	1,451,384	1,097,199	354,185
Staff and personnel services			
Salaries			
Planning, research and evaluation	38,328	35,851	2,477
Personnel services			
Information services	25,610	24,239	1,371
Benefits and payroll taxes			
Planning, research and evaluation	26,793	25,172	1,621
Personnel services			
Information services	13,409	12,505	904
Nonsalaries			
Planning, research and evaluation	110,000	90,259	19,741
Communications	10,000		10,000
Personnel services	73,380	33,726	39,654
Information services	<u>1,300,000</u>	<u>1,001,329</u>	<u>298,671</u>
Total staff and personnel services	1,597,520	1,223,081	374,439
Student activities			
Nonsalaries	<u>7,398</u>	<u>7,399</u>	<u>(1)</u>
Total student activities	7,398	7,399	(1)
Total support services	<u>20,345,281</u>	<u>15,395,283</u>	<u>4,949,998</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND (GRANTS)  
 YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
Community services			
Salaries	\$ 243,950	\$ 12,282	\$ 231,668
Benefits and payroll taxes	166,056	8,121	157,935
Nonsalaries	<u>1,851,746</u>	<u>1,355,249</u>	<u>496,497</u>
Total community services	2,261,752	1,375,652	886,100
Facility acquisition / building improvements	2,153,951	2,046,122	107,829
Expenses redistributed	874,358	652,250	222,108
Total expenditures	<u><u>\$ 49,763,559</u></u>	<u><u>\$ 40,322,872</u></u>	<u><u>\$ 9,440,687</u></u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND (ATHLETICS)  
 YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over)/Under Budget</u>
Support services			
Fiscal services			
Nonsalaries	\$ 43,900	\$ 44,518	\$ (618)
Total fiscal services	<u>43,900</u>	<u>44,518</u>	<u>(618)</u>
Pupil transportation			
Nonsalaries	<u>93,900</u>	<u>91,480</u>	<u>2,420</u>
Total pupil transportation	<u>93,900</u>	<u>91,480</u>	<u>2,420</u>
Student activities			
Salaries	985,178	1,016,516	(31,338)
Benefits and payroll taxes	529,474	542,753	(13,279)
Nonsalaries	<u>482,028</u>	<u>443,722</u>	<u>38,306</u>
Total student activities	<u>1,996,680</u>	<u>2,002,991</u>	<u>(6,311)</u>
Total support services	<u>2,134,480</u>	<u>2,138,989</u>	<u>(4,509)</u>
Athletics transfer from general programs	(1,424,446)	(1,423,694)	(752)
Total expenditures	<u>\$ 710,034</u>	<u>\$ 715,295</u>	<u>\$ (5,261)</u>

GRAND RAPIDS PUBLIC SCHOOLS  
SCHEDULE OF BONDED DEBT  
DEBT SERVICE FUNDS  
JUNE 30, 2020

Description of issue	Issue of 2012	Issue of 2016
Date of issue	June 5, 2012	March 16, 2016
Amount of original issue	\$4,830,000	\$45,415,000
Principal maturity	November 1	May 1
Interest maturity	November 1 and May 1	November 1 and May 1
Interest rates on outstanding bonds	1.79%	4.0% to 5.0%

Maturity of Debt	Principal	Interest	Principal	Interest
Year ending June 30:				
2021	\$ 555,000	\$ 15,081	\$ 2,365,000	\$ 1,949,750
2022	565,000	5,056	2,460,000	1,831,500
2023			2,610,000	1,708,500
2024			2,710,000	1,578,000
2025			2,855,000	1,442,500
2026			3,010,000	1,299,750
2027			3,160,000	1,149,250
2028			3,335,000	991,250
2029			3,505,000	824,500
2030			6,475,000	649,250
2031			6,510,000	325,500
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
Totals	<u>\$ 1,120,000</u>	<u>\$ 20,137</u>	<u>\$ 38,995,000</u>	<u>\$ 13,749,750</u>

Issue of 2016		Issue of 2017		Issue of 2019	
March 16, 2016		March 21, 2017		May 14, 2019	
\$77,100,000		\$45,760,000		\$75,630,000	
May 1		May 1		November 1	
November 1 and May 1		November 1 and May 1		November 1 and May 1	
4.0% to 5.0%		5.00%		5.00%	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,850,000	\$ 2,933,750	\$ 3,585,000	\$ 1,977,250	\$ 4,150,000	\$ 3,508,750
1,850,000	2,841,250	3,765,000	1,798,000	4,450,000	3,293,750
1,850,000	2,748,750	3,955,000	1,609,750	1,700,000	3,140,000
1,850,000	2,656,250	4,150,000	1,412,000	1,800,000	3,052,500
1,850,000	2,563,750	4,360,000	1,204,500	1,900,000	2,960,000
1,925,000	2,471,250	4,580,000	986,500	2,000,000	2,862,500
1,975,000	2,375,000	4,810,000	757,500	2,100,000	2,760,000
2,050,000	2,276,250	5,045,000	517,000	2,200,000	2,652,500
2,100,000	2,173,750	5,295,000	264,750	2,300,000	2,540,000
2,800,000	2,068,750			2,450,000	2,421,250
2,900,000	1,928,750			2,550,000	2,296,250
3,050,000	1,783,750			2,650,000	2,166,250
3,150,000	1,631,250			2,800,000	2,030,000
3,275,000	1,473,750			2,900,000	1,887,500
3,375,000	1,310,000			3,050,000	1,738,750
3,500,000	1,141,250			3,200,000	1,582,500
3,625,000	966,250			3,350,000	1,418,750
3,750,000	785,000			3,500,000	1,247,500
3,875,000	597,500			3,600,000	1,070,000
4,000,000	403,750			3,700,000	887,500
4,075,000	203,750			3,800,000	700,000
				3,900,000	507,500
				4,050,000	308,750
				4,150,000	103,750
<u>\$ 58,675,000</u>	<u>\$ 37,333,750</u>	<u>\$ 39,545,000</u>	<u>\$ 10,527,250</u>	<u>\$ 72,250,000</u>	<u>\$ 47,136,250</u>

Totals	
Principal	Interest
\$ 12,505,000	\$ 10,384,581
13,090,000	9,769,556
10,115,000	9,207,000
10,510,000	8,698,750
10,965,000	8,170,750
11,515,000	7,620,000
12,045,000	7,041,750
12,630,000	6,437,000
13,200,000	5,803,000
11,725,000	5,139,250
11,960,000	4,550,500
5,700,000	3,950,000
5,950,000	3,661,250
6,175,000	3,361,250
6,425,000	3,048,750
6,700,000	2,723,750
6,975,000	2,385,000
7,250,000	2,032,500
7,475,000	1,667,500
7,700,000	1,291,250
7,875,000	903,750
3,900,000	507,500
4,050,000	308,750
4,150,000	103,750
<u>\$ 210,585,000</u>	<u>\$ 108,767,137</u>

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GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF REVENUE, EXPENDITURES AND FUND BALANCES  
 PRIVATE PURPOSE TRUST FUNDS  
 YEAR ENDED JUNE 30, 2020

	Net Position <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Net Position <u>June 30, 2020</u>
Nonexpendable trust funds				
Principal accounts - endowment:				
Mary Amberg Award Fund	\$ 525			\$ 525
Central High School Scholarship Award of the Class of 1926	1,400			1,400
Emma J. Cole Fund	1,500			1,500
Mary Croninger Dutcher Voice and String Instrument Fund	53,949			53,949
Kathy French Scholarship Fund	8,436			8,436
Hugh H. Hayes Memorial Award Fund	500			500
Elwood F. Demmon - Albert Jennings Scholarship Fund	5,533			5,533
Marian L. Jennings Scholarship Fund	1,023			1,023
Anne H. Kerr French Scholarship Fund	1,000			1,000
Peter H. Moll Travel Award Fund	1,555			1,555
Loretta Ortt Trust Fund	23,819			23,819
Ottawa Hills High School Scholarship Award of the Class of 1976	710			710
Olga Perschbacher Trust	12,400			12,400
Mary R. Powers Fund	3,889			3,889
Edna L. and Katheryn Pugsley Elementary School Trust	87,875			87,875
James Henry Schnoor and Minnie Schnoor Memorial Scholarship Fund	14,028			14,028
Union High School Bookstore Award for Excellence	10,000			10,000
Gustave A. Wolf Fund	15,000			15,000
Walter Wood Memorial Fund	29,761			29,761
Total nonexpendable trust funds	<u>272,903</u>			<u>272,903</u>
Expendable trust funds				
Principal accounts - expendable:				
Board of Education Trust Fund	15,304	\$ 700	\$ 650	15,354
Ralph G. Conger Fund	840	11	50	801
Myrtle Freeman Trust	406,205	5,263		411,468
Lincoln School Trust	52,602	682		53,284
Newcomer Award Fund	10,434	185	200	10,419
Total principal accounts	<u>485,385</u>	<u>6,841</u>	<u>900</u>	<u>491,326</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF REVENUE, EXPENDITURES AND FUND BALANCES  
 PRIVATE PURPOSE TRUST FUNDS  
 YEAR ENDED JUNE 30, 2020

	Net Position <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Net Position <u>June 30, 2020</u>
Income accounts of endowment funds:				
Mary Amberg Award Fund	\$ 132	\$ 9		\$ 141
Central High School Scholarship Award of the Class of 1926	169	20	\$ 50	139
Emma J. Cole Fund	10,836	160		10,996
Mary Croninger Dutcher Voice and String Instrument Fund	26,387	1,041		27,428
Kathy French Scholarship Fund	3,452	154		3,606
Hugh H. Hayes Memorial Award Fund	15	6		21
Elwood F. Demmon - Albert Jennings Scholarship Fund	2,845	108	150	2,803
Marian L. Jennings Scholarship Fund	85	339	350	74
Anne H. Kerr French Scholarship Fund	1,042	27		1,069
Peter H. Moll Travel Award Fund	516	27		543
Loretta Ortt Trust Fund	20,151	570		20,721
Ottawa Hills High School Scholarship Award of the Class of 1976	167	11		178
Olga Perschbacher Trust	47,320	(500)	500	46,320
Mary R. Powers Fund	672	59	100	631
Edna L. and Katheryn Pugsley Elementary School Trust	29,627	1,523		31,150
James Henry Schnoor and Minnie Schnoor Memorial Scholarship Fund	4,334	238		4,572
Union High School Bookstore Award for Excellence	2,213	158	150	2,221
Gustave A. Wolf Fund	3,762	242	450	3,554
Walter Wood Memorial Fund	7,917	488	200	8,205
Total income accounts	<u>161,642</u>	<u>4,680</u>	<u>1,950</u>	<u>164,372</u>
Total expendable trust funds	<u>647,027</u>	<u>11,521</u>	<u>2,850</u>	<u>655,698</u>
Total trust funds	<u>\$ 919,930</u>	<u>\$ 11,521</u>	<u>\$ 2,850</u>	<u>\$ 928,601</u>

GRAND RAPIDS PUBLIC SCHOOLS  
 DETAILS OF RECEIPTS, DISBURSEMENTS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2020

<u>Program</u>	<u>Due to student and other groups June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due to student and other groups June 30, 2020</u>
Elementary and secondary schools	\$ 1,245,542	\$ 707,331	\$ 775,887	\$ 1,176,986

GRAND RAPIDS PUBLIC SCHOOLS  
PROPERTY TAX DATA  
JUNE 30, 2020

	Balance July 1, 2019	Assessments	Cash Collections	Prior Year Assessment Adjustments	Balance June 30, 2020
<b>General Fund</b>					
Delinquent taxes:					
2019		\$ 32,898,206	\$ 32,894,554		\$ 3,652
2018	\$ 150		26,626	\$ 29,324	2,848
2017	12		14,570	17,281	2,723
2016			10,897	13,596	2,699
2015			(788)	1,902	2,690
2014				6,009	6,009
Interest and penalties assessed at the time of collection		201,134	201,134		
<b>Total General Fund</b>	<u>162</u>	<u>33,099,340</u>	<u>33,146,993</u>	<u>68,112</u>	<u>20,621</u>
<b>Debt Service Fund</b>					
Delinquent taxes:					
2019		22,161,954	22,038,599		123,355
2018	96,524		101,751	23,822	18,595
2017	3		6,327	8,300	1,976
2016			43	43	
2015			19	2,559	2,540
2014			13	13	
Interest and penalties assessed at the time of collection		65,983	65,983		
<b>Total Debt Service Fund</b>	<u>96,527</u>	<u>22,227,937</u>	<u>22,212,735</u>	<u>34,737</u>	<u>146,466</u>
<b>Sinking Fund</b>					
Delinquent taxes:					
2019					
2018					
2017					
2016			786	1,418	632
2015					
2014					
Interest and penalties assessed at the time of collection					
<b>Total Sinking Fund</b>			<u>786</u>	<u>1,418.00</u>	<u>632</u>
<b>Total property taxes receivable</b>	<u>\$ 96,689</u>	<u>\$ 55,327,277</u>	<u>\$ 55,360,514</u>	<u>\$ 104,267</u>	<u>\$ 167,719</u>
<b>OTHER INFORMATION</b>					
	Primary Residence (PRE)	Non-PRE	TIFA Districts	Renaissance Zone	
Taxable value of property in the City of Grand Rapids	<u>\$ 2,348,785,773</u>	<u>\$ 2,488,524,375</u>	<u>\$ 375,100,708</u>	<u>\$ 13,892,754</u>	
Tax levy (mills)					
General Fund		18.0000			
Debt Service	4.8500	4.8500			
<b>Total tax levy</b>	<u>4.8500</u>	<u>22.8500</u>			
Official student enrollment					<u>15,456</u>

GRAND RAPIDS PUBLIC SCHOOLS  
TEN YEAR SUMMARY OF TAX ASSESSMENTS AND COLLECTIONS  
JUNE 30, 2020

Assessed valuation and school taxes:

	Assessed Valuation of Property (A)			School Tax Rate Per \$1,000 of Assessed Valuation		
	PRE	Non-PRE	Total	Operating (Mills)	Debt Service (Mills)	Sinking Fund (Mills)
	2010	2,131,036,259	2,150,544,019	4,281,580,278	18.0000 (C)	2.29
2011	1,990,736,516	2,213,381,909	4,204,118,425	18.0000 (C)	2.36	
2012	1,891,128,285	2,196,941,509	4,088,069,794	18.0000 (C)	2.60	1.00
2013	1,898,530,618	2,143,921,397	4,042,452,015	18.0000 (C)	2.60	1.00
2014	1,907,224,073	2,174,820,521	4,082,044,594	18.0000 (C)	2.60	1.00
2015	1,945,900,130	2,177,917,494	4,123,817,624	18.0000 (C)	2.80	1.00
2016	1,982,044,722	2,142,526,641	4,124,571,363	18.0000 (D)	4.75	0.9949
2017	2,077,657,402	2,229,262,979	4,306,920,381	18.0000 (C)	4.25	
2018	2,210,554,582	2,353,605,120	4,564,159,702	18.0000 (C)	4.30	
2019	2,348,785,773	2,488,524,375	4,837,310,148	18.0000 (C)	4.85	

Levy and collections (B):

Year ended June 30	Total Levy for All School Purposes	Collection of Current Year's Levy	Collection of Prior Years' Levies	Total Collections
2011	39,404,299	39,376,384	138,276	39,514,660
2012	39,684,576	39,671,588	295,914	39,967,502
2013	43,503,248	43,481,435	233,526	43,714,961
2014	42,621,415	42,301,295	295,538	42,596,833
2015	43,366,325	43,366,325	1,020,220	44,386,545
2016	44,479,989	44,212,610	133,345	44,345,955
2017	51,922,241	51,922,241	313,802	52,236,043
2018	50,458,215	50,354,767	106,634	50,461,401
2019	50,763,484	50,666,810	217,604	50,884,414
2020	55,060,160	54,933,153	160,244	55,093,397

- (A) The assessed valuations shown above represent the state-equalized amounts for General Fund purposes.
- (B) The amounts shown for tax collections are exclusive of collections of trailer fees and interest and penalties, except insofar as penalties added to tax sale redemption accounts have been collected.
- (C) In addition to these mills levied locally on non-homestead property, an additional 6 mills for homestead and non-homestead property are levied by the State of Michigan.
- (D) In addition to these mills levied locally on non-homestead property, an additional 6 mills for homestead and non-homestead property are levied by the State of Michigan. The sinking fund millage has been reduced by 0.0051 mills, attributable to Headlee Amendment rollbacks.