

**GRAND HAVEN AREA PUBLIC SCHOOLS**

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

**YEAR ENDED JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Grand Haven Area 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 the Grand Haven Area Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Grand Haven Area 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 Haven Area Public Schools, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other information*

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

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 additional supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, on our consideration of Grand Haven Area Public Schools' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Haven Area Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Haven Area Public Schools' internal control over financial reporting and compliance.

*Maney Costeiran PC*

September 14, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Grand Haven Area Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

The management's discussion and analysis is provided at the beginning of the annual financial report to provide in layman's terms the past and current position of the District's financial condition. This summary should not be taken as a replacement for the annual financial report which consists of the financial statements and other supplementary and additional information that presents all the District's revenue and expenditures by program.

### FINANCIAL HIGHLIGHTS

#### **Reporting the School District as a Whole - District-wide Financial Statements**

One of the most important questions asked about the District is, "As a whole, what is the District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the District's financial statements, report information about the District as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position. In order to measure the District's financial health or financial position, we examine the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources as reported in the statement of net position. Over time, increases or decreases in the District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results.

It is important to remember that the School District's goal is to provide the best educational opportunities and services possible to the District's students and not to generate profits as commercial entities do. In keeping, the District must account for the long-term stability and continuation of the District by weighing expenditures against the ability to continue existence. The District must keep in check significant decreases in net position over time.

The statement of net position and statement of activities report the governmental activities for the School District, which encompass all of the District's services, including instruction, support services, community services, athletics, student/school activities, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

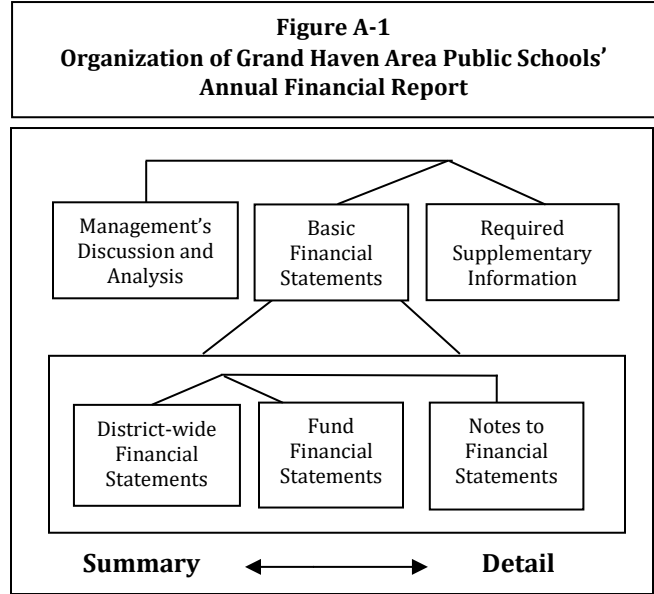
Our financial statements provide insights into the results of this year's operations.

- The assets and deferred outflows of resources of the District are exceeded by its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$102,889,433 (*net position*).
- The District's total net position decreased by \$4,027,803.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$21,521,350, a decrease of \$1,329,582 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the District's operating fund (general fund) was \$9,597,968 or 13% of the total expenditures and transfers out of this operating fund.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



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



<b>Figure A-2 Major Features of District-wide and Fund Financial Statements</b>		
	District-wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

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

## **DISTRICT-WIDE STATEMENTS**

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

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

## **FUND FINANCIAL STATEMENTS**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying debt) or to show that it is properly using certain revenues (like school lunch and student/school activities).

The District has one kind of fund:

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Restricted net position represents legal constraints from debt covenants and legislation that limit the District’s ability to use the net position for day-to-day operations. The following is a summary of the District’s net position at June 30, 2021 and 2020.

<b>Table A-3</b>		
<b>Grand Haven Area Public Schools</b>		
<b>Net Position</b>		
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and other assets	\$ 33,527,514	\$ 33,665,389
Capital assets	<u>65,088,464</u>	<u>67,052,689</u>
Total assets	<u>98,615,978</u>	<u>100,718,078</u>
Deferred outflows of resources	<u>42,935,481</u>	<u>52,109,453</u>
<b>Liabilities</b>		
Current liabilities	23,053,147	21,572,756
Long-term liabilities	21,626,296	32,186,193
Net pension liability	147,180,252	144,462,656
Net other postemployment liability	<u>26,749,009</u>	<u>35,384,931</u>
Total liabilities	<u>218,608,704</u>	<u>233,606,536</u>
Deferred inflows of resources	<u>25,832,188</u>	<u>18,082,625</u>
<b>Net position</b>		
Net investment in capital assets	43,303,933	38,430,186
Restricted for food service	-	116,990
Restricted for debt service	684,639	672,905
Unrestricted	<u>(146,878,005)</u>	<u>(138,081,711)</u>
Total net position	<u>\$ (102,889,433)</u>	<u>\$ (98,861,630)</u>

<b>Table A-4</b>		
<b>Changes in Grand Haven Area Public Schools' Net Position</b>		
	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 3,176,051	\$ 6,516,578
Operating grants and contributions	20,829,733	16,135,493
General revenues		
Property taxes	26,062,335	25,697,795
Investment	39,283	575,424
State aid - unrestricted	30,758,622	30,553,999
Intermediate sources	6,083,829	6,090,619
Other	590,103	6,571
	<u>87,539,956</u>	<u>85,576,479</u>
<b>Expenses</b>		
Instruction	54,454,025	51,794,516
Support services	27,211,374	27,670,710
Community services	826,998	1,222,083
Food services	1,974,372	2,065,367
Athletic activities	1,143,151	1,287,282
Student/school activities	547,828	1,348,082
Interest on long-term debt	1,046,442	1,067,610
Unallocated depreciation	4,363,569	4,216,351
	<u>91,567,759</u>	<u>90,672,001</u>
Change in net position	<u>\$ (4,027,803)</u>	<u>\$ (5,095,522)</u>

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District as a whole has a combined fund balance of \$21,521,350 compared to \$22,850,932 in 2020. The fund balance decreased by \$1,329,582 during the year. There are debt service funds with a combined net fund balance of \$999,109, special revenue funds with combined a net fund balance of \$1,022,824, the 2020 capital project fund with a net fund balance of \$9,280,080, and a capital projects fund with a net fund balance of \$800,000. The general fund increased its fund balance by \$1,014,894; the 2020 capital project bond decreased its fund balance by \$1,443,683 and other nonmajor governmental funds decreased by \$900,793 (special revenue, debt service funds, and capital projects funds).

The general fund's revenues were 2.62% higher than expenditures and operating transfers.

## General Fund and Budget Highlights

An amendment to the initial budget was completed in December, reflecting increased spending in teacher salaries and benefits. The amendment reflected a drop in the Fall student count.

The final amendment was adopted in May 2021 to adjust for a slight revenue increase and employee compensation to reflect staffing changes.

The final amended budget was to have revenues exceeding expenditures and outgoing transfers by \$128,133. Final results showed that revenues came in lower (\$1,634,902) than were anticipated, but expenditures came in less (\$3,092,182). The net result after other financing sources and (uses) was a change in fund balance of \$1,014,894, increasing the fund balance to \$9,597,968.

General fund expenditures came within 4.2% of final budgeted amounts. Tight budgetary controls allowed the District to maintain the rising costs with the decrease in revenue sources.

Overall, the difference between the final District's amended budget and end of the year figures amounted to a \$886,761 variance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District's capital assets are as follows:

	2021		2020	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 4,973,108	\$ -	\$ 4,973,108	\$ 4,973,108
Construction in process	392,460	-	392,460	585,512
Building and building improvements	102,575,720	53,233,087	49,342,633	51,518,135
Land improvements	18,374,692	11,487,173	6,887,519	6,450,222
Vehicles	5,977,705	3,744,271	2,233,434	2,146,230
Furniture and equipment	19,443,032	18,183,722	1,259,310	1,379,483
Total	<u>\$ 151,736,717</u>	<u>\$ 86,648,253</u>	<u>\$ 65,088,464</u>	<u>\$ 67,052,690</u>

## LONG-TERM DEBT

At year-end the District had \$32,537,440 long-term debt outstanding as shown in Table A-6. More detailed information is available in the notes to the financial statements.

The District made principal payments amounting to \$9,803,000 which has decreased the long-term debt.

An increase in compensated absences and terminated benefits of \$20,274 was also recorded.

	2021	2020
General obligation bonds and other debt	\$ 31,471,174	\$ 41,728,445
Compensated absences and terminated benefits	1,066,266	1,045,992
	<u>\$ 32,537,440</u>	<u>\$ 42,774,437</u>

## FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- One of the most important factors affecting the budget is the District's student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Sixty eight percent of the District's general fund revenues are generated from the per pupil allowance, a combination of State aid and property taxes. Under State law, the District cannot assess additional property tax revenue for general operations.
- Since the District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the District.
- The long term impact of the Michigan economy related to COVID-19 is unknown. The economy has rebounded quicker than expected, partially due to Federal stimulus programs, but the future is still uncertain.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lyndsey Fleser, Executive Director, Business Services, Grand Haven Area Public Schools, 1415 Beechtree Street, Grand Haven, MI 49417.

## **BASIC FINANCIAL STATEMENTS**

**GRAND HAVEN AREA PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,008,345
Investments	6,829,717
Receivables	
Accounts receivable	8,187
Intergovernmental	9,448,724
Inventories	90,633
Prepays	481,298
Restricted cash and cash equivalents - capital projects	158,911
Restricted investments - capital projects	9,501,699
Capital assets not being depreciated	5,365,568
Capital assets, net of accumulated depreciation	59,722,896
TOTAL ASSETS	98,615,978
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding, net of amortization	406,563
Related to pensions	31,302,294
Related to other postemployment benefits	11,226,624
TOTAL DEFERRED OUTFLOWS OF RESOURCES	42,935,481
<b>LIABILITIES</b>	
Accounts payable	783,383
Due to other governmental units	646,884
Checks written against future deposits	178,631
Accrued interest payable	135,839
Accrued salaries and related items	5,496,724
Accrued retirement	3,233,488
Unearned revenue	1,667,054
Noncurrent liabilities	
Due within one year	10,911,144
Due in more than one year	21,626,296
Net pension liability	147,180,252
Net other postemployment benefit liability	26,749,009
TOTAL LIABILITIES	218,608,704
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	2,250,661
Related to state aid funding for pension benefits	5,536,783
Related to other postemployment benefits	18,044,744
TOTAL DEFERRED INFLOWS OF RESOURCES	25,832,188
<b>NET POSITION</b>	
Net investment in capital assets	43,303,933
Restricted for debt service	684,639
Unrestricted	(146,878,005)
TOTAL NET POSITION	\$ (102,889,433)

See notes to financial statements.



**GRAND HAVEN AREA PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 54,454,025	\$ 2,016,842	\$ 14,506,804	\$ (37,930,379)
Support services	27,211,374	504,211	3,626,701	(23,080,462)
Community services	826,998	439,607	318,390	(69,001)
Food services	1,974,372	44,025	1,711,723	(218,624)
Athletic activities	1,143,151	171,366	-	(971,785)
Student/school activities	547,828	-	666,115	118,287
Interest on long-term debt	1,046,442	-	-	(1,046,442)
Unallocated depreciation	4,363,569	-	-	(4,363,569)
Total governmental activities	<u>\$ 91,567,759</u>	<u>\$ 3,176,051</u>	<u>\$ 20,829,733</u>	<u>(67,561,975)</u>
General revenues				
Property taxes, levied for general purposes				15,495,075
Property taxes, levied for debt service				10,567,260
Investment earnings				39,283
State sources - unrestricted				30,758,622
Intermediate sources				6,083,829
Other				590,103
Total general revenues				<u>63,534,172</u>
CHANGE IN NET POSITION				(4,027,803)
Net position, beginning of year				<u>(98,861,630)</u>
Net position, end of year				<u>\$ (102,889,433)</u>

See notes to financial statements.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	2020 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,846,033	\$ -	\$ 2,162,312	\$ 7,008,345
Investments	6,259,713	-	570,004	6,829,717
Restricted cash and cash equivalents	-	158,911	-	158,911
Restricted investments	-	9,501,699	-	9,501,699
Receivables				
Accounts receivable	3,562	-	4,625	8,187
Intergovernmental	9,360,242	-	88,482	9,448,724
Due from other funds	47,251	-	-	47,251
Inventories	59,757	-	30,876	90,633
Prepays	370,178	-	111,120	481,298
<b>TOTAL ASSETS</b>	<b>\$ 20,946,736</b>	<b>\$ 9,660,610</b>	<b>\$ 2,967,419</b>	<b>\$ 33,574,765</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Payables				
Accounts payable	\$ 396,549	\$ 333,279	\$ 53,555	\$ 783,383
Due to other governmental units	646,884	-	-	646,884
Due to other funds	-	47,251	-	47,251
Checks written against future deposits	-	-	178,631	178,631
Accrued salaries and related items	5,485,409	-	11,315	5,496,724
Accrued retirement	3,233,488	-	-	3,233,488
Unearned revenue	1,586,438	-	80,616	1,667,054
<b>TOTAL LIABILITIES</b>	<b>11,348,768</b>	<b>380,530</b>	<b>324,117</b>	<b>12,053,415</b>
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	59,757	-	30,876	90,633
Prepays	370,178	-	111,120	481,298
Restricted for:				
Debt service	-	-	820,478	820,478
Capital projects	-	9,280,080	-	9,280,080
Committed for:				
Student/school activities	-	-	905,836	905,836
Assigned for:				
Capital projects	-	-	800,000	800,000
Compensated absences and termination benefits	1,066,266	-	-	1,066,266
Subsequent year expenditures	42,410	-	-	42,410
Unassigned				
Food service	-	-	(25,008)	(25,008)
General fund	8,059,357	-	-	8,059,357
<b>TOTAL FUND BALANCES</b>	<b>9,597,968</b>	<b>9,280,080</b>	<b>2,643,302</b>	<b>21,521,350</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,946,736</b>	<b>\$ 9,660,610</b>	<b>\$ 2,967,419</b>	<b>\$ 33,574,765</b>

See notes to financial statements.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

**Total governmental fund balances** \$ 21,521,350

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report actual/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, net differences between projected and actual plan investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows on refunding	406,563
Deferred outflows of resources - related to pensions	31,302,294
Deferred outflows of resources - related to other postemployment benefits	11,226,624
Deferred inflows of resources - related to pensions	(2,250,661)
Deferred inflows of resources - related to other postemployment benefits	(18,044,744)
Deferred inflows of resources - related to state aid funding for pension	(5,536,783)

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

The cost of the capital assets is	\$ 151,736,717	
Accumulated depreciation is	<u>(86,648,253)</u>	
		65,088,464

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

General obligation bonds and direct borrowing and direct placement	(31,471,174)
Compensated absences and termination benefits	(1,066,266)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(135,839)
Net pension liability	(147,180,252)
Net other postemployment benefit liability	<u>(26,749,009)</u>

**Net position of governmental activities** \$ (102,889,433)

**GRAND HAVEN AREA PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 15,495,075	\$ -	\$ 10,567,260	\$ 26,062,335
Food sales	-	-	44,025	44,025
Investment earnings	9,346	26,051	3,883	39,280
Athletics	6,540	-	-	6,540
Student/school activities income	-	-	666,115	666,115
Tuition	439,607	-	-	439,607
Other	631,085	11,368	112,479	754,932
Total local sources	<u>16,581,653</u>	<u>37,419</u>	<u>11,393,762</u>	<u>28,012,834</u>
State sources	44,822,912	-	354,225	45,177,137
Federal sources	4,752,750	28,119	1,681,228	6,462,097
Intermediate school districts	8,604,882	-	-	8,604,882
TOTAL REVENUES	<u>74,762,197</u>	<u>65,538</u>	<u>13,429,215</u>	<u>88,256,950</u>
<b>EXPENDITURES</b>				
Current				
Instruction	46,441,442	-	-	46,441,442
Supporting services	25,549,413	-	-	25,549,413
Food service activities	-	-	1,880,517	1,880,517
Community service activities	725,715	-	-	725,715
Student/school activities	-	-	547,828	547,828
Capital outlay	108,500	1,442,880	1,973,675	3,525,055
Debt service				
Principal	28,000	-	9,775,000	9,803,000
Interest	1,057	-	1,079,601	1,080,658
Other expenses	-	29,520	3,384	32,904
TOTAL EXPENDITURES	<u>72,854,127</u>	<u>1,472,400</u>	<u>15,260,005</u>	<u>89,586,532</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,908,070</u>	<u>(1,406,862)</u>	<u>(1,830,790)</u>	<u>(1,329,582)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	31,591	-	961,554	993,145
Transfers out	(924,767)	(36,821)	(31,557)	(993,145)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(893,176)</u>	<u>(36,821)</u>	<u>929,997</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,014,894	(1,443,683)	(900,793)	(1,329,582)
<b>FUND BALANCES</b>				
Beginning of year	<u>8,583,074</u>	<u>10,723,763</u>	<u>3,544,095</u>	<u>22,850,932</u>
End of year	<u>\$ 9,597,968</u>	<u>\$ 9,280,080</u>	<u>\$ 2,643,302</u>	<u>\$ 21,521,350</u>

See notes to financial statements.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

**Net change in fund balances total governmental funds** \$ (1,329,582)

Amounts reported for governmental activities in the statement of activities are different because:

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

Depreciation expense	(4,363,569)
Capital outlay	2,399,343

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.

Accrued interest payable, beginning of the year	170,055
Accrued interest payable, end of the year	(135,839)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Payments on debt	9,803,000
Amortization of deferred charge on refunding	(179,020)
Amortization of bond premiums	454,271

Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.

Accrued compensated absences and termination benefits, beginning of the year	1,045,992
Accrued compensated absences and termination benefits, end of the year	(1,066,266)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension related items	(14,091,365)
Other postemployment benefits related items	3,982,171

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.

State aid funding for pension benefits	(716,994)
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**Change in net position of governmental activities** \$ (4,027,803)

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Government-wide Financial Statements

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

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *2020 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition or construction of capital facilities or equipment held by the District.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation - Fund Financial Statements (continued)

Additionally, the District reports the following *Nonmajor Fund Types*:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities as special revenue funds.

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

The *Capital Projects Funds* account for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The District maintains three nonmajor capital projects fund for various assigned purposes.

The following is a summary of the cumulative revenues and expenditures for the capital projects bond activity since inception.

	2017 Proposal 1	2017 Proposal 2	2020 Bond
Revenues	\$ 716,126	\$ 40,989	\$ 67,706
Expenditures and other financing sources	\$ 12,426,376	\$ 1,743,020	\$ 1,493,984

The above revenue figures do not include original 2017 Proposal 1, 2017 Proposal 2, and 2020 school bond proceeds of \$11,699,790, \$1,702,031, and \$10,780,000, respectively.

The *2020 Capital Projects Fund, 2017 Proposal 1 Capital Projects Fund and 2017 Proposal 2 Capital Projects Fund* include capital project activities funded with bonds issued after May 1, 1994. For these capital project funds, the District has complied with the applicable provisions of §1351a of the Revised School Code. The *2017 Proposal 1 Capital Projects Fund and 2017 Proposal 2 Capital Projects Fund* were considered complete as of June 30, 2021.

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus and Basis of Accounting

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

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

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

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

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

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

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



**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus and Basis of Accounting (continued)

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

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

Budgetary Information

*Budgetary Basis of Accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2021. The District does not consider these amendments to be significant.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

*Investments*

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

*Inventories and Prepays*

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Capital Assets*

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

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

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Building and building improvements	15 - 50
Land improvements	20
Vehicles	5 - 8
Furniture and equipment	5 - 20

*Defined Benefit Plans*

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

*Deferred Outflows*

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Deferred Inflows*

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

*Net Position Flow Assumption*

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

*Fund Balance Flow Assumptions*

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

*Fund Balance Policies*

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Fund Balance Policies (continued)*

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

Revenues and Expenditures/Expenses

*Program Revenues*

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

*Property Taxes*

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

For the year ended June 30, 2021, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	4.20

*Compensated Absences and Termination Benefits*

The District's contracts generally provide for granting vacation and sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Long-term Obligations*

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2021, the District had deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, \$6,954,275 of the District's bank balance of \$7,232,058 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The carrying balance is \$7,167,256.

Custodial Credit Risk - Investments

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

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

Interest Rate Risk

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Interest Rate Risk (continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment Pool - Cash Management Class	\$ 1,052	N/A
MILAF External Investment Pool - MAX	2,483	N/A
Michigan CLASS Investment Pool	6,826,184	0.1507
Fidelity Treasury Portfolio Money Market Fund	3,866,528	0.0027
U.S. Government Agency Bonds	5,135,767	1.2153
Commercial Paper	499,402	0.3575
Total fair value	<u>\$ 16,331,416</u>	
Portfolio weighted average maturity		<u>0.4336</u>

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment Pool - Cash Management Class	\$ 1,052	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	2,483	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	6,826,184	AAAm	Standard & Poor's
Fidelity Treasury Portfolio Money Market Fund	3,866,528	N/A	
U.S. Government Agency Bonds	5,135,767	A-1+	Standard & Poor's
Commercial Paper	499,402	A+	Standard & Poor's
Total	<u>\$ 16,331,416</u>		

Foreign Currency Risk

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance June 30, 2021
Investments by fair value level				
Fidelity Treasury Portfolio Money Market Fund	\$ 3,866,528	\$ -	\$ -	\$ 3,866,528
U.S. Government Agency Bonds	-	5,135,767	-	5,135,767
Commercial Paper	-	499,402	-	499,402
<b>Total</b>	<b>\$ 3,866,528</b>	<b>\$ 5,635,169</b>	<b>\$ -</b>	<b>\$ 9,501,697</b>

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

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - Cash Management Class	\$ 1,052
MILAF External Investment Pool - MAX	2,483
	<b>\$ 3,535</b>

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.



**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" 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 District holds shares or interests in the Michigan Liquid Asset Fund (MILAF) Term Series, where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The MILAF Term Series includes investments that the District does not control. The investment pool invests primarily in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

At the year ended June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Michigan CLASS Investment Pool	<u>\$ 6,826,184</u>	<u>\$ -</u>	No restrictions	None

The following summarizes the categorization of these amounts as of June 30, 2021:

	<u>Primary Government</u>
Cash and cash equivalents	\$ 7,008,345
Investments	6,829,717
Restricted cash and cash equivalents	158,911
Restricted investments	<u>9,501,699</u>
	<u>\$ 23,498,672</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2021 consist of the following:

State aid	\$ 8,230,936
Federal revenue	998,465
Intermediate school district and other governments	<u>219,323</u>
	<u>\$ 9,448,724</u>

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

**NOTE 4 - CAPITAL ASSETS**

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

	Balance July 1, 2020	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2021
Assets not being depreciated				
Land	\$ 4,973,108	\$ -	\$ -	\$ 4,973,108
Construction in process	<u>585,512</u>	<u>392,460</u>	<u>(585,512)</u>	<u>392,460</u>
Total assets not being depreciated	<u>5,558,620</u>	<u>392,460</u>	<u>(585,512)</u>	<u>5,365,568</u>
Other capital assets				
Building and building improvements	102,097,001	478,719	-	102,575,720
Land improvements	17,022,687	1,352,005	-	18,374,692
Vehicles	5,756,558	654,307	(433,160)	5,977,705
Furniture and equipment	<u>28,998,813</u>	<u>107,364</u>	<u>(9,663,145)</u>	<u>19,443,032</u>
Total other capital assets	<u>153,875,059</u>	<u>2,592,395</u>	<u>(10,096,305)</u>	<u>146,371,149</u>
Accumulated depreciation				
Building and building improvements	50,578,866	2,654,221	-	53,233,087
Land improvements	10,572,465	914,708	-	11,487,173
Vehicles	3,610,328	567,103	(433,160)	3,744,271
Furniture and equipment	<u>27,619,330</u>	<u>227,537</u>	<u>(9,663,145)</u>	<u>18,183,722</u>
Total accumulated depreciation	<u>92,380,989</u>	<u>4,363,569</u>	<u>(10,096,305)</u>	<u>86,648,253</u>
Net capital assets being depreciated	<u>61,494,070</u>	<u>(1,771,174)</u>	<u>-</u>	<u>59,722,896</u>
Net governmental capital assets	<u>\$ 67,052,690</u>	<u>\$ (1,378,714)</u>	<u>\$ (585,512)</u>	<u>\$ 65,088,464</u>

Depreciation for the fiscal year ended June 30, 2021 amounted to \$4,363,569. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

	General Obligation Bonds (Including Premiums)	Direct Borrowings and Direct Placements	Compensated Absences and Termination Benefits	Total
Balance July 1, 2020	\$ 41,671,445	\$ 57,000	\$ 1,045,992	\$ 42,774,437
Additions	-	-	995,952	995,952
Deletions	<u>(10,229,271)</u>	<u>(28,000)</u>	<u>(975,678)</u>	<u>(11,232,949)</u>
Balance June 30, 2021	31,442,174	29,000	1,066,266	32,537,440
Due within one year	<u>10,552,942</u>	<u>29,000</u>	<u>329,202</u>	<u>10,911,144</u>
Due in more than one year	<u>\$ 20,889,232</u>	<u>\$ -</u>	<u>\$ 737,064</u>	<u>\$ 21,626,296</u>

Long-term obligations at June 30, 2021 is comprised of the following:

General Obligation Bonds

2013 refunding general obligation bonds due in annual installments of \$1,010,000 to \$1,045,000 through May 1, 2025, with interest from 3.00% to 3.25%.	\$ 4,095,000
2014 general obligation bonds due in annual installments of \$1,375,000 to \$1,400,000 through May 1, 2025, with interest from 3.00% to 5.00%.	5,525,000
2017 general obligation bonds due in an annual installment of \$1,925,000 through May 1, 2022, with interest at 5.00%.	1,925,000
2017 refunding general obligation bonds due in annual installments of \$1,270,000 through May 1, 2025, with interest at 4.00%.	5,080,000
2020 general obligation bonds due in annual installments of \$1,255,000 to \$7,100,000 through May 1, 2024, with interest at .967%.	10,780,000
2020 refunding general obligation bonds due in an annual installment of \$3,380,000 through May 1, 2022, with interest at .965%.	3,380,000
Add issuance premiums	<u>657,174</u>
Total general obligation bonds	31,442,174

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

Direct Borrowings and Direct Placements

2012 land installment purchase agreement due in an annual installment of \$29,000 through May 1, 2022, with interest at 1.85%.	\$ 29,000
Compensated absences and termination benefits	1,066,266
Total general long-term obligations	\$ 32,537,440

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$29,000 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Interest expense (all funds) for the year ended June 30, 2021 was approximately \$1,081,000.

In prior years, the District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, \$5,875,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2021, including are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Principal	Interest		
2022	\$ 10,250,000	\$ 766,910	\$ 29,000	\$ 537	\$ -	\$ 11,016,910
2023	10,770,000	523,132	-	-	-	11,293,132
2024	6,085,000	301,612	-	-	-	6,386,612
2025	3,680,000	125,626	-	-	-	3,805,626
	30,785,000	1,717,280	29,000	537	-	32,502,280
Issuance premiums	657,174	-	-	-	-	657,174
Compensated absences and termination benefits	-	-	-	-	1,066,266	1,066,266
	\$ 31,442,174	\$ 1,717,280	\$ 29,000	\$ 537	\$ 1,066,266	\$ 34,225,720

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

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

Interfund payable and receivable balances at June 30, 2021 are as follows:

Receivable Fund	Payable Fund
General fund	2020 Capital Projects fund
\$ 47,251	\$ 47,251

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

Interfund transfer for the year ended June 30, 2021 are as follows:

	Transfers In	Transfers Out
General fund	\$ 31,591	\$ 924,767
2020 Capital Projects fund	-	36,821
Nonmajor governmental funds	961,554	31,557
	\$ 993,145	\$ 993,145

The transfer from the general fund to the food service fund were used to fund operations. The transfer between debt funds were used for fund debt payments. The transfer from the capital projects funds to the general fund were used for capital improvements.

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

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

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Benefits Provided - Overall

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

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform 2012 (continued)

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

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

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

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

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

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

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

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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



**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately \$12,556,000. Of the total pension contributions approximately \$12,273,000 was contributed to fund the Defined Benefit Plan and approximately \$283,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately \$3,437,000. Of the total OPEB contributions approximately \$3,199,000 was contributed to fund the Defined Benefit Plan and approximately \$238,000 was contributed to fund the Defined Contribution Plan.

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

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

*Pension Liabilities*

The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total pension liability	\$ 85,263,240,497	\$ 83,442,507,212
Plan fiduciary net position	\$ 50,912,152,703	\$ 50,325,869,388
Net pension liability	\$ 34,351,087,794	\$ 33,116,637,824
Proportionate share	0.42846%	0.43622%
Net pension liability for the District	\$ 147,180,252	\$ 144,462,656

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

For the year ended June 30, 2021, the District recognized pension expense of \$26,364,176.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

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

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 721,321	\$ 1,936,526
Differences between expected and actual experience	2,248,793	314,135
Changes of assumptions	16,308,991	-
Net difference between projected and actual earnings on pension plan investments	618,386	-
Reporting Unit's contributions subsequent to the measurement date	11,404,803	-
	\$ 31,302,294	\$ 2,250,661

\$11,404,803, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2021	\$ 8,245,509
2022	5,797,791
2023	2,840,721
2024	762,809

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

*OPEB Liabilities*

The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total Other Postemployment Benefit liability	\$ 13,195,152,653	\$ 13,925,860,688
Plan fiduciary net position	\$ 7,837,885,681	\$ 6,748,112,668
Net Other Postemployment Benefit Liability	\$ 5,357,266,972	\$ 7,177,748,020
Proportionate share	0.42187%	0.43687%
Net Other Postemployment Benefit Liability for the District	\$ 22,600,736	\$ 31,357,272

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

For the year ended June 30, 2021, the District recognized OPEB benefit of \$764,384.

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 7,451,912	\$ -
Net difference between projected and actual earnings on OPEB plan investments	188,628	-
Differences between expected and actual experience	-	16,839,661
Changes in proportion and difference between employer contributions and proportionate share of contributions	348,155	1,131,211
Reporting Unit's contributions subsequent to the measurement date	<u>2,822,322</u>	<u>-</u>
	<u>\$ 10,811,017</u>	<u>\$ 17,970,872</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)*

\$2,822,322, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

<u>Year Ended September 30,</u>	<u>Amount</u>
2021	\$ (2,631,489)
2022	(2,369,710)
2023	(1,972,787)
2024	(1,631,838)
2025	(1,376,353)

Actuarial Assumptions

**Investment Rate of Return for Pension** - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

**Investment Rate of Return for OPEB** - 6.95% a year, compounded annually net of investment and administrative expenses.

**Salary Increases** - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

**Inflation** - 3.0%.

**Mortality Assumptions:**

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

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**Experience Study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 Comprehensive Annual Financial Report.

**The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments** - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Cost of Living Pension Adjustments** - 3.0% annual non-compounded for MIP members.

**Healthcare Cost Trend Rate for Other Postemployment Benefit** - 7.0% for year one and graded to 3.5% in year fifteen.

**Additional Assumptions for Other Postemployment Benefit Only** - Applies to Individuals Hired Before September 4, 2012:

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

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

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2020 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.6%
International Equity Pools	15.00%	7.4%
Private Equity Pools	16.00%	9.3%
Real Estate and Infrastructure Pools	10.00%	4.9%
Fixed Income Pools	10.50%	0.5%
Absolute Return Pools	9.00%	3.2%
Real Return / Opportunistic Pools	12.50%	6.6%
Short Term Investment Pools	2.00%	-0.1%
	<u>100.00%</u>	

\* Long term rate of return are net of administrative expenses and 2.1% inflation.

**Rate of Return** - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Discount Rate** - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OPEB Discount Rate** - A single discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 190,499,869	\$ 147,180,252	\$ 111,277,945

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 29,033,214	\$ 22,600,736	\$ 17,185,129

**Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	Current		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 16,977,775	\$ 22,600,736	\$ 28,996,160

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2020 Comprehensive Annual Financial Report.

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



**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS**

The District administers a single-employer defined benefit healthcare plan (the “OPEB Plan”). In addition to the retirement benefits described in Note 7, the OPEB Plan provides health insurance benefits to certain retirees and their beneficiaries, which are funded on a pay-as-you-go basis. Participants are eligible for the OPEB Plan if hired prior to May 1, 2004, have 12 years of service and are eligible for MPSERS. Separate financial statements are not prepared for the OPEB Plan.

Benefits Provided

In accordance with the District’s policy, the District provides an annual payment until the retiree is eligible for full social security benefits. Administrators receive \$3,000 annually plus \$700 annually in lieu of dental and vision insurance until eligible for social security benefits. Teachers receive an annual amount of 10% of the BA Base at retirement (with any increases past retirement) plus \$700 in lieu of vision and dental insurance or health insurance benefits until eligible for social security benefits.

Employees Covered by Benefit Terms

At June 30, 2021, the date of the most recent actuarial valuation, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	66
Active plan members	<u>152</u>
	<u><u>218</u></u>

Contributions

The contribution requirements of OPEB Plan members and the District are established and may be amended by the District’s Board of Education. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually by the Board of Education. Employees are not required to contribute to the OPEB Plan.

Total OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Implicit in expected payroll increases
Salary increases	3.00%
Investment rate of return	N/A
20-year Aa Municipal bond rate	1.74%

Mortality rates were based on Public Teacher and Public General 2010 Employee and Healthy Retiree, Headcount weighted.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS**

Discount Rate

The discount rate used to measure the total OPEB liability was 1.74%. Because the plan does not have a dedicated OPEB trust, assets are not projected to be sufficient to make future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”, not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability.

As the plan is not pre-funded, no long-term expected rate of return of plan investments was determined.

Change in Actuarial Assumptions

The discount rate decreased from 2.94% to 1.74%.

The mortality table changed to Public General tables for all spouses.

Change in the Total OPEB Liability

The components of the change in the total OPEB liability are summarized as follows:

Balance at June 30, 2020	\$ 4,027,659
Changes during the year:	
Service cost	113,104
Interest	117,015
Experience gains	(22,626)
Changes in actuarial assumptions	234,403
Benefit payments	(321,282)
Net changes	120,614
Balance at June 30, 2021	\$ 4,148,273

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

The following table presents the total OPEB liability, calculated using a single discount rate of 1.74%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1% lower (0.74%) or (2.74%) than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
District's total OPEB liability	\$ 4,346,606	\$ 4,148,273	\$ 3,952,030

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)**

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rate

The following table presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trends that are 1% lower (1.0%) or 1% higher (3.0%) than the current healthcare cost trend rate:

	Other Postemployment Benefit		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
District's total OPEB liability	\$ 3,858,798	\$ 4,148,273	\$ 4,478,344

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$302,299. At June 30, 2021, 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
Changes of assumptions	\$ 404,713	\$ -
Differences between expected and actual experience	10,894	73,872
	\$ 415,607	\$ 73,872

Amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 72,180
2023	72,180
2024	72,180
2025	72,295
2026	52,900

Payable to the Plan

At June 30, 2021, the District reported no amount payable to the OPEB Plan.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2021 or any of the prior three years.

**NOTE 10 - TAX ABATEMENTS**

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

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

Property taxes abated by the District for the year ended June 30, 2021 amounted to approximately \$38,000.

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

There are no abatements made by the District.

**NOTE 11 - CONTINGENT LIABILITIES**

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 17,463,194	\$ 16,508,525	\$ 16,581,653	\$ 73,128
State sources	40,629,945	44,875,466	44,822,912	(52,554)
Federal sources	2,541,932	6,398,827	4,752,750	(1,646,077)
Intermediate school districts	8,698,605	8,614,281	8,604,882	(9,399)
<b>TOTAL REVENUES</b>	<u>69,333,676</u>	<u>76,397,099</u>	<u>74,762,197</u>	<u>(1,634,902)</u>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	35,755,330	36,874,379	35,965,121	909,258
Added needs	10,836,921	10,738,627	10,476,321	262,306
Total instruction	<u>46,592,251</u>	<u>47,613,006</u>	<u>46,441,442</u>	<u>1,171,564</u>
Supporting services				
Pupil	6,138,165	6,791,533	6,699,852	91,681
Instructional staff	2,116,025	2,596,510	2,141,169	455,341
General administration	879,653	889,465	835,078	54,387
School administration	3,718,483	3,878,197	3,814,505	63,692
Business	879,582	805,122	761,723	43,399
Operation/maintenance	6,174,645	6,591,774	6,086,484	505,290
Pupil transportation	2,945,763	2,762,446	2,512,524	249,922
Central	1,528,951	1,599,723	1,548,547	51,176
Athletics	1,260,149	1,246,709	1,149,531	97,178
Total supporting services	<u>25,641,416</u>	<u>27,161,479</u>	<u>25,549,413</u>	<u>1,612,066</u>
Community services	1,204,775	767,767	725,715	42,052
Outgoing transfers and Other	3,716	375,000	108,500	266,500
Debt service	28,400	29,057	29,057	-
<b>TOTAL EXPENDITURES</b>	<u>73,470,558</u>	<u>75,946,309</u>	<u>72,854,127</u>	<u>3,092,182</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,136,882)</u>	<u>450,790</u>	<u>1,908,070</u>	<u>1,457,280</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	5,230	31,591	26,361
Transfers out	(7,337)	(327,887)	(924,767)	(596,880)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(7,337)</u>	<u>(322,657)</u>	<u>(893,176)</u>	<u>(570,519)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,144,219)</u>	<u>\$ 128,133</u>	<u>1,014,894</u>	<u>\$ 886,761</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>8,583,074</u>	
End of year			<u>\$ 9,597,968</u>	

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting Unit's proportion of net pension liability (%)	0.42846%	0.43622%	0.43166%	0.43084%	0.43461%	0.41735%
Reporting Unit's proportionate share of net pension liability	\$ 147,180,252	\$ 144,462,656	\$ 129,765,871	\$ 111,649,079	\$ 108,432,752	\$ 101,937,864
Reporting Unit's covered-employee payroll	\$ 37,633,105	\$ 38,246,204	\$ 37,006,614	\$ 35,636,183	\$ 37,354,823	\$ 36,157,415
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	381.09%	377.72%	350.66%	313.30%	290.28%	281.93%
Plan fiduciary net position as a percentage of total pension liability	59.49%	60.31%	62.36%	64.21%	63.27%	63.17%

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



**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 12,272,812	\$ 11,877,234	\$ 11,371,276	\$ 11,763,697	\$ 10,240,267	\$ 9,638,689	\$ 7,902,995
Contributions in relation to statutorily required contributions	<u>12,272,812</u>	<u>11,877,234</u>	<u>11,371,276</u>	<u>11,763,697</u>	<u>10,240,267</u>	<u>9,638,689</u>	<u>7,902,995</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 37,492,956	\$ 38,306,989	\$ 37,174,140	\$ 36,678,602	\$ 36,408,524	\$ 37,185,878	\$ 36,176,623
Contributions as a percentage of covered-employee payroll	32.73%	31.01%	30.59%	32.07%	28.13%	25.92%	21.85%

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net other postemployment benefit liability (%)	0.42187%	0.43687%	0.43413%	0.43117%
Reporting Unit's proportionate share of net other postemployment benefit liability	\$ 22,600,736	\$ 31,357,272	\$ 34,509,044	\$ 38,182,275
Reporting Unit's covered-employee payroll	\$ 37,633,105	\$ 38,246,204	\$ 37,006,614	\$ 35,636,183
Reporting Unit's proportionate share of net other postemployment benefit liability as a percentage of its covered-employee payroll	60.06%	81.99%	93.25%	107.14%
Plan fiduciary net position as a percentage of total other postemployment benefit liability (Non-university employees)	59.76%	48.46%	42.95%	36.39%

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 3,198,803	\$ 3,032,175	\$ 2,895,820	\$ 2,733,937
Contributions in relation to statutorily required contributions	<u>3,198,803</u>	<u>3,032,175</u>	<u>2,895,820</u>	<u>2,733,937</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 37,492,956	\$ 38,306,989	\$ 37,174,140	\$ 36,678,602
Contributions as a percentage of covered-employee payroll	8.53%	7.92%	7.79%	7.45%

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

**GRAND HAVEN AREA PUBLIC SCHOOLS**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	Year Ended June 30,			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 113,104	\$ 115,397	\$ 107,276	\$ 103,648
Interest on the total OPEB liability	117,015	114,685	135,483	137,278
Differences between expected and actual experience	(22,626)	15,482	(100,587)	-
Changes in assumptions	234,403	223,577	98,434	-
Benefit payments and refunds	<u>(321,282)</u>	<u>(297,846)</u>	<u>(295,803)</u>	<u>(295,919)</u>
Net change in total OPEB liability	120,614	171,295	(55,197)	(54,993)
Total OPEB liability, beginning of year	<u>4,027,659</u>	<u>3,856,364</u>	<u>3,911,561</u>	<u>3,966,554</u>
Total OPEB liability, end of year	<u>\$ 4,148,273</u>	<u>\$ 4,027,659</u>	<u>\$ 3,856,364</u>	<u>\$ 3,911,561</u>
Covered-employee payroll	<u>\$ 12,164,247</u>	<u>\$ 13,299,407</u>	<u>\$ 13,841,280</u>	<u>\$ 14,415,221</u>
Total OPEB liability as a percentage of covered-employee payroll	34.10%	30.28%	27.86%	27.13%

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 688,743	\$ 614,146	\$ 697,819	\$ 629,189
Actual contribution	<u>321,282</u>	<u>297,846</u>	<u>295,803</u>	<u>295,919</u>
Contribution deficiency (excess)	<u>\$ 367,461</u>	<u>\$ 316,300</u>	<u>\$ 402,016</u>	<u>\$ 333,270</u>
Covered-employee payroll	\$ 12,164,247	\$ 13,299,407	\$ 13,841,280	\$ 14,415,221
Contributions as a percentage of covered-employee payroll	2.64%	2.24%	2.14%	2.05%

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

**GRAND HAVEN AREA PUBLIC SCHOOLS  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 - MPSERS PENSION INFORMATION**

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - there were no changes of assumptions in 2020.

**NOTE 2 - MPSERS OPEB INFORMATION**

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

**NOTE 3 - SINGLE EMPLOYER OPEB PLAN INFORMATION**

Changes of assumptions - the assumption changes for 2021 were:

The discount rate decreased from 2.94% to 1.74%.

The mortality table changed to Public General tables for all spouses.

Valuation Date	Actuarially determined contribution rates are calculated as of the end of the fiscal year in which contributions are reported.
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of compensation
Asset valuation method	N/A; plan is not pre-funded
Inflation	Implicit in expected payroll increases
Salary increases	3.0%
Investment rate of return	N/A; plan is not pre-funded
Retirement age	Age-based rates: age 55-58, 6%; age 59, 20%; age 60-64, 40%; age 65, 100%
Mortality	Public Teacher and Public General, headcount weighted with Mortality Projection 2019 Annuitant and Non-annuitant, sex-distinct tables
Healthcare cost trend rates	2.0%

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**GRAND HAVEN AREA PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2021**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 933,207	\$ 429,105	\$ 800,000	\$ 2,162,312
Investments	-	570,004	-	570,004
Receivables				
Accounts receivable	4,625	-	-	4,625
Intergovernmental	88,482	-	-	88,482
Inventories	30,876	-	-	30,876
Prepays	111,120	-	-	111,120
	<u>1,168,310</u>	<u>999,109</u>	<u>800,000</u>	<u>2,967,419</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,168,310</u></b>	<b><u>\$ 999,109</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$ 2,967,419</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 53,555	\$ -	\$ -	\$ 53,555
Checks written against future deposits	-	178,631	-	178,631
Accrued salaries and related items	11,315	-	-	11,315
Unearned revenue	80,616	-	-	80,616
	<u>145,486</u>	<u>178,631</u>	<u>-</u>	<u>324,117</u>
<b>TOTAL LIABILITIES</b>	<b><u>145,486</u></b>	<b><u>178,631</u></b>	<b><u>-</u></b>	<b><u>324,117</u></b>
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	30,876	-	-	30,876
Prepays	111,120	-	-	111,120
Restricted for:				
Debt service	-	820,478	-	820,478
Committed for:				
Student/school activities	905,836	-	-	905,836
Assigned for:				
Capital projects	-	-	800,000	800,000
Unassigned	(25,008)	-	-	(25,008)
	<u>1,022,824</u>	<u>820,478</u>	<u>800,000</u>	<u>2,643,302</u>
<b>TOTAL FUND BALANCES</b>	<b><u>1,022,824</u></b>	<b><u>820,478</u></b>	<b><u>800,000</u></b>	<b><u>2,643,302</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,168,310</u></b>	<b><u>\$ 999,109</u></b>	<b><u>\$ 800,000</u></b>	<b><u>\$ 2,967,419</u></b>



**GRAND HAVEN AREA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Funds
<b>REVENUES</b>				
Local sources				
Property taxes	\$ -	\$ 10,567,260	\$ -	\$ 10,567,260
Food sales	44,025	-	-	44,025
Student/school activities income	666,115	-	-	666,115
Investment earnings	-	3,609	274	3,883
Other	-	4,720	107,759	112,479
State sources	95,495	258,730	-	354,225
Federal sources	1,616,228	-	65,000	1,681,228
<b>TOTAL REVENUES</b>	<b>2,421,863</b>	<b>10,834,319</b>	<b>173,033</b>	<b>13,429,215</b>
<b>EXPENDITURES</b>				
Current				
Special revenue activities				
Salaries	492,367	-	-	492,367
Benefits	378,440	-	-	378,440
Purchased services	191,261	-	-	191,261
Supplies and materials	795,390	-	-	795,390
Capital outlay	7,427	-	-	7,427
Student/school activities expenditures	547,828	-	-	547,828
Other expenses	15,632	-	-	15,632
Capital outlay	-	-	1,973,675	1,973,675
Debt service				
Principal repayment	-	9,775,000	-	9,775,000
Interest	-	1,079,601	-	1,079,601
Other expenses	-	2,200	1,184	3,384
<b>TOTAL EXPENDITURES</b>	<b>2,428,345</b>	<b>10,856,801</b>	<b>1,974,859</b>	<b>15,260,005</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,482)</b>	<b>(22,482)</b>	<b>(1,801,826)</b>	<b>(1,830,790)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	124,767	31,557	805,230	961,554
Transfers out	-	(31,557)	-	(31,557)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>124,767</b>	<b>-</b>	<b>805,230</b>	<b>929,997</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>118,285</b>	<b>(22,482)</b>	<b>(996,596)</b>	<b>(900,793)</b>
<b>FUND BALANCES</b>				
Beginning of year	904,539	842,960	1,796,596	3,544,095
End of year	<u>\$ 1,022,824</u>	<u>\$ 820,478</u>	<u>\$ 800,000</u>	<u>\$ 2,643,302</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	Food Service	Student/ School Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,739	\$ 909,468	\$ 933,207
Receivables			
Accounts receivable	525	4,100	4,625
Intergovernmental	88,482	-	88,482
Inventories	30,876	-	30,876
Prepaid expenses	111,120	-	111,120
	<u>\$ 254,742</u>	<u>\$ 913,568</u>	<u>\$ 1,168,310</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 45,823	\$ 7,732	\$ 53,555
Accrued salaries and related items	11,315	-	11,315
Unearned revenue	80,616	-	80,616
	<u>137,754</u>	<u>7,732</u>	<u>145,486</u>
<b>FUND BALANCES</b>			
Nonspendable			
Inventory	30,876	-	30,876
Prepays	111,120		111,120
Committed for student/school activities	-	905,836	905,836
Unassigned	(25,008)	-	(25,008)
	<u>116,988</u>	<u>905,836</u>	<u>1,022,824</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 254,742</u>	<u>\$ 913,568</u>	<u>\$ 1,168,310</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2021**

	<u>Food Service</u>	<u>Student/ School Activities</u>	<u>Totals</u>
<b>REVENUES</b>			
Local sources			
Food sales	\$ 44,025	\$ -	\$ 44,025
Student/school activities income	-	666,115	666,115
State sources	95,495	-	95,495
Federal sources	1,616,228	-	1,616,228
<b>TOTAL REVENUES</b>	<u>1,755,748</u>	<u>666,115</u>	<u>2,421,863</u>
<b>EXPENDITURES</b>			
Salaries	492,367	-	492,367
Benefits	378,440	-	378,440
Purchased services	191,261	-	191,261
Supplies and materials	795,390	-	795,390
Capital outlay	7,427	-	7,427
Student/school activities expenditures	-	547,828	547,828
Other expenses	15,632	-	15,632
<b>TOTAL EXPENDITURES</b>	<u>1,880,517</u>	<u>547,828</u>	<u>2,428,345</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(124,769)	118,287	(6,482)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	124,767	-	124,767
<b>NET CHANGE IN FUND BALANCES</b>	(2)	118,287	118,285
<b>FUND BALANCES</b>			
Beginning of year	116,990	787,549	904,539
End of year	<u>\$ 116,988</u>	<u>\$ 905,836</u>	<u>\$ 1,022,824</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	<u>2011 Debt</u>	<u>2013 Debt</u>	<u>2014 Debt</u>	<u>2017 Debt</u>	<u>2017 Debt Refunding</u>	<u>2019 Debt Refunding</u>	<u>2020 Debt</u>	<u>Totals</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 25,603	\$ -	\$ 47,059	\$ 235,949	\$ 120,494	\$ 429,105
Investments	<u>97,221</u>	<u>75,418</u>	<u>104,463</u>	<u>233,993</u>	<u>57,936</u>	<u>918</u>	<u>55</u>	<u>570,004</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 97,221</u></u>	<u><u>\$ 75,418</u></u>	<u><u>\$ 130,066</u></u>	<u><u>\$ 233,993</u></u>	<u><u>\$ 104,995</u></u>	<u><u>\$ 236,867</u></u>	<u><u>\$ 120,549</u></u>	<u><u>\$ 999,109</u></u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Checks written against future deposits	<u>\$ 97,022</u>	<u>\$ 11,913</u>	<u>\$ -</u>	<u>\$ 69,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,631</u>
<b>FUND BALANCES</b>								
Restricted for debt service	<u>199</u>	<u>63,505</u>	<u>130,066</u>	<u>164,297</u>	<u>104,995</u>	<u>236,867</u>	<u>120,549</u>	<u>820,478</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 97,221</u></u>	<u><u>\$ 75,418</u></u>	<u><u>\$ 130,066</u></u>	<u><u>\$ 233,993</u></u>	<u><u>\$ 104,995</u></u>	<u><u>\$ 236,867</u></u>	<u><u>\$ 120,549</u></u>	<u><u>\$ 999,109</u></u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2021**

	2011 Debt	2013 Debt	2014 Debt	2017 Debt	2017 Debt Refunding	2019 Debt Refunding	2020 Debt	Totals
<b>REVENUES</b>								
Local sources								
Property taxes	\$ 1,277,102	\$ 1,139,893	\$ 1,604,293	\$ 1,847,048	\$ 1,488,193	\$ 3,031,304	\$ 179,427	\$ 10,567,260
Investment earnings	443	391	546	629	511	1,028	61	3,609
Other local revenue	-	-	-	-	-	4,717	3	4,720
State sources	31,306	27,943	39,327	45,278	36,481	73,997	4,398	258,730
<b>TOTAL REVENUES</b>	<b>1,308,851</b>	<b>1,168,227</b>	<b>1,644,166</b>	<b>1,892,955</b>	<b>1,525,185</b>	<b>3,111,046</b>	<b>183,889</b>	<b>10,834,319</b>
<b>EXPENDITURES</b>								
Principal repayment	1,350,000	1,060,000	1,375,000	1,900,000	1,270,000	2,820,000	-	9,775,000
Interest	54,000	162,275	317,000	143,750	254,000	54,179	94,397	1,079,601
Other expenses	150	250	300	500	500	-	500	2,200
<b>TOTAL EXPENDITURES</b>	<b>1,404,150</b>	<b>1,222,525</b>	<b>1,692,300</b>	<b>2,044,250</b>	<b>1,524,500</b>	<b>2,874,179</b>	<b>94,897</b>	<b>10,856,801</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(95,299)</b>	<b>(54,298)</b>	<b>(48,134)</b>	<b>(151,295)</b>	<b>685</b>	<b>236,867</b>	<b>88,992</b>	<b>(22,482)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	31,557	31,557
Transfers out	(31,557)	-	-	-	-	-	-	(31,557)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(31,557)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,557</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(126,856)</b>	<b>(54,298)</b>	<b>(48,134)</b>	<b>(151,295)</b>	<b>685</b>	<b>236,867</b>	<b>120,549</b>	<b>(22,482)</b>
<b>FUND BALANCES</b>								
Beginning of year	127,055	117,803	178,200	315,592	104,310	-	-	842,960
End of year	\$ 199	\$ 63,505	\$ 130,066	\$ 164,297	\$ 104,995	\$ 236,867	\$ 120,549	\$ 820,478

**GRAND HAVEN AREA PUBLIC SCHOOLS  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	<u>2021 Capital Projects Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 800,000</u>
FUND BALANCES	
Assigned for capital projects	<u>\$ 800,000</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2021**

	2017 Proposal 1 Capital Projects Fund	2017 Proposal 2 Capital Projects Fund	2021 Capital Projects Fund	Totals
<b>REVENUES</b>				
Local sources				
Investment earnings	\$ 240	\$ 34	\$ -	\$ 274
Other local revenue	107,759	-	-	107,759
Federal sources	65,000	-	-	65,000
<b>TOTAL REVENUES</b>	<b>172,999</b>	<b>34</b>	<b>-</b>	<b>173,033</b>
<b>EXPENDITURES</b>				
Capital outlay	1,391,416	582,259	-	1,973,675
Other expenses	1,034	150	-	1,184
<b>TOTAL EXPENDITURES</b>	<b>1,392,450</b>	<b>582,409</b>	<b>-</b>	<b>1,974,859</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,219,451)</b>	<b>(582,375)</b>	<b>-</b>	<b>(1,801,826)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	5,230	-	800,000	805,230
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,214,221)</b>	<b>(582,375)</b>	<b>800,000</b>	<b>(996,596)</b>
<b>FUND BALANCES</b>				
Beginning of year	1,214,221	582,375	-	1,796,596
End of year	\$ -	\$ -	\$ 800,000	\$ 800,000

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2021**

\$9,390,000 Refunding bonds issued December 4, 2013:

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 1,045,000	\$ 65,238	\$ 65,238	2022	\$ 1,175,476
1,025,000	49,563	49,563	2023	1,124,126
1,015,000	32,906	32,906	2024	1,080,812
<u>1,010,000</u>	<u>16,413</u>	<u>16,413</u>	2025	<u>1,042,826</u>
<u>\$ 4,095,000</u>	<u>\$ 164,120</u>	<u>\$ 164,120</u>		<u>\$ 4,423,240</u>

The bonds were approved by the Board of Education for refunding the 2005 School Building and Site Bonds. The portion of the prior bonds being refunded are the bonds which were due and payable after May 1, 2017. The bonds carry interest rates from 3.00% to 3.25%.



**GRAND HAVEN AREA PUBLIC SCHOOLS  
 BONDED DEBT  
 JUNE 30, 2021**

\$19,325,000 capital project bonds issued June 19, 2014:

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 1,375,000	\$ 124,125	\$ 124,125	2022	\$ 1,623,250
1,375,000	89,750	89,750	2023	1,554,500
1,375,000	55,375	55,375	2024	1,485,750
<u>1,400,000</u>	<u>21,000</u>	<u>21,000</u>	2025	<u>1,442,000</u>
<u>\$ 5,525,000</u>	<u>\$ 290,250</u>	<u>\$ 290,250</u>		<u>\$ 6,105,500</u>

The bonds were approved by the Board of Education for the purpose of acquiring and installing technology infrastructure and equipment in Grand Haven Area Public Schools buildings; acquiring personal learning devices; roof replacements and improvements for District buildings, purchasing school buses; remodeling, furnishing, refurnishing, and equipping and reequipping of District buildings, safety and security improvements and site improvements. The bonds carry interest rates from 3.00% to 5.00%.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2021**

\$12,400,000 capital project bonds issued May 31, 2017:

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 1,925,000	\$ 24,063	\$ 24,063	2022	\$ 1,973,125

The bonds were approved by the Board of Education for the purpose of acquiring and installing technology infrastructure and equipment in Grand Haven Area Public Schools buildings; acquiring personal learning devices; roof replacements and improvements for District buildings, purchasing school buses; remodeling, furnishing, refurbishing, and equipping and reequipping of District buildings, safety and security improvements and site improvements. The bonds carry interest rates at 5.00%.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2021**

\$7,735,000 refunding bonds issued December 28, 2017:

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 1,270,000	\$ 101,600	\$ 101,600	2022	\$ 1,473,200
1,270,000	76,200	76,200	2023	1,422,400
1,270,000	50,800	50,800	2024	1,371,600
<u>1,270,000</u>	<u>25,400</u>	<u>25,400</u>	2025	<u>1,320,800</u>
<u>\$ 5,080,000</u>	<u>\$ 254,000</u>	<u>\$ 254,000</u>		<u>\$ 5,588,000</u>

The bonds were approved by the Board of Education for refunding a portion of the 2009 School Building and Site Bonds. The portion of the prior bonds being refunded are the bonds were due and payable May 1, 2020 through May 1, 2025. The bonds carry interest rates at 4.00%.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2021**

\$10,780,000 capital project bonds issued June 5, 2020:

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 1,255,000	\$ 52,121	\$ 52,121	2022	\$ 1,359,242
7,100,000	46,053	46,053	2023	7,192,106
2,425,000	23,450	-	2024	2,448,450
<u>\$ 10,780,000</u>	<u>\$ 121,624</u>	<u>\$ 98,174</u>		<u>\$ 10,999,798</u>

The bonds were approved by the Board of Education for the purpose of acquiring and installing technology infrastructure and equipment in Grand Haven Area Public Schools buildings; acquiring personal learning devices; roof replacements and improvements for District buildings, purchasing school buses; remodeling, furnishing, refurnishing, and equipping and reequipping of District buildings, safety and security improvements and site improvements. The bonds carry interest rates at .967%.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2021**

\$6,200,000 refunding bonds issued June 5, 2020:

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 3,380,000	\$ 16,309	\$ 16,308	2022	\$ 3,412,617

The bonds were approved by the Board of Education for refunding a portion of the 2011 School Building and Site Bonds. The portion of the prior bonds being refunded are the bonds were due and payable through May 1, 2022. The bonds carry interest rates at .965%.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2020	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue June 30, 2021
<b><u>U.S. Department of Agriculture</u></b>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance - (donated foods)									
Entitlement	10.555	N/A	\$ 93,260	\$ -	\$ -	\$ -	\$ 93,260	\$ 93,260	\$ -
Bonus	10.555	N/A	226	-	-	-	226	226	-
Non-Cash Assistance Subtotal			93,486	-	-	-	93,486	93,486	-
Cash assistance									
COVID-19 - National School Lunch Program	10.555	200902	507,324	76,378	507,324	-	-	76,378	-
Total CFDA #10.555			600,810	76,378	507,324	-	93,486	169,864	-
COVID-19 Summer Foods Service Program for Children	10.559	200900	222,575	-	-	-	222,575	222,575	-
COVID-19 Summer Foods Service Program for Children	10.559	210904	1,237,225	-	-	-	1,237,225	1,165,177	72,048
Total CFDA #10.559			1,459,800	-	-	-	1,459,800	1,387,752	72,048
Total Cash Assistance			1,967,124	76,378	507,324	-	1,459,800	1,464,130	72,048
Total Child Nutrition Cluster			2,060,610	76,378	507,324	-	1,553,286	1,557,616	72,048
Child and Adult Care Food Program (CACFP)	10.558	211920	58,947	-	-	-	58,947	56,711	2,236
Child and Adult Care Food Program (CACFP)	10.558	212010	3,995	-	-	-	3,995	3,839	156
Total CFDA #10.558			62,942	-	-	-	62,942	60,550	2,392
Total U.S. Department of Agriculture			2,123,552	76,378	507,324	-	1,616,228	1,618,166	74,440

The accompanying notes are an integral part of this schedule.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2020	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue June 30, 2021
<b>U.S. Department of Education</b>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	201530-1920	\$ 535,156	\$ 309,447	\$ 498,305	\$ -	\$ -	\$ 309,447	\$ -
Title I Grants to Local Educational Agencies	84.010	211530-2021	503,117	-	-	-	491,137	245,251	245,886
Total CFDA #84.010			1,038,273	309,447	498,305	-	491,137	554,698	245,886
Migrant Education State Grant Program	84.011	201890-1920	45,131	26,240	40,207	-	-	26,240	-
Migrant Education State Grant Program	84.011	211890-2021	37,447	-	-	-	35,526	21,384	14,142
Migrant Education State Grant Program	84.011	201830-1920	51,322	18,731	18,731	-	27,480	46,211	-
Total CFDA #84.011			133,900	44,971	58,938	-	63,006	93,835	14,142
English Language Acquisition State Grants	84.365	200570-1920	3,083	857	857	-	-	857	-
English Language Acquisition State Grants	84.365	200580-1920	17,238	9,235	17,238	-	-	9,235	-
English Language Acquisition State Grants	84.365	210570-2021	5,682	-	-	-	2,226	241	1,985
English Language Acquisition State Grants	84.365	210580-2021	13,035	-	-	-	11,947	6,287	5,660
Total CFDA #84.365			39,038	10,092	18,095	-	14,173	16,620	7,645
Supporting Effective Instruction State Grants	84.367	200532-1920	244,956	29,975	29,975	-	-	29,975	-
Supporting Effective Instruction State Grants	84.367	200520-1920	194,803	41,736	154,373	-	-	41,736	-
Supporting Effective Instruction State Grants	84.367	210520-2021	168,635	-	-	-	52,179	14,601	37,578
Total CFDA #84.367			608,394	71,711	184,348	-	52,179	86,312	37,578
Student Support and Academic Enrichment	84.424	200750-1920	39,205	2,543	39,205	-	-	2,543	-
Student Support and Academic Enrichment	84.424	210750-2021	37,916	-	-	-	600	600	-
Total CFDA #84.424			77,121	2,543	39,205	-	600	3,143	-
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	203710-1920	428,270	-	-	-	18,016	-	18,016
Total CFDA #84.425D and Education Stabilization Fund			428,270	-	-	-	18,016	-	18,016

The accompanying notes are an integral part of this schedule.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2020	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue June 30, 2021
<b><u>U.S. Department of Education (continued)</u></b>									
Passed through Ottawa Area Intermediate School District									
Special Education Cluster									
IDEA State Initiated Transition	84.027a	200450-1920	\$ 1,509,783	\$ 582,227	\$ 1,509,783	\$ -	\$ -	\$ 582,227	\$ -
IDEA State Initiated Transition	84.027a	210450-2021	1,589,790	-	-	-	1,581,809	992,274	589,535
Total CFDA #84.027a			<u>3,099,573</u>	<u>582,227</u>	<u>1,509,783</u>	<u>-</u>	<u>1,581,809</u>	<u>1,574,501</u>	<u>589,535</u>
Special Education Preschool Grants	84.173a	200460-1920	41,605	7,176	41,605	-	-	7,176	-
Special Education Preschool Grants	84.173a	210460-2021	29,563	-	-	-	29,563	18,340	11,223
Total CFDA #84.173a			<u>71,168</u>	<u>7,176</u>	<u>41,605</u>	<u>-</u>	<u>29,563</u>	<u>25,516</u>	<u>11,223</u>
Total Special Education Cluster			<u>3,170,741</u>	<u>589,403</u>	<u>1,551,388</u>	<u>-</u>	<u>1,611,372</u>	<u>1,600,017</u>	<u>600,758</u>
McKinney Vento	84.196a	202320-1920	4,261	-	2,263	-	1,698	1,698	-
McKinney Vento	84.196a	212320-2021	3,260	-	-	-	3,260	3,260	-
Total CFDA #84.196a			<u>7,521</u>	<u>-</u>	<u>2,263</u>	<u>-</u>	<u>4,958</u>	<u>4,958</u>	<u>-</u>
Total U.S. Department of Education			<u>5,503,258</u>	<u>1,028,167</u>	<u>2,352,542</u>	<u>-</u>	<u>2,255,441</u>	<u>2,359,583</u>	<u>924,025</u>
<b><u>U.S. Department of Health and Human Services</u></b>									
Passed through Ottawa Area Intermediate School District									
Medical Assistance Program - Medicaid Cluster	93.778	N/A	6,688	-	-	-	6,688	6,688	-
Total U.S. Department of Health and Human Services			<u>6,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,688</u>	<u>6,688</u>	<u>-</u>
<b><u>U.S. Department of Treasury</u></b>									
Passed through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	21.019	11(p)	2,098,369	-	-	24,959	2,073,410	2,098,369	-
COVID-19 Coronavirus Relief Funds	21.019	103(2)	73,862	-	-	-	73,862	73,862	-
Total passed through Michigan Department of Education			<u>2,172,231</u>	<u>-</u>	<u>-</u>	<u>24,959</u>	<u>2,147,272</u>	<u>2,172,231</u>	<u>-</u>
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds - MiConnect Connectivity Funding	21.019	2021	93,119	-	-	-	93,119	93,119	-
Total passed through MAISA/Copper County ISD			<u>93,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,119</u>	<u>93,119</u>	<u>-</u>
Total CFDA 21.019 and U.S. Department of Treasury			<u>2,265,350</u>	<u>-</u>	<u>-</u>	<u>24,959</u>	<u>2,240,391</u>	<u>2,265,350</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 9,898,848</u></u>	<u><u>\$ 1,104,545</u></u>	<u><u>\$ 2,859,866</u></u>	<u><u>\$ 24,959</u></u>	<u><u>\$ 6,118,748</u></u>	<u><u>\$ 6,249,787</u></u>	<u><u>\$ 998,465</u></u>

The accompanying notes are an integral part of this schedule.



**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Grand Haven Area Public Schools under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Grand Haven Area Public Schools it is not intended to and does not present the financial position or changes in net position of Grand Haven Area Public Schools.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Management has utilized the Cash Management System and the Grant Auditor Report in preparing the schedule of expenditures of federal awards. The District does not pass-through federal funds.

**NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS**

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

General fund	\$ 4,752,750
Other nonmajor governmental funds	<u>1,709,347</u>
Total revenue in fund financial statements	<u>6,462,097</u>
Less federal assistance funding not subject to single audit act	(318,390)
Less prior year adjustments	<u>(24,959)</u>
Total expenditures per the schedule of federal awards	<u><u>\$ 6,118,748</u></u>

**NOTE 4 - ADJUSTMENTS**

Adjustments were made for CFDA #21.019 (\$24,959) for prior year federal expenditures incurred but not reported on the SEFA.

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

To the Board of Education  
Grand Haven Area Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Haven Area Public Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Grand Haven Area Public Schools' basic financial statements and have issued our report thereon dated September 14, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Maney Costeiran PC*

September 14, 2021

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

To the Board of Education  
Grand Haven Area Public Schools

**Report on Compliance for Each Major Federal Program**

We have audited Grand Haven Area Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grand Haven Area Public Schools' major federal programs for the year ended June 30, 2021. Grand Haven Area Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Grand Haven Area Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Maney Costeiran PC*

September 14, 2021

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

*Unmodified*

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

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

*Unmodified*

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.559	Child Nutrition Cluster
21.019	Coronavirus Relief Funds

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

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None

**Section III - Federal Award Findings and Questioned Costs**

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None

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Finding 2020-001 - Payroll Charges to Federal Programs**

**Finding Type:** Immaterial noncompliance/Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

**Program:** Special Education Cluster (IDEA); U.S. Department of Education; CFDA Numbers 84.027a and 84.173a; passed through the Michigan Department of Education; Award Numbers 200450-1920 and 200460-1920.

**Criteria:** Grantees should charge payroll costs to a federal grant only for those individuals who work on that specific grant program.

**Condition:** A teacher who did not work on the special education cluster grant program was incorrectly charged to the grant during the fiscal year.

**Cause:** The condition appears to be the result of an oversight in the monitoring of the teachers being charged to the grant, along with personnel changes in the business department.

**Effect:** As a result of this condition, the District did not fully comply with the requirements of the grant.

**Questioned Costs:** No costs are required to be questioned as a result of this finding, as the District worked the local ISD to reallocate a portion of its proportionate share allocation to its normal IDEA allocation.

**Recommendation:** The District should carefully review individuals that are being charged to each grant program to ensure that the appropriate individuals are now being charged to each program, and that the District's business department more frequently monitor those individuals being charged to federal programs during the year.

**View of Responsible Officials:** The District agrees with the finding as noted. The District will implement a procedure requiring monthly submission of personnel activity reports (PARS) to the Business Office by those performing work related to the proportionate share section of the federal grant.

**Status:** This significant deficiency has been addressed appropriately.

September 14, 2021

To the Board of Education  
Grand Haven Area Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Haven Area Public Schools for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Grand Haven Area Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.

We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.



Management’s estimate in calculating the liability for employee compensated absences.

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s determination of the estimated life span of the capital assets.

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 14, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

### Restriction on Use

This information is intended solely for the use of the Board of Education and management of Grand Haven Area Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*