

**GRAND HAVEN AREA PUBLIC SCHOOLS**

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

**YEAR ENDED JUNE 30, 2022**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4-12
BASIC FINANCIAL STATEMENTS.....	13
Government-wide Financial Statements	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Notes to Financial Statements .....	20-50
REQUIRED SUPPLEMENTARY INFORMATION .....	51
Budgetary Comparison Schedule - General Fund .....	52
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	53
Schedule of the Reporting Unit's Pension Contributions.....	54
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability.....	55
Schedule of the Reporting Unit's OPEB Contributions.....	56
Schedule of Changes in District's Total OPEB Liability and Related Ratios .....	57
Schedule of District's OPEB Contributions.....	58
Notes to the Required Supplementary Information .....	59
ADDITIONAL SUPPLEMENTARY INFORMATION .....	60
Nonmajor Governmental Fund Types	
Combining Balance Sheet.....	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	62
Special Revenue Funds	
Combining Balance Sheet.....	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	64
Debt Service Funds	
Combining Balance Sheet.....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	66

**TABLE OF CONTENTS**

	<u>Page</u>
Long-term Debt	
Bonded Debt.....	67-70
Schedule of Expenditures of Federal Awards .....	71-73
Notes to the Schedule of Expenditures of Federal Awards .....	74-75
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	76-77
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE .....	78-80
Schedule of Findings and Questioned Costs .....	81
Schedule of Prior Year Audit Findings .....	82



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Grand Haven Area Public Schools

### ***Opinions***

We have audited the accompanying 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, 2022, and the related notes to the financial statements, which collectively comprise Grand Haven Area Public Schools' basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Haven Area Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Haven Area Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grand Haven Area Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Haven Area Public Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***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 is the responsibility of management and, 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.

### ***Supplementary 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 accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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. Such 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 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, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 12, 2022, 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 Costerian PC*

September 12, 2022

## 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, 2022.

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.

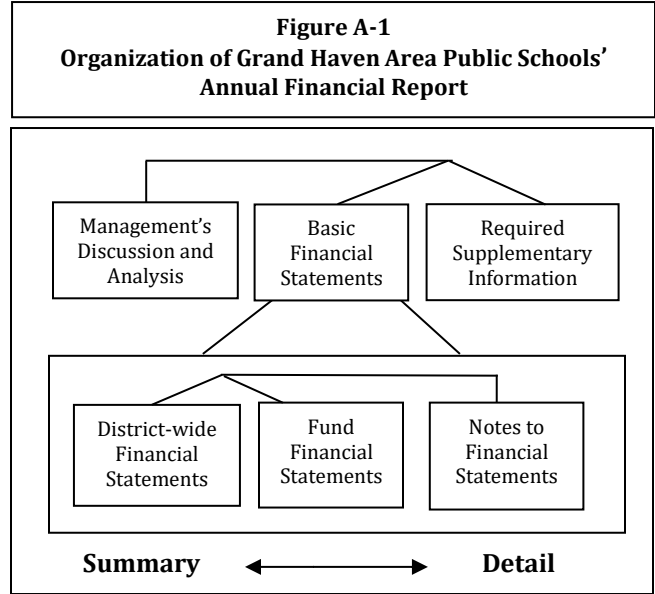
Our financial statements provide insights into the results of this year's operations.

- 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 \$87,357,984 (*net position*).
- The District's total net position increased by \$15,531,449.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$19,371,933, a decrease of \$2,149,417 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 \$10,322,984 or 13.13% 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, 2022 and 2021.

<b>Table A-3</b>		
<b>Grand Haven Area Public Schools</b>		
<b>Net Position</b>		
	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current and other assets	\$ 31,220,148	\$ 33,527,514
Capital assets	<u>63,009,498</u>	<u>65,088,464</u>
Total assets	<u>94,229,646</u>	<u>98,615,978</u>
Deferred outflows of resources	<u>30,782,590</u>	<u>42,935,481</u>
<b>Liabilities</b>		
Current liabilities	23,157,001	23,053,147
Long-term liabilities	10,609,438	21,626,296
Net pension liability	100,559,553	147,180,252
Net other postemployment liability	<u>10,687,398</u>	<u>26,749,009</u>
Total liabilities	<u>145,013,390</u>	<u>218,608,704</u>
Deferred inflows of resources	<u>67,356,830</u>	<u>25,832,188</u>
<b>Net position</b>		
Net investment in capital assets	47,518,731	43,303,933
Restricted for debt service	973,536	684,639
Unrestricted	<u>(135,850,251)</u>	<u>(146,878,005)</u>
Total net position	<u>\$ (87,357,984)</u>	<u>\$ (102,889,433)</u>

<b>Table A-4</b>		
<b>Changes in Grand Haven Area Public Schools' Net Position</b>		
	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 1,285,815	\$ 3,176,051
Operating grants and contributions	23,571,894	20,829,733
General revenues		
Property taxes	26,749,109	26,062,335
Investment income (loss), net	(35,321)	39,283
State aid - unrestricted	32,331,098	30,758,622
Intermediate sources	8,881,722	6,083,829
Other	641,260	590,103
	<u>93,425,577</u>	<u>87,539,956</u>
<b>Expenses</b>		
Instruction	43,407,897	54,454,025
Support services	24,310,185	27,211,374
Community services	577,738	826,998
Food services	1,975,548	1,974,372
Athletic activities	1,248,340	1,143,151
Student/school activities	1,249,894	547,828
Interest on long-term debt	667,526	1,046,442
Unallocated depreciation	4,457,000	4,363,569
	<u>77,894,128</u>	<u>91,567,759</u>
Change in net position	<u>\$ 15,531,449</u>	<u>\$ (4,027,803)</u>

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

The District as a whole has a combined fund balance of \$19,371,933 compared to \$21,521,350 in 2021. The fund balance decreased by \$2,149,417 during the year. There are debt service funds with a combined net fund balance of \$1,009,455 special revenue funds with combined a net fund balance of \$1,705,068, the 2020 capital project fund with a net fund balance of \$5,170,922, and a capital projects fund with a net fund balance of \$1,163,504. The general fund increased its fund balance by \$725,016; the 2020 capital project bond decreased its fund balance by \$4,109,158 and other nonmajor governmental funds increased by \$1,234,725 (special revenue, debt service funds, and capital projects funds).

The general fund's revenues were 0.92% higher than expenditures and operating transfers.

**General Fund and Budget Highlights**

An amendment to the initial budget was completed in January, reflecting increased spending in teacher salaries and benefits. The amendment reflected an increase in the foundation allowance.

The final amendment was adopted in June 2022 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 \$423,300. Final results showed that revenues came in higher (\$117,443) than were anticipated, but expenditures came in less (\$331,716). The net result after other financing sources and (uses) was a change in fund balance of \$725,016, increasing the fund balance to \$10,322,984.

General fund expenditures came within 0.27% 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 \$301,716 variance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District’s capital assets are as follows:

<b>Table A-5 Grand Haven Area Public Schools</b>				
	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 4,973,108	\$ -	\$ 4,973,108	\$ 4,973,108
Construction in process	379,236	-	379,236	392,460
Building and building improvements	103,812,383	55,965,648	47,846,735	49,342,633
Land improvements	19,013,165	12,433,804	6,579,361	6,887,519
Vehicles	5,867,658	3,761,369	2,106,289	2,233,434
Furniture and equipment	19,539,670	18,414,901	1,124,769	1,259,310
Total	<u>\$ 153,585,220</u>	<u>\$ 90,575,722</u>	<u>\$ 63,009,498</u>	<u>\$ 65,088,464</u>

## LONG-TERM DEBT

At year-end, the District had \$21,882,305 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 \$10,279,000 which has decreased the long-term debt.

A decrease in compensated absences and terminated benefits of \$73,193 was also recorded.

<b>Table A-6</b>		
<b>Grand Haven Area Public Schools</b>		
<b>Outstanding Long-Term Debt</b>		
	2022	2021
General obligation bonds and other debt	\$ 20,889,232	\$ 31,471,174
Compensated absences and terminated benefits	993,073	1,066,266
	\$ 21,882,305	\$ 32,537,440

## 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 our student enrollment as the state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Any increase or decrease in student enrollment will require adjustments in district expenditures so that the budget remains structurally balanced.
- 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 State continues to collect more revenue than they expect, but this can be at least partially attributed to high inflation rates. Even with the increase in school aid funding, the additional revenue does not keep up with the high rate of inflation. The District has and will likely continue to see increased costs in the general operation of the District.
- The District has higher than normal federal revenues and expenditures due to COVID-19 relief funding. The District is currently using this money to enhance the programming available for students, but these funds will eventually run out. It will be key to lower expenditures when the revenue drops off in the future.
- The District has facilities that were built between 1920 and 1997. The average age of the school buildings is 60 years old. These buildings will need significant investment over the next 10 years. The District is working on determining funding sources for these improvements.
- The supply chain for goods has been significantly impacted by the COVID-19 pandemic. The purchase of certain equipment and furnishings has been delayed. Making purchases of these goods will require significant planning and lead time until the supply chain stabilizes.
- Signs of a national and statewide teacher shortage are evident. The District will need to be innovative in recruiting and retaining high quality teachers to ensure that it can continue to offer exceptional programming.

## **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 the Michael MacDonald, 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, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,199,858
Investments	7,338,553
Receivables	
Accounts receivable	3,837
Intergovernmental	9,466,508
Inventories	41,874
Prepays	544,740
Restricted cash and cash equivalents - capital projects	223,566
Restricted investments - capital projects	5,401,212
Capital assets not being depreciated	5,352,344
Capital assets, net of accumulated depreciation	57,657,154
TOTAL ASSETS	94,229,646
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding, net of amortization	227,543
Related to pensions	21,148,426
Related to other postemployment benefits	9,406,621
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,782,590
<b>LIABILITIES</b>	
Accounts payable	1,003,756
Retainage payable	42,960
Due to other governmental units	551,404
Checks written against future deposits	97,381
Accrued interest payable	35,919
Accrued salaries and related items	5,870,716
Accrued retirement	3,562,253
Unearned revenue	719,745
Noncurrent liabilities	
Due within one year	11,272,867
Due in more than one year	10,609,438
Net pension liability	100,559,553
Net other postemployment benefit liability	10,687,398
TOTAL LIABILITIES	145,013,390
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	35,141,529
Related to state aid funding for pension benefits	6,709,980
Related to other postemployment benefits	25,505,321
TOTAL DEFERRED INFLOWS OF RESOURCES	67,356,830
<b>NET POSITION</b>	
Net investment in capital assets	47,518,731
Restricted for debt service	973,536
Unrestricted	(135,850,251)
TOTAL NET POSITION	\$ (87,357,984)

See notes to financial statements.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

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	\$ 43,407,897	\$ 172,390	\$ 15,389,558	\$ (27,845,949)
Support services	24,310,185	43,098	3,847,389	(20,419,698)
Community services	577,738	585,974	370,640	378,876
Food services	1,975,548	148,815	2,571,705	744,972
Athletic activities	1,248,340	335,538	-	(912,802)
Student/school activities	1,249,894	-	1,392,602	142,708
Interest on long-term debt	667,526	-	-	(667,526)
Unallocated depreciation	4,457,000	-	-	(4,457,000)
Total governmental activities	<u>\$ 77,894,128</u>	<u>\$ 1,285,815</u>	<u>\$ 23,571,894</u>	<u>(53,036,419)</u>
General revenues				
Property taxes, levied for general purposes				15,843,427
Property taxes, levied for debt service				10,905,682
Investment earnings (loss), net				(35,321)
State sources - unrestricted				32,331,098
Intermediate sources				8,881,722
Other				641,260
Total general revenues				<u>68,567,868</u>
CHANGE IN NET POSITION				15,531,449
Net position, beginning of year				<u>(102,889,433)</u>
Net position, end of year				<u>\$ (87,357,984)</u>

See notes to financial statements.

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	2020 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,271,591	\$ -	\$ 2,928,267	\$ 8,199,858
Investments	6,266,599	-	1,071,954	7,338,553
Restricted cash and cash equivalents	-	223,566	-	223,566
Restricted investments	-	5,401,212	-	5,401,212
Receivables				
Accounts receivable	3,837	-	-	3,837
Intergovernmental	9,452,043	-	14,465	9,466,508
Due from other funds	-	-	30,000	30,000
Inventories	20,531	-	21,343	41,874
Prepays	433,060	-	111,680	544,740
	<u>\$ 21,447,661</u>	<u>\$ 5,624,778</u>	<u>\$ 4,177,709</u>	<u>\$ 31,250,148</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Payables				
Accounts payable	\$ 479,722	\$ 410,896	\$ 113,138	\$ 1,003,756
Retainage payable	-	42,960	-	42,960
Due to other governmental units	536,884	-	14,520	551,404
Due to other funds	30,000	-	-	30,000
Checks written against future deposits	-	-	97,381	97,381
Accrued salaries and related items	5,861,591	-	9,125	5,870,716
Accrued retirement	3,562,253	-	-	3,562,253
Unearned revenue	654,227	-	65,518	719,745
	<u>11,124,677</u>	<u>453,856</u>	<u>299,682</u>	<u>11,878,215</u>
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	20,531	-	21,343	41,874
Prepays	433,060	-	111,680	544,740
Restricted for:				
Debt service	-	-	1,009,455	1,009,455
Food service	-	-	523,501	523,501
Capital projects	-	5,170,922	-	5,170,922
Committed for:				
Student/school activities	-	-	1,048,544	1,048,544
Assigned for:				
Capital projects	-	-	1,163,504	1,163,504
Compensated absences and termination benefits				
Subsequent year expenditures	993,073	-	-	993,073
Subsequent year expenditures	42,410	-	-	42,410
Unassigned				
General fund	8,833,910	-	-	8,833,910
	<u>10,322,984</u>	<u>5,170,922</u>	<u>3,878,027</u>	<u>19,371,933</u>
<b>TOTAL FUND BALANCES</b>	<u>10,322,984</u>	<u>5,170,922</u>	<u>3,878,027</u>	<u>19,371,933</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 21,447,661</u>	<u>\$ 5,624,778</u>	<u>\$ 4,177,709</u>	<u>\$ 31,250,148</u>

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, 2022**

**Total governmental fund balances** \$ 19,371,933

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	227,543
Deferred outflows of resources - related to pensions	21,148,426
Deferred outflows of resources - related to other postemployment benefits	9,406,621
Deferred inflows of resources - related to pensions	(35,141,529)
Deferred inflows of resources - related to other postemployment benefits	(25,505,321)
Deferred inflows of resources - related to state aid funding for pension	(6,709,980)

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

The cost of the capital assets is	\$ 153,585,220	
Accumulated depreciation is	<u>(90,575,722)</u>	63,009,498

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

General obligation bonds	(20,889,232)
Compensated absences and termination benefits	(993,073)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(35,919)
Net pension liability	(100,559,553)
Net other postemployment benefit liability	<u>(10,687,398)</u>

**Net position of governmental activities** **\$ (87,357,984)**

**GRAND HAVEN AREA PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	General Fund	2020 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 15,843,427	\$ -	\$ 10,905,682	\$ 26,749,109
Food sales	-	-	148,815	148,815
Investment earnings (loss), net	9,925	(48,911)	3,665	(35,321)
Athletics	140,886	-	-	140,886
Student/school activities income	-	-	1,392,602	1,392,602
Tuition	585,974	-	-	585,974
Other	826,592	9,320	-	835,912
	<u>17,406,804</u>	<u>(39,591)</u>	<u>12,450,764</u>	<u>29,817,977</u>
Total local sources				
State sources	46,893,054	-	389,819	47,282,873
Federal sources	5,919,675	-	2,481,039	8,400,714
Intermediate school districts	9,097,210	-	-	9,097,210
	<u>79,316,743</u>	<u>(39,591)</u>	<u>15,321,622</u>	<u>94,598,774</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Current				
Instruction	48,726,439	-	-	48,726,439
Supporting services	28,645,051	-	-	28,645,051
Food service activities	-	-	2,080,984	2,080,984
Community service activities	681,376	-	-	681,376
Student/school activities	-	-	1,249,894	1,249,894
Capital outlay	9,324	4,017,990	237,060	4,264,374
Debt service				
Principal	29,000	-	10,250,000	10,279,000
Interest	537	-	766,909	767,446
Other expenses	-	51,577	2,050	53,627
	<u>78,091,727</u>	<u>4,069,567</u>	<u>14,586,897</u>	<u>96,748,191</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,225,016</u>	<u>(4,109,158)</u>	<u>734,725</u>	<u>(2,149,417)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	-	600,199	700,199
Transfers out	(600,000)	-	(100,199)	(700,199)
	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCES</b>	<u>725,016</u>	<u>(4,109,158)</u>	<u>1,234,725</u>	<u>(2,149,417)</u>
<b>FUND BALANCES</b>				
Beginning of year	<u>9,597,968</u>	<u>9,280,080</u>	<u>2,643,302</u>	<u>21,521,350</u>
End of year	<u>\$ 10,322,984</u>	<u>\$ 5,170,922</u>	<u>\$ 3,878,027</u>	<u>\$ 19,371,933</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, 2022**

**Net change in fund balances total governmental funds** \$ (2,149,417)

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	(4,457,000)
Capital outlay	2,378,034

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	135,839
Accrued interest payable, end of the year	(35,919)

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	10,279,000
Amortization of deferred charge on refunding	(179,020)
Amortization of bond premiums	302,942

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	1,066,266
Accrued compensated absences and termination benefits, end of the year	(993,073)

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	3,575,963
Other postemployment benefits related items	6,781,031

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	(1,173,197)
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**Change in net position of governmental activities** \$ 15,531,449

## 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.

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.

**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)

*Nonmajor Fund Types (continued):*

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.

	2020 Bond
Revenues	\$ 28,115
Expenditures and other financing sources	\$ 5,563,551

The above revenue figures do not include original 2020 school bond proceeds of \$10,780,000, respectively.

The *2020 Capital Projects Fund* includes 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.

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.

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.



**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 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 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.

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.

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

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

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, 2022. The District does not consider these amendments to be significant.

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.

**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)

*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 Prepaids*

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 and construction in process, if any, 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*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, 2022, 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, 2022, 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, 2022, \$8,191,317 of the District's bank balance of \$8,469,158 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 \$8,423,424.

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	\$ 1,054	N/A
MILAF External Investment Pool - MAX	2,487	N/A
Michigan CLASS Investment Pool	1,335,995	0.0312
Fidelity Treasury Portfolio Money Market Fund	2,890,356	0.0027
U.S. Government Agency Bonds	7,195,283	1.0010
Commercial Paper	<u>1,314,590</u>	0.2022
Total fair value	<u>\$ 12,739,765</u>	
Portfolio weighted average maturity		<u>0.58945</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	\$ 1,054	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	2,487	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	1,335,995	AAAm	Standard & Poor's
Fidelity Treasury Portfolio Money Market Fund	2,890,356	N/A	
U.S. Government Agency Bonds	7,195,283	A-1+	Standard & Poor's
Commercial Paper	<u>1,314,590</u>	A+	Standard & Poor's
Total	<u>\$ 12,739,765</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, 2022
Investments by fair value level				
Fidelity Treasury Portfolio Money Market Fund	\$ 2,890,356	\$ -	\$ -	\$ 2,890,356
U.S. Government Agency Bonds	-	7,195,283	-	7,195,283
Commercial Paper	-	1,314,590	-	1,314,590
<b>Total</b>	<b>\$ 2,890,356</b>	<b>\$ 8,509,873</b>	<b>\$ -</b>	<b>\$ 11,400,229</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	\$ 1,054
MILAF External Investment Pool - MAX	2,487
	<b>\$ 3,541</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.

At the year ended June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 1,335,995	\$ -	No restrictions	None

The following summarizes the categorization of these amounts as of June 30, 2022:

	Primary Government
Cash and cash equivalents	\$ 8,199,858
Investments	7,338,553
Restricted cash and cash equivalents	223,566
Restricted investments	5,401,212
	\$ 21,163,189

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2022 consist of the following:

State aid	\$ 8,191,224
Federal revenue	1,064,996
Intermediate school district and other governments	210,288
	\$ 9,466,508

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

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

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Balance July 1, 2021</u>	<u>Additions/ Reclassification</u>	<u>Deletions/ Reclassification</u>	<u>Balance June 30, 2022</u>
<b>Assets not being depreciated</b>				
Land	\$ 4,973,108	\$ -	\$ -	\$ 4,973,108
Construction in process	392,460	281,413	(294,637)	379,236
Total assets not being depreciated	<u>5,365,568</u>	<u>281,413</u>	<u>(294,637)</u>	<u>5,352,344</u>
<b>Other capital assets</b>				
Building and building improvements	102,575,720	1,236,663	-	103,812,383
Land improvements	18,374,692	638,473	-	19,013,165
Vehicles	5,977,705	419,484	(529,531)	5,867,658
Furniture and equipment	19,443,032	96,638	-	19,539,670
Total other capital assets	<u>146,371,149</u>	<u>2,391,258</u>	<u>(529,531)</u>	<u>148,232,876</u>
<b>Accumulated depreciation</b>				
Building and building improvements	53,233,087	2,732,561	-	55,965,648
Land improvements	11,487,173	946,631	-	12,433,804
Vehicles	3,744,271	546,629	(529,531)	3,761,369
Furniture and equipment	18,183,722	231,179	-	18,414,901
Total accumulated depreciation	<u>86,648,253</u>	<u>4,457,000</u>	<u>(529,531)</u>	<u>90,575,722</u>
Net capital assets being depreciated	<u>59,722,896</u>	<u>(2,065,742)</u>	<u>-</u>	<u>57,657,154</u>
Net governmental capital assets	<u>\$ 65,088,464</u>	<u>\$ (1,784,329)</u>	<u>\$ (294,637)</u>	<u>\$ 63,009,498</u>

Depreciation for the fiscal year ended June 30, 2022 amounted to \$4,457,000. 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, 2021	\$ 31,442,174	\$ 29,000	\$ 1,066,266	\$ 32,537,440
Additions	-	-	329,202	329,202
Deletions	<u>(10,552,942)</u>	<u>(29,000)</u>	<u>(402,395)</u>	<u>(10,984,337)</u>
Balance June 30, 2022	20,889,232	-	993,073	21,882,305
Due within one year	<u>10,947,116</u>	<u>-</u>	<u>325,751</u>	<u>11,272,867</u>
Due in more than one year	<u>\$ 9,942,116</u>	<u>\$ -</u>	<u>\$ 667,322</u>	<u>\$ 10,609,438</u>

Long-term obligations at June 30, 2022 is comprised of the following:

General Obligation Bonds

2013 refunding general obligation bonds due in annual installments of \$1,010,000 to \$1,025,000 through May 1, 2025, with interest from 3.00% to 3.25%.	\$ 3,050,000
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%.	4,150,000
2017 refunding general obligation bonds due in annual installments of \$1,270,000 through May 1, 2025, with interest at 4.00%.	3,810,000
2020 general obligation bonds due in annual installments of \$2,425,000 to \$7,100,000 through May 1, 2024, with interest at .967%.	9,525,000
Add issuance premiums	<u>354,232</u>
Total general obligation bonds	20,889,232
Compensated absences and termination benefits	<u>993,073</u>
Total general long-term obligations	<u>\$ 21,882,305</u>

Interest expense (all funds) for the year ended June 30, 2022 was approximately \$767,000.

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

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

The annual requirements to amortize long-term obligations outstanding as of June 30, 2022, including are as follows:

Year Ending June 30,	<u>General Obligation Bonds</u>		Compensated Absences and Termination Benefits	Total
	Principal	Interest		
2023	\$ 10,770,000	\$ 523,132	\$ -	\$ 11,293,132
2024	6,085,000	325,062	-	6,410,062
2025	3,680,000	125,626	-	3,805,626
	20,535,000	973,820	-	21,508,820
Issuance premiums	354,232	-	-	354,232
Compensated absences and termination benefits	-	-	993,073	993,073
	<u>\$ 20,889,232</u>	<u>\$ 973,820</u>	<u>\$ 993,073</u>	<u>\$ 22,856,125</u>

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

Interfund payable and receivable balances at June 30, 2022 are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Food service fund	<u>\$ 30,000</u>	General fund	<u>\$ 30,000</u>

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, 2022 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 100,000	\$ 600,000
Nonmajor governmental funds	600,199	100,199
	<u>\$ 700,199</u>	<u>\$ 700,199</u>

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.

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

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

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (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. MPERS issues a publicly available the Annual Comprehensive 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.

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 MPERS 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%.

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

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

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.

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.

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

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

Pension Reform 2012 (continued)

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

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

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

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

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation 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.



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

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

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

Employer Contributions (continued)

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, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately \$14,260,000. Of the total pension contributions approximately \$13,869,000 was contributed to fund the Defined Benefit Plan and approximately \$391,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately \$3,464,000. Of the total OPEB contributions approximately \$3,184,000 was contributed to fund the Defined Benefit Plan and approximately \$280,000 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).

**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

*Pension Liabilities*

The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 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, 2021</u>	<u>September 30, 2020</u>
Total pension liability	\$ 86,392,473,395	\$ 85,263,240,497
Plan fiduciary net position	\$ 62,717,060,920	\$ 50,912,152,703
Net pension liability	\$ 23,675,412,475	\$ 34,351,087,794
Proportionate share	0.42474%	0.42846%
Net pension liability for the District	\$ 100,559,553	\$ 147,180,252

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

For the year ended June 30, 2022, the District recognized pension expense of \$10,293,232.

At June 30, 2022, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 417,188	\$ 2,219,780
Differences between expected and actual experience	1,557,711	592,176
Changes of assumptions	6,338,915	-
Net difference between projected and actual earnings on pension plan investments	-	32,329,573
Reporting Unit's contributions subsequent to the measurement date	<u>12,834,612</u>	<u>-</u>
	<u>\$ 21,148,426</u>	<u>\$ 35,141,529</u>

\$12,834,612, 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.

**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)*

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	\$ (3,349,868)
2022	(6,282,180)
2023	(8,341,006)
2024	(8,854,661)

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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 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, 2021</u>	<u>September 30, 2020</u>
Total Other Postemployment Benefit liability	\$ 12,046,393,511	\$ 13,195,152,653
Plan fiduciary net position	\$ 10,520,015,621	\$ 7,837,885,681
Net Other Postemployment Benefit Liability	\$ 1,526,377,890	\$ 5,357,266,972
Proportionate share	0.42333%	0.42187%
Net Other Postemployment Benefit Liability for the District	\$ 6,461,583	\$ 22,600,736

**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*

For the year ended June 30, 2022, the District recognized OPEB benefit of \$3,603,706.

At June 30, 2022, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,401,563	\$ 808,276
Net difference between projected and actual earnings on OPEB plan investments	-	4,870,212
Differences between expected and actual experience	-	18,444,129
Changes in proportion and difference between employer contributions and proportionate share of contributions	341,500	891,724
Reporting Unit's contributions subsequent to the measurement date	2,760,309	-
	\$ 8,503,372	\$ 25,014,341

\$2,760,309, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2022	\$ (4,984,377)
2023	(4,586,044)
2024	(4,243,828)
2025	(3,987,381)
2026	(1,299,193)
2027	(170,455)

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

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

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.

**Experience Study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2020. 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 Annual Comprehensive 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** - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

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

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

Actuarial Assumptions (continued)

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

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

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

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

The target asset allocation at September 30, 2021 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	25.0%	5.4%
International Equity Pools	15.0%	9.1%
Private Equity Pools	16.0%	7.5%
Real Estate and Infrastructure Pools	10.0%	5.4%
Fixed Income Pools	10.5%	(-0.7%)
Absolute Return Pools	9.0%	2.6%
Real Return / Opportunistic Pools	12.5%	6.1%
Short Term Investment Pools	2.0%	(-1.3%)
	<u>100.0%</u>	

\* Long term rate of return are net of administrative expenses and 2.0% inflation.

**Rate of Return** - For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14% 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.

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

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

Actuarial Assumptions (continued)

**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.

**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	\$ 143,772,889	\$ 100,559,553	\$ 64,732,863

**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	\$ 12,006,788	\$ 6,461,583	\$ 1,755,685

**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, 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 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	\$ 1,572,698	\$ 6,461,583	\$ 11,962,168



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

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

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 2021 Annual Comprehensive Financial Report.

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

**NOTE 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, 2022, 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>124</u>
	<u><u>190</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.

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

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

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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	4.09%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. 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 increased from 1.74% to 4.09%.

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

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

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

Change in the Total OPEB Liability

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

Balance at June 30, 2021	<u>\$ 4,148,273</u>
Changes during the year	
Service cost	141,406
Interest	71,919
Experience gains	717,738
Changes in actuarial assumptions	(540,801)
Benefit payments	<u>(312,720)</u>
Net changes	<u>77,542</u>
Balance at June 30, 2022	<u><u>\$ 4,225,815</u></u>

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 4.09%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1% lower (3.09%) or (5.09%) than the current rate:

	<u>Other Postemployment Benefit</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's total OPEB liability	<u>\$ 4,449,960</u>	<u>\$ 4,225,815</u>	<u>\$ 4,011,575</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$319,728. At June 30, 2022, the District 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	\$ 315,738	\$ 436,197
Differences between expected and actual experience	<u>587,511</u>	<u>54,783</u>
	<u><u>\$ 903,249</u></u>	<u><u>\$ 490,980</u></u>

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

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

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

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2023	\$ 106,403
2024	106,403
2025	106,518
2026	87,123
2027	5,822

Payable to the Plan

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

**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, 2022 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.

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

**NOTE 10 - TAX ABATEMENTS (continued)**

Property taxes abated by the District for the year ended June 30, 2022 amounted to approximately \$253,927.

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.

**NOTE 12 - CHANGES IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

**Summary:**

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.

There was no material impact on the District's financial statement after the adoption of GASB Statement 87.

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENT**

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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 17,165,688	\$ 17,203,500	\$ 17,406,804	\$ 203,304
State sources	44,343,731	46,395,700	46,893,054	497,354
Federal sources	5,474,999	6,260,700	5,919,675	(341,025)
Intermediate school districts	8,930,195	9,339,400	9,097,210	(242,190)
<b>TOTAL REVENUES</b>	<b>75,914,613</b>	<b>79,199,300</b>	<b>79,316,743</b>	<b>117,443</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	36,922,973	38,211,900	38,269,752	(57,852)
Added needs	11,146,344	10,458,100	10,456,687	1,413
Total instruction	48,069,317	48,670,000	48,726,439	(56,439)
Supporting services				
Pupil	6,889,989	7,211,900	7,206,786	5,114
Instructional staff	2,215,467	3,494,000	3,317,036	176,964
General administration	921,755	1,077,700	1,053,236	24,464
School administration	3,933,728	4,006,700	4,003,523	3,177
Business	790,632	734,900	733,889	1,011
Operation/maintenance	6,220,390	6,082,500	6,094,976	(12,476)
Pupil transportation	3,014,950	2,888,500	2,867,234	21,266
Central	1,615,548	2,108,400	2,107,024	1,376
Athletics	1,351,723	1,268,500	1,261,347	7,153
Total supporting services	26,954,182	28,873,100	28,645,051	228,049
Community services	873,642	718,500	681,376	37,124
Outgoing transfers and Other	-	14,400	9,324	5,076
Debt service	29,950	30,000	29,537	463
<b>TOTAL EXPENDITURES</b>	<b>75,927,091</b>	<b>78,306,000</b>	<b>78,091,727</b>	<b>214,273</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,478)</b>	<b>893,300</b>	<b>1,225,016</b>	<b>331,716</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	130,000	100,000	(30,000)
Transfers out	(29,932)	(600,000)	(600,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(29,932)</b>	<b>(470,000)</b>	<b>(500,000)</b>	<b>(30,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (42,410)</b>	<b>\$ 423,300</b>	<b>725,016</b>	<b>\$ 301,716</b>
<b>FUND BALANCE</b>				
Beginning of year			9,597,968	
End of year			<u>\$ 10,322,984</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.42474%	0.42846%	0.43622%	0.43166%	0.43084%	0.43461%	0.41735%	0.41759%
Reporting Unit's proportionate share of net pension liability	\$ 100,559,553	\$ 147,180,252	\$ 144,462,656	\$ 129,765,871	\$ 111,649,079	\$ 108,432,752	\$ 101,937,864	\$ 91,981,109
Reporting Unit's covered-employee payroll	\$ 38,390,804	\$ 37,633,105	\$ 38,246,204	\$ 37,006,614	\$ 35,636,183	\$ 37,354,823	\$ 36,157,415	\$ 36,744,177
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	261.94%	381.09%	377.72%	350.66%	313.30%	290.28%	281.93%	250.33%
Plan fiduciary net position as a percentage of total pension liability	72.60%	59.49%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 13,869,195	\$ 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>13,869,195</u>	<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>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 39,422,946	\$ 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	35.18%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net other postemployment benefit liability (%)	0.42333%	0.42187%	0.43687%	0.43413%	0.43117%
Reporting Unit's proportionate share of net other postemployment benefit liability	\$ 6,461,583	\$ 22,600,736	\$ 31,357,272	\$ 34,509,044	\$ 38,182,275
Reporting Unit's covered-employee payroll	\$ 38,390,804	\$ 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	16.83%	60.06%	81.99%	93.25%	107.14%
Plan fiduciary net position as a percentage of total other postemployment benefit liability (Non-university employees)	87.33%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 3,184,333	\$ 3,198,803	\$ 3,032,175	\$ 2,895,820	\$ 2,733,937
Contributions in relation to statutorily required contributions	<u>3,184,333</u>	<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>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 39,422,946	\$ 37,492,956	\$ 38,306,989	\$ 37,174,140	\$ 36,678,602
Contributions as a percentage of covered-employee payroll	8.08%	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,				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 141,406	\$ 113,104	\$ 115,397	\$ 107,276	\$ 103,648
Interest on the total OPEB liability	71,919	117,015	114,685	135,483	137,278
Differences between expected and actual experience	717,738	(22,626)	15,482	(100,587)	-
Changes in assumptions	(540,801)	234,403	223,577	98,434	-
Benefit payments and refunds	<u>(312,720)</u>	<u>(321,282)</u>	<u>(297,846)</u>	<u>(295,803)</u>	<u>(295,919)</u>
Net change in total OPEB liability	77,542	120,614	171,295	(55,197)	(54,993)
Total OPEB liability, beginning of year	<u>4,148,273</u>	<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>\$ 4,225,815</u>	<u>\$ 4,148,273</u>	<u>\$ 4,027,659</u>	<u>\$ 3,856,364</u>	<u>\$ 3,911,561</u>
Covered-employee payroll	<u>\$ 11,720,806</u>	<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	36.05%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 645,807	\$ 688,743	\$ 614,146	\$ 697,819	\$ 629,189
Actual contribution	<u>312,720</u>	<u>321,282</u>	<u>297,846</u>	<u>295,803</u>	<u>295,919</u>
Contribution deficiency (excess)	<u>\$ 333,087</u>	<u>\$ 367,461</u>	<u>\$ 316,300</u>	<u>\$ 402,016</u>	<u>\$ 333,270</u>
Covered-employee payroll	\$ 11,720,806	\$ 12,164,247	\$ 13,299,407	\$ 13,841,280	\$ 14,415,221
Contributions as a percentage of covered-employee payroll	2.67%	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, 2022**

**NOTE 1 - MPSERS PENSION INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - there were no changes of assumptions in 2021.

**NOTE 2 - MPSERS OPEB INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - the assumption changes for 2021 were:

Healthcare cost trend rate was broken into two groups, Pre 65 and Post 65. The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as one group with a rate of 7.00% Year 1 graded to 3.50% Year 15.

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

Changes of Assumptions - the assumption changes for 2022 were:

The discount rate increased from 1.74% to 4.09%.

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, 2022**

	Special Revenue Funds	Debt Service Funds	2021 Capital Projects Fund	Total Nonmajor Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,630,755	\$ 535,446	\$ 762,066	\$ 2,928,267
Investments	-	571,390	500,564	1,071,954
Receivables				
Intergovernmental	14,465	-	-	14,465
Due from other funds	30,000	-	-	30,000
Inventories	21,343	-	-	21,343
Prepays	111,680	-	-	111,680
	<u>111,680</u>	<u>-</u>	<u>-</u>	<u>111,680</u>
TOTAL ASSETS	<u>\$ 1,808,243</u>	<u>\$ 1,106,836</u>	<u>\$ 1,262,630</u>	<u>\$ 4,177,709</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 14,012	\$ -	\$ 99,126	\$ 113,138
Checks written against future deposits	-	97,381	-	97,381
Due to other governmental units	14,520	-	-	14,520
Accrued salaries and related items	9,125	-	-	9,125
Unearned revenue	65,518	-	-	65,518
	<u>65,518</u>	<u>-</u>	<u>-</u>	<u>65,518</u>
TOTAL LIABILITIES	<u>103,175</u>	<u>97,381</u>	<u>99,126</u>	<u>299,682</u>
<b>FUND BALANCES</b>				
<b>Nonspendable</b>				
Inventories	21,343	-	-	21,343
Prepays	111,680	-	-	111,680
<b>Restricted for:</b>				
Debt service	-	1,009,455	-	1,009,455
Food service	523,501	-	-	523,501
<b>Committed for:</b>				
Student/school activities	1,048,544	-	-	1,048,544
<b>Assigned for:</b>				
Capital projects	-	-	1,163,504	1,163,504
	<u>-</u>	<u>-</u>	<u>1,163,504</u>	<u>1,163,504</u>
TOTAL FUND BALANCES	<u>1,705,068</u>	<u>1,009,455</u>	<u>1,163,504</u>	<u>3,878,027</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,808,243</u>	<u>\$ 1,106,836</u>	<u>\$ 1,262,630</u>	<u>\$ 4,177,709</u>



**GRAND HAVEN AREA PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds	Debt Service Funds	2021 Capital Projects Fund	Total Nonmajor Funds
<b>REVENUES</b>				
Local sources				
Property taxes	\$ -	\$ 10,905,682	\$ -	\$ 10,905,682
Food sales	148,815	-	-	148,815
Student/school activities income	1,392,602	-	-	1,392,602
Investment earnings	-	3,101	564	3,665
State sources	90,666	299,153	-	389,819
Federal sources	2,481,039	-	-	2,481,039
	<u>4,113,122</u>	<u>11,207,936</u>	<u>564</u>	<u>15,321,622</u>
<b>EXPENDITURES</b>				
Current				
Special revenue activities				
Salaries	494,025	-	-	494,025
Benefits	425,479	-	-	425,479
Purchased services	227,069	-	-	227,069
Supplies and materials	927,986	-	-	927,986
Capital outlay	1,795	-	-	1,795
Student/school activities expenditures	1,249,894	-	-	1,249,894
Other expenses	4,630	-	-	4,630
Capital outlay	-	-	237,060	237,060
Debt service				
Principal repayment	-	10,250,000	-	10,250,000
Interest	-	766,909	-	766,909
Other expenses	-	2,050	-	2,050
	<u>3,330,878</u>	<u>11,018,959</u>	<u>237,060</u>	<u>14,586,897</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>782,244</u>	<u>188,977</u>	<u>(236,496)</u>	<u>734,725</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	199	600,000	600,199
Transfers out	(100,000)	(199)	-	(100,199)
	<u>(100,000)</u>	<u>-</u>	<u>600,000</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCES	682,244	188,977	363,504	1,234,725
<b>FUND BALANCES</b>				
Beginning of year	<u>1,022,824</u>	<u>820,478</u>	<u>800,000</u>	<u>2,643,302</u>
End of year	<u>\$ 1,705,068</u>	<u>\$ 1,009,455</u>	<u>\$ 1,163,504</u>	<u>\$ 3,878,027</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	Food Service	Student/ School Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 574,867	\$ 1,055,888	\$ 1,630,755
Receivables			
Intergovernmental	14,465	-	14,465
Due from other funds	30,000	-	30,000
Inventories	21,343	-	21,343
Prepaid expenses	111,680	-	111,680
<b>TOTAL ASSETS</b>	<b>\$ 752,355</b>	<b>\$ 1,055,888</b>	<b>\$ 1,808,243</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 6,743	\$ 7,269	\$ 14,012
Due to other governmental units	14,520	-	14,520
Accrued salaries and related items	9,050	75	9,125
Unearned revenue	65,518	-	65,518
<b>TOTAL LIABILITIES</b>	<b>95,831</b>	<b>7,344</b>	<b>103,175</b>
<b>FUND BALANCES</b>			
<b>Nonspendable</b>			
Inventory	21,343	-	21,343
Prepays	111,680	-	111,680
Restricted for food service	523,501	-	523,501
Committed for student/school activities	-	1,048,544	1,048,544
<b>TOTAL FUND BALANCES</b>	<b>656,524</b>	<b>1,048,544</b>	<b>1,705,068</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 752,355</b>	<b>\$ 1,055,888</b>	<b>\$ 1,808,243</b>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	<u>Food Service</u>	<u>Student/ School Activities</u>	<u>Totals</u>
<b>REVENUES</b>			
Local sources			
Food sales	\$ 148,815	\$ -	\$ 148,815
Student/school activities income	-	1,392,602	1,392,602
State sources	90,666	-	90,666
Federal sources	2,481,039	-	2,481,039
	<u>2,720,520</u>	<u>1,392,602</u>	<u>4,113,122</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Salaries	494,025	-	494,025
Benefits	425,479	-	425,479
Purchased services	227,069	-	227,069
Supplies and materials	927,986	-	927,986
Capital outlay	1,795	-	1,795
Student/school activities expenditures	-	1,249,894	1,249,894
Other expenses	4,630	-	4,630
	<u>2,080,984</u>	<u>1,249,894</u>	<u>3,330,878</u>
<b>TOTAL EXPENDITURES</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	639,536	142,708	782,244
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	539,536	142,708	682,244
<b>FUND BALANCES</b>			
Beginning of year	<u>116,988</u>	<u>905,836</u>	<u>1,022,824</u>
End of year	<u>\$ 656,524</u>	<u>\$ 1,048,544</u>	<u>\$ 1,705,068</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	<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	\$ 91,860	\$ 54,218	\$ -	\$ 92,321	\$ 193,838	\$ 103,209	\$ 535,446
Investments	<u>75,576</u>	<u>104,668</u>	<u>234,234</u>	<u>58,124</u>	<u>1,334</u>	<u>97,454</u>	<u>571,390</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 167,436</u></u>	<u><u>\$ 158,886</u></u>	<u><u>\$ 234,234</u></u>	<u><u>\$ 150,445</u></u>	<u><u>\$ 195,172</u></u>	<u><u>\$ 200,663</u></u>	<u><u>\$ 1,106,836</u></u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Checks written against future deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,381</u>
<b>FUND BALANCES</b>							
Restricted for debt service	<u>167,436</u>	<u>158,886</u>	<u>136,853</u>	<u>150,445</u>	<u>195,172</u>	<u>200,663</u>	<u>1,009,455</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 167,436</u></u>	<u><u>\$ 158,886</u></u>	<u><u>\$ 234,234</u></u>	<u><u>\$ 150,445</u></u>	<u><u>\$ 195,172</u></u>	<u><u>\$ 200,663</u></u>	<u><u>\$ 1,106,836</u></u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	2011 Debt	2013 Debt	2014 Debt	2017 Debt	2017 Debt Refunding	2019 Debt Refunding	2020 Debt	Totals
<b>REVENUES</b>								
Local sources								
Property taxes	\$ -	\$ 1,245,051	\$ 1,607,766	\$ 1,893,160	\$ 1,478,141	\$ 3,280,767	\$ 1,400,797	\$ 10,905,682
Investment earnings	-	412	448	528	414	909	390	3,101
State sources	-	34,193	44,155	51,993	40,595	89,746	38,471	299,153
<b>TOTAL REVENUES</b>	<b>-</b>	<b>1,279,656</b>	<b>1,652,369</b>	<b>1,945,681</b>	<b>1,519,150</b>	<b>3,371,422</b>	<b>1,439,658</b>	<b>11,207,936</b>
<b>EXPENDITURES</b>								
Principal repayment	-	1,045,000	1,375,000	1,925,000	1,270,000	3,380,000	1,255,000	10,250,000
Interest	-	130,475	248,249	48,125	203,200	32,617	104,243	766,909
Other expenses	-	250	300	-	500	500	500	2,050
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>1,175,725</b>	<b>1,623,549</b>	<b>1,973,125</b>	<b>1,473,700</b>	<b>3,413,117</b>	<b>1,359,743</b>	<b>11,018,959</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>103,931</b>	<b>28,820</b>	<b>(27,444)</b>	<b>45,450</b>	<b>(41,695)</b>	<b>79,915</b>	<b>188,977</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	199	199
Transfers out	(199)	-	-	-	-	-	-	(199)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(199)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(199)</b>	<b>103,931</b>	<b>28,820</b>	<b>(27,444)</b>	<b>45,450</b>	<b>(41,695)</b>	<b>80,114</b>	<b>188,977</b>
<b>FUND BALANCES</b>								
Beginning of year	199	63,505	130,066	164,297	104,995	236,867	120,549	820,478
End of year	\$ -	\$ 167,436	\$ 158,886	\$ 136,853	\$ 150,445	\$ 195,172	\$ 200,663	\$ 1,009,455

**GRAND HAVEN AREA PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2022**

\$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
\$ 1,025,000	\$ 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>\$ 3,050,000</u>	<u>\$ 98,882</u>	<u>\$ 98,882</u>		<u>\$ 3,247,764</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, 2022**

\$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	\$ 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>\$ 4,150,000</u>	<u>\$ 166,125</u>	<u>\$ 166,125</u>		<u>\$ 4,482,250</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, refurbishing, 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, 2022**

\$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	\$ 76,200	\$ 76,200	2023	\$ 1,422,400
1,270,000	50,800	50,800	2024	1,371,600
1,270,000	25,400	25,400	2025	1,320,800
<u>\$ 3,810,000</u>	<u>\$ 152,400</u>	<u>\$ 152,400</u>		<u>\$ 4,114,800</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, 2022**

\$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
\$ 7,100,000	\$ 46,053	\$ 46,053	2023	\$ 7,192,106
2,425,000	23,450	23,450	2024	2,471,900
<u>\$ 9,525,000</u>	<u>\$ 69,503</u>	<u>\$ 69,503</u>		<u>\$ 9,664,006</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, refurbishing, 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  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2021	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2022
<b><u>U.S. Department of Agriculture</u></b>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance - (donated foods)									
2021-2022 Entitlement									
	10.555	N/A	\$ 142,855	\$ -	\$ -	\$ -	\$ 142,855	\$ 142,855	\$ -
Cash assistance									
COVID-19 National School Lunch Program	10.555	211961	224,108	-	-	-	224,108	224,108	-
COVID-19 National School Lunch Program	10.555	221961	1,658,001	-	-	-	1,658,001	1,658,001	-
COVID-19 National School Lunch Program	10.555	220910	103,752	-	-	-	103,752	103,752	-
			<u>1,985,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,985,861</u>	<u>1,985,861</u>	<u>-</u>
Total ALN 10.555			<u>2,128,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,128,716</u>	<u>2,128,716</u>	<u>-</u>
COVID-19 School Breakfast Program	10.553	221970	612	-	-	-	612	-	612
COVID-19 School Breakfast Program	10.553	211971	22,342	-	-	-	22,342	22,342	-
COVID-19 School Breakfast Program	10.553	211971	217,153	-	-	-	217,153	217,153	-
Total ALN 10.553			<u>240,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,107</u>	<u>239,495</u>	<u>612</u>
COVID-19 Summer Food Service Program	10.559	220904	7,343	-	-	-	7,343	-	7,343
COVID-19 Summer Food Service Program	10.559	200901	(62)	-	-	-	(62)	(62)	-
COVID-19 Summer Food Service Program	10.559	210904	1,339,097	72,048	1,237,225	-	101,872	173,920	-
Total ALN 10.559			<u>1,346,378</u>	<u>72,048</u>	<u>1,237,225</u>	<u>-</u>	<u>109,153</u>	<u>173,858</u>	<u>7,343</u>
Total Child Nutrition Cluster			<u>3,715,201</u>	<u>72,048</u>	<u>1,237,225</u>	<u>-</u>	<u>2,477,976</u>	<u>2,542,069</u>	<u>7,955</u>
Child and Adult Care Food Program (CACFP)	10.558	211920	58,947	2,236	58,947	-	-	2,236	-
Child and Adult Care Food Program (CACFP)	10.558	212010	3,995	156	3,995	-	-	156	-
Total ALN 10.558			<u>62,942</u>	<u>2,392</u>	<u>62,942</u>	<u>-</u>	<u>-</u>	<u>2,392</u>	<u>-</u>
Pandemic EBT Local Level Costs	10.649	210980	3,063	-	-	-	3,063	3,063	-
Total Cash Assistance			<u>3,638,351</u>	<u>74,440</u>	<u>1,300,167</u>	<u>-</u>	<u>2,338,184</u>	<u>2,404,669</u>	<u>7,955</u>
Total U.S. Department of Agriculture			<u>3,781,206</u>	<u>74,440</u>	<u>1,300,167</u>	<u>-</u>	<u>2,481,039</u>	<u>2,547,524</u>	<u>7,955</u>

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, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2021	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2022
<b>U.S. Department of Education</b>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	211530-2021	\$ 503,117	\$ 245,886	\$ 491,137	\$ -	\$ -	\$ 245,886	\$ -
Title I Grants to Local Educational Agencies	84.010	221530-2122	473,262	-	-	-	434,238	336,744	97,494
Total ALN 84.010			976,379	245,886	491,137	-	434,238	582,630	97,494
Migrant Education State Grant Program	84.011	211830-2021	86,636	-	-	-	70,130	83,152	(13,022)
Migrant Education State Grant Program	84.011	211890-2021	37,447	14,142	35,526	-	-	14,142	-
Migrant Education State Grant Program	84.011	221890-2122	64,722	-	-	-	59,223	58,336	887
Total ALN 84.011			188,805	14,142	35,526	-	129,353	155,630	(12,135)
English Language Acquisition State Grants	84.365	210570-2021	5,682	1,985	2,226	-	-	1,985	-
English Language Acquisition State Grants	84.365	210580-2021	13,035	5,660	11,947	-	-	5,660	-
English Language Acquisition State Grants	84.365	220570-2122	5,229	-	-	-	3,289	2,536	753
English Language Acquisition State Grants	84.365	220580-2122	13,928	-	-	-	12,479	11,332	1,147
Total ALN 84.365			37,874	7,645	14,173	-	15,768	21,513	1,900
Supporting Effective Instruction State Grants	84.367	210520-2021	168,635	37,578	52,179	-	-	37,578	-
Supporting Effective Instruction State Grants	84.367	220520-2122	249,232	-	-	-	110,701	74,974	35,727
Total ALN 84.367			417,867	37,578	52,179	-	110,701	112,552	35,727
Student Support and Academic Enrichment	84.424	220750-2122	71,261	-	-	-	64,461	64,461	-
Education Stabilization Fund									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	428,270	18,016	18,016	-	410,254	395,014	33,256
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	1,466,577	-	-	-	1,168,407	852,187	316,220
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213722-2122	1,014,822	-	-	388,354	626,468	1,014,822	-
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213724-2122	56,650	-	-	27,923	28,727	56,650	-
Total ALN 84.425D			2,966,319	18,016	18,016	416,277	2,233,856	2,318,673	349,476

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, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2021	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2022
<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	210450-2021	\$ 1,589,790	\$ 589,535	\$ 1,581,809	\$ -	\$ -	\$ 589,535	\$ -
IDEA State Initiated Transition	84.027A	220450-2122	1,556,665	-	-	-	1,545,868	1,189,781	356,087
COVID-19 IDEA State Initiated Transition (ARP)	84.027X	221280-2122	357,292	-	-	-	357,292	213,483	143,809
Total ALN 84.027			<u>3,503,747</u>	<u>589,535</u>	<u>1,581,809</u>	<u>-</u>	<u>1,903,160</u>	<u>1,992,799</u>	<u>499,896</u>
Special Education Preschool Grants									
Special Education Preschool Grants	84.173A	210460-2021	29,563	11,223	29,563	-	-	11,223	-
Special Education Preschool Grants	84.173A	220460-2122	28,021	-	-	-	28,021	22,357	5,664
COVID-19 IDEA Preschool ARP	84.173X	221285-2122	21,119	-	-	-	21,119	-	21,119
Total ALN 84.173			<u>78,703</u>	<u>11,223</u>	<u>29,563</u>	<u>-</u>	<u>49,140</u>	<u>33,580</u>	<u>26,783</u>
Total Special Education Cluster			<u>3,582,450</u>	<u>600,758</u>	<u>1,611,372</u>	<u>-</u>	<u>1,952,300</u>	<u>2,026,379</u>	<u>526,679</u>
Education Stabilization Fund									
COVID-19 Homeless Students ARP	84.425W	211020-2122	9,727	-	-	-	9,727	3,664	6,063
Total U.S. Department of Education			<u>8,250,682</u>	<u>924,025</u>	<u>2,222,403</u>	<u>416,277</u>	<u>4,950,404</u>	<u>5,285,502</u>	<u>1,005,204</u>
<b><u>U.S. Department of Health and Human Services</u></b>									
Passed through Ottawa Area Intermediate School District									
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases									
	93.323	N/A	181,709	-	-	-	168,103	129,288	38,815
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	14,251	-	-	-	14,251	14,251	-
Total U.S. Department of Health and Human Services			<u>195,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,354</u>	<u>143,539</u>	<u>38,815</u>
TOTAL FEDERAL AWARDS			<u>\$ 12,227,848</u>	<u>\$ 998,465</u>	<u>\$ 3,522,570</u>	<u>\$ 416,277</u>	<u>\$ 7,613,797</u>	<u>\$ 7,976,565</u>	<u>\$ 1,051,974</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, 2022**

**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, 2022. 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.

The District qualifies for low-risk auditee status.

**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 NexSys, 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	\$ 5,919,675
Other nonmajor governmental funds	<u>2,481,039</u>
Total revenue in fund financial statements	8,400,714
Less federal assistance funding not subject to single audit act	(370,640)
Less prior year adjustments	<u>(416,277)</u>
Total expenditures per the schedule of federal awards	<u><u>\$ 7,613,797</u></u>

Federal intergovernmental receivables as reported in Note 3 to the financial statements:

Federal intergovernmental receivables	\$ 1,064,996
Less: Deferred federal funds	<u>(13,022)</u>
Accrued revenue per the schedule of expenditures of federal awards	<u><u>\$ 1,051,974</u></u>

**GRAND HAVEN AREA PUBLIC SCHOOLS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 4 - ADJUSTMENTS**

Adjustments were made for CFDA #84.425 (\$416,277) for prior year federal expenditures incurred but not reported on the SEFA.

**NOTE 5 - PROGRAM CLUSTERS**

Program clusters contained within the schedule are as follows:

Child Nutrition Cluster consists of Assistance Listing #10.553, #10.555, and #10.559. The Special Education Cluster consists of Assistance Listing #84.027 and #84.173. The Medicaid Cluster consists of Assistance Listing #93.778.

**NOTE 6 - EDUCATION STABILIZATION FUNDING**

	<u>Federal Assistance Listing Number</u>	<u>Current Year Expenditures</u>
Passed through:		
Michigan Department of Education	84.425D	\$ 2,233,856
Ottawa Area Intermediate School District	84.425W	<u>9,727</u>
Total Education Stabilization Fund		<u><u>\$ 2,243,583</u></u>



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

To the Board of Education  
Grand 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, 2022, 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 12, 2022.

**Report on 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 12, 2022





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

To the Board of Education  
Grand Haven Area Public Schools

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

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

We have audited Grand Haven Area Public Schools' compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Grand Haven Area Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Grand Haven Area Public Schools' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Grand Haven Area Public Schools' federal programs.

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.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Grand Haven Area Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Grand Haven Area Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Grand Haven Area Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Grand Haven Area Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Grand Haven Area Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

*Manes Costeian PC*

September 12, 2022

**GRAND HAVEN AREA PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

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, 2022**

There was no audit finding in the prior year.



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September 12, 2022

To the Board of Education  
Grand Haven Area Public Schools

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grand Haven Area Public Schools for the year ended June 30, 2022. 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. During fiscal year 2022, the District implemented Governmental Accounting Standard No. 87, *Leases*. 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 12, 2022.

#### *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*