

GRAND HAVEN AREA PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 2023, 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 14, 2023, on our consideration of Grand Haven Area Public Schools' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Haven Area Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Haven Area Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

September 14, 2023

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, 2023.

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.

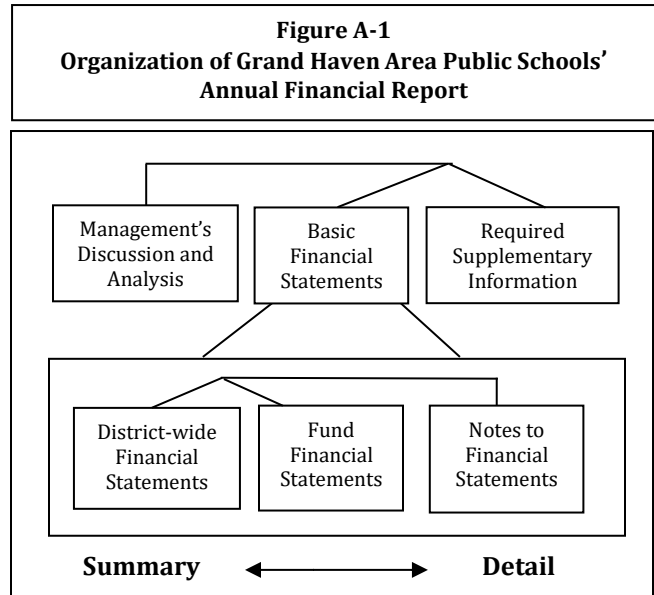
Our financial statements provide insights into the results of this year's operations.

- 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 \$76,611,885 (*net position*).
- The District's total net position increased by \$10,746,099.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$19,220,541, a decrease of \$151,392 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 \$10,311,372 or 11.70% 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.

Figure A-2 Major Features of District-wide and Fund Financial Statements		
	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, 2023 and 2022.

Table A-3		
Grand Haven Area Public Schools		
Net Position		
	<u>2023</u>	<u>2022*</u>
Assets		
Current and other assets	\$ 29,575,984	\$ 31,220,148
Capital assets	<u>60,094,650</u>	<u>63,009,498</u>
Total assets	<u>89,670,634</u>	<u>94,229,646</u>
Deferred outflows of resources	<u>59,247,582</u>	<u>30,782,590</u>
Liabilities		
Current liabilities	17,164,419	23,157,001
Long-term liabilities	4,565,725	10,609,438
Net pension liability	157,487,174	100,559,553
Net other postemployment liability	<u>12,682,273</u>	<u>10,687,398</u>
Total liabilities	<u>191,899,591</u>	<u>145,013,390</u>
Deferred inflows of resources	<u>33,643,532</u>	<u>67,356,830</u>
Net position		
Net investment in capital assets	54,240,374	47,518,731
Restricted for debt service	1,825,033	973,536
Unrestricted	<u>(132,690,314)</u>	<u>(135,850,251)</u>
Total net position	<u>\$ (76,624,907)</u>	<u>\$ (87,357,984)</u>
*The 2022 figures have not been updated for the adoption of GASB 96.		

**Table A-4
Changes in Grand Haven Area Public Schools' Net Position**

	2023	2022*
Revenues		
Program revenues		
Charges for services	\$ 1,834,255	\$ 1,285,815
Operating grants and contributions	21,041,600	23,571,894
General revenues		
Property taxes	28,414,327	26,749,109
Investment income (loss), net	899,648	(35,321)
State aid - unrestricted	37,244,988	32,331,098
Intermediate sources	9,304,335	8,881,722
Other	1,543,805	641,260
Total revenues	100,282,958	93,425,577
Expenses		
Instruction	49,654,061	43,407,897
Support services	29,235,899	24,310,185
Community services	746,055	577,738
Outgoing transfers and other	28,800	-
Food services	2,002,315	1,975,548
Athletic activities	1,504,370	1,248,340
Student/school activities	1,296,812	1,249,894
Interest on long-term debt	510,393	667,526
Unallocated depreciation	4,571,176	4,457,000
Total expenses	89,549,881	77,894,128
Change in net position	\$ 10,733,077	\$ 15,531,449

*The 2022 figures have not been updated for the adoption of GASB 96.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District as a whole has a combined fund balance of \$19,220,541 compared to \$19,371,933 in 2022. The fund balance decreased by \$151,392 during the year. There are debt service funds with a combined net fund balance of \$1,848,213, special revenue funds with combined a net fund balance of \$2,039,213, the 2020 capital project fund with a net fund balance of \$3,940,606, and a capital projects fund with a net fund balance of \$828,453. The general fund decreased its fund balance by \$11,612; the 2020 capital project bond decreased its fund balance by \$1,230,316 and other nonmajor governmental funds increased by \$1,090,536 (special revenue, debt service funds, and capital projects funds).

The general fund's revenues were 0.01% lower 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 2023 to adjust for a slight revenue increase and employee compensation to reflect staffing changes.

The final amended budget was to have expenditures and outgoing transfers exceeding revenues by \$147,000. Final results showed that revenues came in lower (\$252,128) than were anticipated, but expenditures came in less (\$413,111). The net result after other financing sources and (uses) was a decrease in fund balance of \$11,612, decreasing the fund balance to \$10,311,372.

General fund expenditures came within 0.47% 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 \$135,388 variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s capital assets are as follows:

Table A-5 Grand Haven Area Public Schools				
	2023			2022*
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 4,973,108	\$ -	\$ 4,973,108	\$ 4,973,108
Construction in process	-	-	-	379,236
Building and building improvements	104,679,067	58,721,928	45,957,139	47,846,735
Right to use - subscription-based IT	50,358	8,393	41,965	-
Land improvements	19,113,566	13,381,462	5,732,104	6,579,361
Vehicles	5,747,759	3,551,998	2,195,761	2,106,289
Furniture and equipment	16,707,809	15,513,236	1,194,573	1,124,769
Total	\$ 151,271,667	\$ 91,177,017	\$ 60,094,650	\$ 63,009,498

*The 2022 figures have not been updated for the adoption of GASB 96.

LONG-TERM DEBT

At year-end, the District had \$11,338,499 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 \$10,770,000 which has decreased the long-term debt.

An increase in compensated absences and terminated benefits of \$403,310 was also recorded.

	2023	2022
General obligation bonds and other debt	\$ 9,942,116	\$ 20,889,232
Compensated absences and terminated benefits	1,396,383	993,073
	\$ 11,338,499	\$ 21,882,305

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. After the 2023-24 fiscal year, the State is projecting all one-time items to be spent. This could potentially lead to a decrease in some categorical funding areas from the State. 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 anticipates fiscal year 2023-24 to be the final year of the COVID-19 relief funds.
- 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 continues to be 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 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, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,625,838
Investments	9,574,582
Receivables	
Accounts receivable	80,640
Intergovernmental	11,454,402
Inventories	98,235
Prepays	795,590
Restricted cash and cash equivalents - capital projects	172,867
Restricted investments - capital projects	3,773,830
Capital assets not being depreciated	4,973,108
Capital assets, net of accumulated depreciation/amortization	<u>55,121,542</u>
TOTAL ASSETS	<u>89,670,634</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	147,234
Related to pensions	46,880,264
Related to other postemployment benefits	<u>12,220,084</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>59,247,582</u>
LIABILITIES	
Accounts payable	429,936
Accrued interest payable	23,180
Accrued salaries and related items	4,465,924
Accrued retirement	3,353,945
Unearned revenue	2,118,660
Noncurrent liabilities	
Due within one year	6,772,774
Due in more than one year	4,565,725
Net pension liability	157,487,174
Net other postemployment benefit liability	<u>12,682,273</u>
TOTAL LIABILITIES	<u>191,899,591</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	3,123,956
Related to state aid funding for pension benefits	11,124,778
Related to other postemployment benefits	<u>19,394,798</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>33,643,532</u>
NET POSITION	
Net investment in capital assets	54,240,374
Restricted for debt service	1,825,033
Unrestricted	<u>(132,690,314)</u>
TOTAL NET POSITION	<u><u>\$ (76,624,907)</u></u>

See notes to financial statements.

**GRAND HAVEN AREA PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

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	\$ 49,654,061	\$ 84,774	\$ 14,111,223	\$ (35,458,064)
Support services	29,235,899	21,193	3,527,806	(25,686,900)
Community services	746,055	519,980	410,980	184,905
Outgoing transfers and other	28,800	-	-	(28,800)
Food services	2,002,315	871,122	1,607,903	476,710
Athletic activities	1,504,370	337,186	-	(1,167,184)
Student/school activities	1,296,812	-	1,383,688	86,876
Interest on long-term debt	510,393	-	-	(510,393)
Unallocated depreciation/amortization	4,571,176	-	-	(4,571,176)
Total governmental activities	<u>\$ 89,549,881</u>	<u>\$ 1,834,255</u>	<u>\$ 21,041,600</u>	<u>(66,674,026)</u>
General revenues				
Property taxes, levied for general purposes				16,829,629
Property taxes, levied for debt service				11,584,698
Investment earnings				899,648
State sources - unrestricted				37,244,988
Intermediate sources				9,304,335
Other				1,543,805
Total general revenues				<u>77,407,103</u>
CHANGE IN NET POSITION				10,733,077
Net position, beginning of year				<u>(87,357,984)</u>
Net position, end of year				<u>\$ (76,624,907)</u>

See notes to financial statements.

**GRAND HAVEN AREA PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	2020 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,132,355	\$ -	\$ 2,493,483	\$ 3,625,838
Investments	7,422,416	-	2,152,166	9,574,582
Restricted cash and cash equivalents	-	172,867	-	172,867
Restricted investments	-	3,773,830	-	3,773,830
Receivables				
Accounts receivable	76,491	-	4,149	80,640
Intergovernmental	11,426,435	-	27,967	11,454,402
Due from other funds	-	-	279,486	279,486
Inventories	72,597	-	25,638	98,235
Prepays	683,790	-	111,800	795,590
	<u>\$ 20,814,084</u>	<u>\$ 3,946,697</u>	<u>\$ 5,094,689</u>	<u>\$ 29,855,470</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Payables				
Accounts payable	\$ 365,550	\$ 6,091	\$ 58,295	\$ 429,936
Due to other funds	279,486	-	-	279,486
Accrued salaries and related items	4,462,955	-	2,969	4,465,924
Accrued retirement	3,353,945	-	-	3,353,945
Unearned revenue	2,053,798	-	64,862	2,118,660
	<u>10,515,734</u>	<u>6,091</u>	<u>126,126</u>	<u>10,647,951</u>
TOTAL LIABILITIES				
FUND BALANCES				
Nonspendable				
Inventories	72,597	-	25,638	98,235
Prepays	683,790	-	111,800	795,590
Restricted for:				
Debt service	-	-	1,848,213	1,848,213
Food service	-	-	811,508	811,508
Capital projects	-	3,940,606	-	3,940,606
Committed for:				
Student/school activities	-	-	1,090,267	1,090,267
Assigned for:				
Capital projects	-	-	1,081,137	1,081,137
Compensated absences and termination benefits	1,396,383	-	-	1,396,383
Subsequent year expenditures	42,410	-	-	42,410
Unassigned				
General fund	8,103,170	-	-	8,103,170
	<u>10,298,350</u>	<u>3,940,606</u>	<u>4,968,563</u>	<u>19,207,519</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 20,814,084</u>	<u>\$ 3,946,697</u>	<u>\$ 5,094,689</u>	<u>\$ 29,855,470</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, 2023**

Total governmental fund balances \$ 19,207,519

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	147,234
Deferred outflows of resources - related to pensions	46,880,264
Deferred outflows of resources - related to other postemployment benefits	12,220,084
Deferred inflows of resources - related to pensions	(3,123,956)
Deferred inflows of resources - related to other postemployment benefits	(19,394,798)
Deferred inflows of resources - related to state aid funding for pension	(11,124,778)

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

The cost of the capital assets is	\$ 151,271,667	
Accumulated depreciation/amortization is	<u>(91,177,017)</u>	60,094,650

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

General obligation bonds	(9,942,116)
Compensated absences and termination benefits	(1,396,383)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(23,180)
Net pension liability	(157,487,174)
Net other postemployment benefit liability	<u>(12,682,273)</u>

Net position of governmental activities \$ (76,624,907)

GRAND HAVEN AREA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	2020 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	\$ 16,829,629	\$ -	\$ 11,584,698	\$ 28,414,327
Food sales	-	-	871,122	871,122
Investment earnings, net	438,527	123,648	337,473	899,648
Athletics	142,697	-	-	142,697
Student/school activities income	-	-	1,383,688	1,383,688
Tuition	519,980	-	-	519,980
Other	1,279,294	353,983	20,000	1,653,277
Total local sources	19,210,127	477,631	14,196,981	33,884,739
State sources	52,071,638	-	404,545	52,476,183
Federal sources	7,388,671	-	1,452,844	8,841,515
Intermediate school districts	9,410,302	-	-	9,410,302
TOTAL REVENUES	88,080,738	477,631	16,054,370	104,612,739
EXPENDITURES				
Current				
Instruction	54,589,372	-	-	54,589,372
Supporting services	32,819,993	-	-	32,819,993
Food service activities	-	-	2,111,603	2,111,603
Community service activities	823,474	-	-	823,474
Student/school activities	-	-	1,341,965	1,341,965
Capital outlay	-	1,700,848	140,584	1,841,432
Debt service				
Principal	-	-	10,770,000	10,770,000
Interest	-	-	523,132	523,132
Other expenses	32,550	7,099	1,550	41,199
TOTAL EXPENDITURES	88,265,389	1,707,947	14,888,834	104,862,170
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(184,651)	(1,230,316)	1,165,536	(249,431)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	85,017	-	-	85,017
Transfers in	75,000	-	332,025	407,025
Transfers out	-	-	(407,025)	(407,025)
TOTAL OTHER FINANCING SOURCES (USES)	160,017	-	(75,000)	85,017
NET CHANGE IN FUND BALANCES	(24,634)	(1,230,316)	1,090,536	(164,414)
FUND BALANCES				
Beginning of year	10,322,984	5,170,922	3,878,027	19,371,933
End of year	\$ 10,298,350	\$ 3,940,606	\$ 4,968,563	\$ 19,207,519

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, 2023**

Net change in fund balances total governmental funds \$ (164,414)

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/amortization expense	(4,571,176)
Capital outlay	1,656,328

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	35,919
Accrued interest payable, end of the year	(23,180)

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	10,770,000
Amortization of deferred charge on refunding	(80,309)
Amortization of bond premiums	177,116

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	993,073
Accrued compensated absences and termination benefits, end of the year	(1,396,383)

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	821,790
Other postemployment benefits related items	6,929,111

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	<u>(4,414,798)</u>
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Change in net position of governmental activities \$ 10,733,077

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

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.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

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

	2020 Bond
Revenues	\$ 505,746
Expenditures and other financing sources	\$ 7,345,140

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.

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

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

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

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

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.

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

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

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

**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)

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

Budgetary Information

Budgetary Basis of Accounting

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

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2023. 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. Right to use assets of the District are amortized using the straight-line method over the shorter of the subscription period or the estimated useful lives. 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
Right to use - subscription-based IT	6
Vehicles	5 - 8
Furniture and equipment	5 - 20

Defined Benefit Plans

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

Deferred Outflows

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

Subscription-based Information Technology Arrangements (SBITA)

Subscriber: The District is a subscriber for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

At the commencement of a subscription, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, 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.

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.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, 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, 2023, \$4,193,730 of the District's bank balance of \$4,443,730 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 \$3,798,705.

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment Pool - Cash Management Class	\$ 1,094	N/A
MILAF External Investment Pool - MAX	2,585	N/A
Michigan CLASS Investment Pool	4,005,972	0.0125
Fidelity Treasury Portfolio Money Market Fund	3,802,141	0.0027
U.S. Government Agency Bonds	3,925,869	0.1743
U.S. Treasury Bills	368,337	0.1611
Commercial Paper	1,242,414	0.0737
	<u>\$ 13,348,412</u>	
Total fair value		
Portfolio weighted average maturity		<u>0.0818</u>

One day maturity equals 0.0027, one year equals 1.00.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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	\$ 1,094	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	2,585	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	4,005,972	AAAm	Standard & Poor's
Fidelity Treasury Portfolio Money Market Fund	3,802,141	N/A	
U.S. Government Agency Bonds	3,925,869	A-1+	Standard & Poor's
Commercial Paper	<u>1,242,414</u>	A+	Standard & Poor's
Total	<u><u>\$ 12,980,075</u></u>		

Foreign Currency Risk

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

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.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Balance June 30, 2023
Investments by fair value level				
Fidelity Treasury Portfolio Money Market Fund	\$ 3,802,141	\$ -	\$ -	\$ 3,802,141
U.S. Government Agency Bonds	-	3,925,869	-	3,925,869
U.S. Treasury Bills	368,337	-	-	368,337
Commercial Paper	-	1,242,414	-	1,242,414
Total	\$ 4,170,478	\$ 5,168,283	\$ -	\$ 9,338,761

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	\$ 1,094
MILAF External Investment Pool - MAX	2,585
	\$ 3,679

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.

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.

**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 (continued)

At the year ended June 30, 2023, 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	\$ 4,005,972	\$ -	No restrictions	None

The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government
Cash and cash equivalents	\$ 3,625,838
Investments	9,574,582
Restricted cash and cash equivalents	172,867
Restricted investments	3,773,830
	\$ 17,147,117

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2023 consist of the following:

State aid	\$ 9,691,810
Federal revenue	1,569,589
Intermediate school district and other governments	193,003
	\$ 11,454,402

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:

	Balance July 1, 2022	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2023
Assets not being depreciated/amortized				
Land	\$ 4,973,108	\$ -	\$ -	\$ 4,973,108
Construction in process	379,236	391,657	(770,893)	-
Total assets not being depreciated/amortized	<u>5,352,344</u>	<u>391,657</u>	<u>(770,893)</u>	<u>4,973,108</u>
Capital assets being depreciated/amortized				
Building and building improvements	103,812,383	866,684	-	104,679,067
Land improvements	19,013,165	100,401	-	19,113,566
Right to use - subscription-based IT	-	50,358	-	50,358
Vehicles	5,867,658	673,296	(793,195)	5,747,759
Furniture and equipment	19,539,670	344,825	(3,176,686)	16,707,809
Total other capital assets	<u>148,232,876</u>	<u>2,035,564</u>	<u>(3,969,881)</u>	<u>146,298,559</u>
Accumulated depreciation/amortization				
Building and building improvements	55,965,648	2,756,280	-	58,721,928
Land improvements	12,433,804	947,658	-	13,381,462
Right to use - subscription-based IT	-	8,393	-	8,393
Vehicles	3,761,369	583,824	(793,195)	3,551,998
Furniture and equipment	18,414,901	275,021	(3,176,686)	15,513,236
Total accumulated depreciation/amortization	<u>90,575,722</u>	<u>4,571,176</u>	<u>(3,969,881)</u>	<u>91,177,017</u>
Net capital assets being depreciated/amortized	<u>57,657,154</u>	<u>(2,535,612)</u>	<u>-</u>	<u>55,121,542</u>
Net governmental capital assets	<u>\$ 63,009,498</u>	<u>\$ (2,143,955)</u>	<u>\$ (770,893)</u>	<u>\$ 60,094,650</u>

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to \$4,571,176. The District determined that it was impractical to allocate depreciation/amortization 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)	Compensated Absences and Termination Benefits	Total
Balance July 1, 2022	\$ 20,889,232	\$ 993,073	\$ 21,882,305
Additions	-	403,310	403,310
Deletions	<u>(10,947,116)</u>	<u>-</u>	<u>(10,947,116)</u>
Balance June 30, 2023	9,942,116	1,396,383	11,338,499
Due within one year	<u>6,203,077</u>	<u>569,697</u>	<u>6,772,774</u>
Due in more than one year	<u>\$ 3,739,039</u>	<u>\$ 826,686</u>	<u>\$ 4,565,725</u>

Long-term obligations at June 30, 2023 is comprised of the following:

General Obligation Bonds

2013 refunding general obligation bonds due in annual installments of \$1,010,000 to \$1,015,000 through May 1, 2025, with interest at 3.25%.	\$ 2,025,000
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%.	2,775,000
2017 refunding general obligation bonds due in annual installments of \$1,270,000 through May 1, 2025, with interest at 4.00%.	2,540,000
2020 general obligation bonds due in an annual installment of \$2,425,000 through May 1, 2024, with interest at 0.967%.	2,425,000
Add issuance premiums	<u>177,116</u>
Total general obligation bonds	9,942,116
Compensated absences and termination benefits	<u>1,396,383</u>
Total general long-term obligations	<u>\$ 11,338,499</u>

Interest expense (all funds) for the year ended June 30, 2023 was approximately \$523,000.

**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, 2023, including are as follows:

Year Ending June 30,	<u>General Obligation Bonds</u>		Compensated Absences and Termination Benefits	Total
	Principal	Interest		
2024	\$ 6,085,000	\$ 325,062	\$ -	\$ 6,410,062
2025	3,680,000	125,626	-	3,805,626
	9,765,000	450,688	-	10,215,688
Issuance premiums	177,116	-	-	177,116
Compensated absences and termination benefits	-	-	1,396,383	1,396,383
	<u>\$ 9,942,116</u>	<u>\$ 450,688</u>	<u>\$ 1,396,383</u>	<u>\$ 11,789,187</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund payable and receivable balances at June 30, 2023 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>
Nonmajor governmental funds	General fund
<u>\$ 279,486</u>	\$ 26,802
	2021 Capital Projects fund
	252,684
	<u>\$ 279,486</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 transfers for the year ended June 30, 2023 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 75,000	\$ -
Nonmajor governmental funds	332,025	407,025
	<u>\$ 407,025</u>	<u>\$ 407,025</u>

During the year, transfers are used to: (1) move revenue from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance programs accounted for in the other funds in accordance with budgetary authorizations.

**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.

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

Annual Amount - 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, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over a 17-year period beginning October 1, 2021 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, 2021 - September 30, 2022	13.73% - 20.14%	7.21% - 8.07%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$19,306,000. Of the total pension contributions approximately \$18,782,000 was contributed to fund the Defined Benefit Plan and approximately \$524,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$3,732,000. Of the total OPEB contributions approximately \$3,393,000 was contributed to fund the Defined Benefit Plan and approximately \$339,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures.

**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 Liabilities (continued)

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>MPSEERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total pension liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan fiduciary net position	\$ 58,268,076,344	\$ 62,717,060,920
Net pension liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate share	0.41875%	0.42474%
Net pension liability for the District	\$ 157,487,174	\$ 100,559,553

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

For the year ended June 30, 2023, the District recognized pension expense of \$17,960,022.

At June 30, 2023, 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	\$ 139,756	\$ 2,771,831
Differences between expected and actual experience	1,575,421	352,125
Changes of assumptions	27,061,940	-
Net difference between projected and actual earnings on pension plan investments	369,308	-
Reporting Unit's contributions subsequent to the measurement date	<u>17,733,839</u>	<u>-</u>
	<u>\$ 46,880,264</u>	<u>\$ 3,123,956</u>

\$17,733,839, 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
2023	\$ 7,231,219
2024	5,203,159
2025	4,702,251
2026	8,885,840

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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 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, 2022</u>	<u>September 30, 2021</u>
Total Other Postemployment Benefit liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net Other Postemployment Benefit Liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.40709%	0.42333%
Net Other Postemployment Benefit Liability for the District	\$ 8,622,419	\$ 6,461,583

**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, 2023, the District recognized OPEB benefit of \$3,527,496.

At June 30, 2023, 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	\$ 7,685,439	\$ 625,792
Net difference between projected and actual earnings on OPEB plan investments	673,910	-
Differences between expected and actual experience	-	16,888,015
Changes in proportion and difference between employer contributions and proportionate share of contributions	224,923	1,463,019
Reporting Unit's contributions subsequent to the measurement date	2,962,659	-
	<u>\$ 11,546,931</u>	<u>\$ 18,976,826</u>

\$2,962,659, 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
2023	\$ (3,528,517)
2024	(3,200,416)
2025	(2,954,685)
2026	(362,124)
2027	(313,199)
2028	(33,613)

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

Investment Rate of Return for OPEB - 6.00% 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, 2021. 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 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, 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, 2022 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%	5.1%
International Equity Pools	15.0%	6.7%
Private Equity Pools	16.0%	8.7%
Real Estate and Infrastructure Pools	10.0%	5.3%
Fixed Income Pools	13.0%	(-0.2%)
Absolute Return Pools	9.0%	2.7%
Real Return / Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	(-0.5%)
	<u>100.0%</u>	

* Long term rate of return are net of administrative expenses and 2.2% inflation.

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, 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 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. 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 6.00% 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 6.00%. 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	\$ 207,824,562	\$ 157,487,174	\$ 116,006,898

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 6.00%, 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	\$ 14,463,278	\$ 8,622,419	\$ 3,703,691

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 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	Current		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 3,610,657	\$ 8,622,419	\$ 14,248,221

**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 2022 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, 2023, 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.

Total OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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	4.24%

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 4.24%. 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 4.09% to 4.24%.

Change in the Total OPEB Liability

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

Balance at June 30, 2022	<u>\$ 4,225,815</u>
Changes during the year	
Service cost	77,835
Interest	168,942
Experience gains	(36,090)
Changes in actuarial assumptions	(30,584)
Benefit payments	<u>(346,064)</u>
Net changes	<u>(165,961)</u>
Balance at June 30, 2023	<u><u>\$ 4,059,854</u></u>

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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 4.24%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1% lower (3.24%) or (5.24%) than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
District's total OPEB liability	\$ 4,267,134	\$ 4,059,854	\$ 3,860,772

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$337,191. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 226,763	\$ 354,843
Differences between expected and actual experience	446,390	63,129
	\$ 673,153	\$ 417,972

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

Year Ended June 30,	Amount
2024	\$ 90,414
2025	90,529
2026	71,134
2027	3,104

Payable to the Plan

At June 30, 2023, the District reported no amount payable to the OPEB Plan.

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

NOTE 9 - RISK MANAGEMENT

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

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2023 or any of the prior three years.

NOTE 10 - TAX ABATEMENTS

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

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

Property taxes abated by the District for the year ended June 30, 2023 amounted to approximately \$826,170.

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

There are no abatements made by the District.

NOTE 11 - CONTINGENT LIABILITIES

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

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

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued by the GASB in May 2020. 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.

There was no material impact on beginning of the year net position.

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**GRAND HAVEN AREA PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 17,542,800	\$ 18,889,500	\$ 19,210,127	\$ 320,627
State sources	48,071,100	52,572,000	52,071,638	(500,362)
Federal sources	7,617,725	7,501,500	7,388,671	(112,829)
Intermediate school districts	9,484,400	9,493,500	9,410,302	(83,198)
TOTAL REVENUES	82,716,025	88,456,500	88,080,738	(375,762)
EXPENDITURES				
Current				
Instruction				
Basic programs	38,912,625	42,179,500	42,097,064	82,436
Added needs	10,174,600	12,662,000	12,492,308	169,692
Total instruction	49,087,225	54,841,500	54,589,372	252,128
Supporting services				
Pupil	6,465,600	7,283,000	7,272,692	10,308
Instructional staff	3,407,900	4,402,000	4,381,309	20,691
General administration	950,000	999,500	973,964	25,536
School administration	3,934,100	4,754,000	4,741,033	12,967
Business	745,700	773,000	774,252	(1,252)
Operation/maintenance	7,588,000	7,365,000	7,355,276	9,724
Pupil transportation	2,863,700	2,971,000	2,919,978	51,022
Central	2,129,000	2,589,500	2,593,918	(4,418)
Athletics	1,372,100	1,802,000	1,807,571	(5,571)
Total supporting services	29,456,100	32,939,000	32,819,993	119,007
Community services	725,100	814,000	823,474	(9,474)
Outgoing transfers and Other	2,785,000	84,000	32,550	51,450
TOTAL EXPENDITURES	82,053,425	88,678,500	88,265,389	413,111
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	662,600	(222,000)	(184,651)	37,349
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	85,017	85,017
Transfer in	-	75,000	75,000	-
TOTAL OTHER FINANCING SOURCES	-	75,000	160,017	85,017
NET CHANGE IN FUND BALANCE	\$ 662,600	\$ (147,000)	(24,634)	\$ 122,366
FUND BALANCE				
Beginning of year			10,322,984	
End of year			<u>\$ 10,298,350</u>	

**GRAND HAVEN AREA PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'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)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.41875%	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	\$ 157,487,174	\$ 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	\$ 39,722,271	\$ 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 (%)	396.47%	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	60.77%	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 DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<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	\$ 18,781,812	\$ 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>18,781,812</u>	<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>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 42,961,475	\$ 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	43.72%	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 DISTRICT'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>2022</u>	<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 (%)	0.40709%	0.42333%	0.42187%	0.43687%	0.43413%	0.43117%
Reporting Unit's proportionate share of net other postemployment benefit liability	\$ 8,622,419	\$ 6,461,583	\$ 22,600,736	\$ 31,357,272	\$ 34,509,044	\$ 38,182,275
Reporting Unit's covered-employee payroll	\$ 39,722,271	\$ 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	21.71%	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)	83.09%	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 DISTRICT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 3,392,742	\$ 3,184,333	\$ 3,198,803	\$ 3,032,175	\$ 2,895,820	\$ 2,733,937
Contributions in relation to statutorily required contributions	<u>3,392,742</u>	<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>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 42,961,475	\$ 39,422,946	\$ 37,492,956	\$ 38,306,989	\$ 37,174,140	\$ 36,678,602
Contributions as a percentage of covered-employee payroll	7.90%	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,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 77,835	\$ 141,406	\$ 113,104	\$ 115,397	\$ 107,276	\$ 103,648
Interest on the total OPEB liability	168,942	71,919	117,015	114,685	135,483	137,278
Differences between expected and actual experience	(36,090)	717,738	(22,626)	15,482	(100,587)	-
Changes in assumptions	(30,584)	(540,801)	234,403	223,577	98,434	-
Benefit payments and refunds	(346,064)	(312,720)	(321,282)	(297,846)	(295,803)	(295,919)
Net change in total OPEB liability	(165,961)	77,542	120,614	171,295	(55,197)	(54,993)
Total OPEB liability, beginning of year	4,225,815	4,148,273	4,027,659	3,856,364	3,911,561	3,966,554
Total OPEB liability, end of year	<u>\$ 4,059,854</u>	<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>\$ 10,467,838</u>	<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	38.78%	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 THE DISTRICT'S OPEB CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 651,694	\$ 645,807	\$ 688,743	\$ 614,146	\$ 697,819	\$ 629,189
Actual contribution	<u>346,064</u>	<u>312,720</u>	<u>321,282</u>	<u>297,846</u>	<u>295,803</u>	<u>295,919</u>
Contribution deficiency (excess)	<u>\$ 305,630</u>	<u>\$ 333,087</u>	<u>\$ 367,461</u>	<u>\$ 316,300</u>	<u>\$ 402,016</u>	<u>\$ 333,270</u>
Covered-employee payroll	\$ 10,467,838	\$ 11,720,806	\$ 12,164,247	\$ 13,299,407	\$ 13,841,280	\$ 14,415,221
Contributions as a percentage of covered-employee payroll	3.31%	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, 2023**

NOTE 1 - MPSERS PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - MPSERS OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate decreased to 6.00% from 6.95%.

NOTE 3 - SINGLE EMPLOYER OPEB PLAN INFORMATION

Changes of Assumptions - the assumption changes for 2023 were:

The discount rate increased from 4.09% to 4.24%.

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 2021 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, 2023**

	Special Revenue Funds	Debt Service Funds	2021 Capital Projects Fund	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 1,939,665	\$ 486,216	\$ 67,602	\$ 2,493,483
Investments	-	1,112,511	1,039,655	2,152,166
Receivables				
Accounts receivable	4,149	-	-	4,149
Intergovernmental	27,967	-	-	27,967
Due from other funds	30,000	249,486	-	279,486
Inventories	25,638	-	-	25,638
Prepays	111,800	-	-	111,800
	<u>2,139,219</u>	<u>1,848,213</u>	<u>1,107,257</u>	<u>5,094,689</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 32,175	\$ -	\$ 26,120	\$ 58,295
Accrued salaries and related items	2,969	-	-	2,969
Unearned revenue	64,862	-	-	64,862
	<u>100,006</u>	<u>-</u>	<u>26,120</u>	<u>126,126</u>
TOTAL LIABILITIES				
FUND BALANCES				
Nonspendable				
Inventories	25,638	-	-	25,638
Prepays	111,800	-	-	111,800
Restricted for:				
Debt service	-	1,848,213	-	1,848,213
Food service	811,508	-	-	811,508
Committed for:				
Student/school activities	1,090,267	-	-	1,090,267
Assigned for:				
Capital projects	-	-	1,081,137	1,081,137
	<u>2,039,213</u>	<u>1,848,213</u>	<u>1,081,137</u>	<u>4,968,563</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 2,139,219</u>	<u>\$ 1,848,213</u>	<u>\$ 1,107,257</u>	<u>\$ 5,094,689</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds	Debt Service Funds	2021 Capital Projects Fund	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ 11,584,698	\$ -	\$ 11,584,698
Food sales	871,122	-	-	871,122
Student/school activities income	1,383,688	-	-	1,383,688
Investment earnings	-	299,256	38,217	337,473
Other	-	-	20,000	20,000
State sources	155,059	249,486	-	404,545
Federal sources	1,452,844	-	-	1,452,844
	<u>3,862,713</u>	<u>12,133,440</u>	<u>58,217</u>	<u>16,054,370</u>
EXPENDITURES				
Current				
Special revenue activities				
Salaries	519,897	-	-	519,897
Benefits	398,776	-	-	398,776
Purchased services	241,842	-	-	241,842
Supplies and materials	908,687	-	-	908,687
Capital outlay	31,867	-	-	31,867
Student/school activities expenditures	1,341,965	-	-	1,341,965
Other expenses	10,534	-	-	10,534
Capital outlay	-	-	140,584	140,584
Debt service				
Principal repayment	-	10,770,000	-	10,770,000
Interest	-	523,132	-	523,132
Other expenses	-	1,550	-	1,550
	<u>3,453,568</u>	<u>11,294,682</u>	<u>140,584</u>	<u>14,888,834</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>409,145</u>	<u>838,758</u>	<u>(82,367)</u>	<u>1,165,536</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	332,025	-	332,025
Transfers out	(75,000)	(332,025)	-	(407,025)
	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
NET CHANGE IN FUND BALANCES	334,145	838,758	(82,367)	1,090,536
FUND BALANCES				
Beginning of year	<u>1,705,068</u>	<u>1,009,455</u>	<u>1,163,504</u>	<u>3,878,027</u>
End of year	<u>\$ 2,039,213</u>	<u>\$ 1,848,213</u>	<u>\$ 1,081,137</u>	<u>\$ 4,968,563</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Food Service	Student/ School Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 835,808	\$ 1,103,857	\$ 1,939,665
Receivables			
Intergovernmental	27,967	-	27,967
Due from other funds	30,000	-	30,000
Inventories	25,638	-	25,638
Prepaid expenses	111,800	-	111,800
TOTAL ASSETS	\$ 1,031,224	\$ 1,107,995	\$ 2,139,219
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 14,680	\$ 17,495	\$ 32,175
Accrued salaries and related items	2,736	233	2,969
Unearned revenue	64,862	-	64,862
TOTAL LIABILITIES	82,278	17,728	100,006
FUND BALANCES			
Nonspendable			
Inventory	25,638	-	25,638
Prepays	111,800	-	111,800
Restricted for food service	811,508	-	811,508
Committed for student/school activities	-	1,090,267	1,090,267
TOTAL FUND BALANCES	948,946	1,090,267	2,039,213
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,031,224	\$ 1,107,995	\$ 2,139,219

**GRAND HAVEN AREA PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	<u>Food Service</u>	<u>Student/ School Activities</u>	<u>Totals</u>
REVENUES			
Local sources			
Food sales	\$ 871,122	\$ -	\$ 871,122
Student/school activities income	-	1,383,688	1,383,688
State sources	155,059	-	155,059
Federal sources	1,452,844	-	1,452,844
	<u>2,479,025</u>	<u>1,383,688</u>	<u>3,862,713</u>
EXPENDITURES			
Salaries	519,897	-	519,897
Benefits	398,776	-	398,776
Purchased services	241,842	-	241,842
Supplies and materials	908,687	-	908,687
Capital outlay	31,867	-	31,867
Student/school activities expenditures	-	1,341,965	1,341,965
Other expenses	10,534	-	10,534
	<u>2,111,603</u>	<u>1,341,965</u>	<u>3,453,568</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	367,422	41,723	409,145
OTHER FINANCING USES			
Transfers out	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
NET CHANGE IN FUND BALANCES	292,422	41,723	334,145
FUND BALANCES			
Beginning of year	<u>656,524</u>	<u>1,048,544</u>	<u>1,705,068</u>
End of year	<u>\$ 948,946</u>	<u>\$ 1,090,267</u>	<u>\$ 2,039,213</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	<u>2013 Debt</u>	<u>2014 Debt</u>	<u>2017 Debt Refunding</u>	<u>2020 Debt</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 87,252	\$ 22,849	\$ 71,193	\$ 304,922	\$ 486,216
Investments	322,264	411,047	342,682	36,518	1,112,511
Due from other funds	<u>27,918</u>	<u>37,422</u>	<u>34,454</u>	<u>149,692</u>	<u>249,486</u>
TOTAL ASSETS	<u>\$ 437,434</u>	<u>\$ 471,318</u>	<u>\$ 448,329</u>	<u>\$ 491,132</u>	<u>\$ 1,848,213</u>
FUND BALANCES					
Restricted for debt service	<u>\$ 437,434</u>	<u>\$ 471,318</u>	<u>\$ 448,329</u>	<u>\$ 491,132</u>	<u>\$ 1,848,213</u>

**GRAND HAVEN AREA PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	2013 Debt	2014 Debt	2017 Debt	2017 Debt Refunding	2019 Debt Refunding	2020 Debt	Totals
REVENUES							
Local sources							
Property taxes	\$ 1,294,745	\$ 1,735,584	\$ -	\$ 1,597,893	\$ -	\$ 6,956,476	\$ 11,584,698
Investment earnings	34,556	44,422	-	42,585	-	177,693	299,256
State sources	27,918	37,422	-	34,454	-	149,692	249,486
TOTAL REVENUES	1,357,219	1,817,428	-	1,674,932	-	7,283,861	12,133,440
EXPENDITURES							
Principal repayment	1,025,000	1,375,000	-	1,270,000	-	7,100,000	10,770,000
Interest	99,125	179,500	-	152,400	-	92,107	523,132
Other expenses	250	300	-	500	-	500	1,550
TOTAL EXPENDITURES	1,124,375	1,554,800	-	1,422,900	-	7,192,607	11,294,682
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	232,844	262,628	-	252,032	-	91,254	838,758
OTHER FINANCING SOURCES (USES)							
Transfers in	37,154	49,804	-	45,852	-	199,215	332,025
Transfers out	-	-	(136,853)	-	(195,172)	-	(332,025)
TOTAL OTHER FINANCING SOURCES (USES)	37,154	49,804	(136,853)	45,852	(195,172)	199,215	-
NET CHANGE IN FUND BALANCES	269,998	312,432	(136,853)	297,884	(195,172)	290,469	838,758
FUND BALANCES							
Beginning of year	167,436	158,886	136,853	150,445	195,172	200,663	1,009,455
End of year	\$ 437,434	\$ 471,318	\$ -	\$ 448,329	\$ -	\$ 491,132	\$ 1,848,213

**GRAND HAVEN AREA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$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
\$ 1,015,000	\$ 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>\$ 2,025,000</u>	<u>\$ 49,319</u>	<u>\$ 49,319</u>		<u>\$ 2,123,638</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 3.25%.

**GRAND HAVEN AREA PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023**

\$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	\$ 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>\$ 2,775,000</u>	<u>\$ 76,375</u>	<u>\$ 76,375</u>		<u>\$ 2,927,750</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, 2023**

\$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	\$ 50,800	\$ 50,800	2024	\$ 1,371,600
<u>1,270,000</u>	<u>25,400</u>	<u>25,400</u>	2025	<u>1,320,800</u>
<u>\$ 2,540,000</u>	<u>\$ 76,200</u>	<u>\$ 76,200</u>		<u>\$ 2,692,400</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, 2023**

\$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
\$ 2,425,000	\$ 23,450	\$ 23,450	2024	\$ 2,471,900

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 0.967%.

**GRAND HAVEN AREA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2022	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2023
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education Child Nutrition Cluster									
Non-Cash Assistance - (Donated Foods)									
National School Lunch Program									
Entitlement	10.555	N/A	\$ 143,239	\$ -	\$ -	\$ -	\$ 143,239	\$ 143,239	\$ -
Bonus	10.555	N/A	24,688	-	-	-	24,688	24,688	-
Non-Cash Assistance Subtotal			<u>167,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,927</u>	<u>167,927</u>	<u>-</u>
Cash Assistance									
National School Lunch Program	10.555	220910	105,638	-	-	-	105,638	105,638	-
National School Lunch Program	10.555	221960	144,891	-	-	-	144,891	144,891	-
National School Lunch Program	10.555	230910	51,853	-	-	-	51,853	51,853	-
National School Lunch Program	10.555	231960	814,646	-	-	-	814,646	809,600	5,046
			<u>1,117,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,117,028</u>	<u>1,111,982</u>	<u>5,046</u>
Total ALN 10.555			<u>1,284,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,284,955</u>	<u>1,279,909</u>	<u>5,046</u>
National School Breakfast Program	10.553	221970	18,779	612	612	-	18,167	18,779	-
National School Breakfast Program	10.553	231970	130,436	-	-	-	130,436	128,944	1,492
Total ALN 10.553			<u>149,215</u>	<u>612</u>	<u>612</u>	<u>-</u>	<u>148,603</u>	<u>147,723</u>	<u>1,492</u>
Summer Food Service Program	10.559	220900	9,963	-	-	-	9,963	9,963	-
Summer Food Service Program	10.559	220904	7,343	7,343	7,343	-	-	7,343	-
Summer Food Service Program	10.559	230900	6,188	-	-	-	6,188	-	6,188
Total ALN 10.559			<u>23,494</u>	<u>7,343</u>	<u>7,343</u>	<u>-</u>	<u>16,151</u>	<u>17,306</u>	<u>6,188</u>
Total Child Nutrition Cluster			<u>1,457,664</u>	<u>7,955</u>	<u>7,955</u>	<u>-</u>	<u>1,449,709</u>	<u>1,444,938</u>	<u>12,726</u>
COVID-19 Pandemic EBT Local Level Costs	10.649	220980	3,135	-	-	-	3,135	3,135	-
Total Cash Assistance			<u>1,292,872</u>	<u>7,955</u>	<u>7,955</u>	<u>-</u>	<u>1,284,917</u>	<u>1,280,146</u>	<u>12,726</u>
Total U.S. Department of Agriculture			<u>1,460,799</u>	<u>7,955</u>	<u>7,955</u>	<u>-</u>	<u>1,452,844</u>	<u>1,448,073</u>	<u>12,726</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, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2022	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2023
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	221530-2122	\$ 473,262	\$ 97,494	\$ 434,238	\$ -	\$ 1,285	\$ 98,779	\$ -
Title I Grants to Local Educational Agencies	84.010	231530-2223	573,383	-	-	-	511,044	428,775	82,269
Total ALN 84.010			1,046,645	97,494	434,238	-	512,329	527,554	82,269
Migrant Education State Grant Program	84.011	211830-2021	86,636	(13,022)	70,130	-	-	-	(13,022)
Migrant Education State Grant Program	84.011	221830-2122	127,053	-	-	-	141,231	110,869	30,362
Migrant Education State Grant Program	84.011	221890-2122	64,722	887	59,223	(133)	-	754	-
Migrant Education State Grant Program	84.011	231890-2223	89,219	-	-	-	62,213	-	62,213
Total ALN 84.011			367,630	(12,135)	129,353	(133)	203,444	111,623	79,553
English Language Acquisition State Grants	84.365	220570-2122	5,229	753	3,289	-	-	753	-
English Language Acquisition State Grants	84.365	220580-2122	13,928	1,147	12,479	-	-	1,147	-
English Language Acquisition State Grants	84.365	230580-2223	13,019	-	-	-	8,944	8,636	308
Total ALN 84.365			32,176	1,900	15,768	-	8,944	10,536	308
Supporting Effective Instruction State Grants	84.367	220520-2122	249,232	35,727	110,701	-	-	35,727	-
Supporting Effective Instruction State Grants	84.367	230520-2223	262,797	-	-	-	139,041	142,575	(3,534)
Total ALN 84.367			512,029	35,727	110,701	-	139,041	178,302	(3,534)
Student Support and Academic Enrichment	84.424	230750-2223	41,022	-	-	-	29,874	1,824	28,050
Education Stabilization Fund									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	428,270	33,256	428,270	-	-	33,256	-
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2122	1,466,577	316,220	1,168,407	-	293,178	560,099	49,299
Emergency Relief Fund (98c Learning Loss Grant)	84.425D	213782-2223	285,173	-	-	-	229,008	25,790	203,218
Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	3,296,066	-	-	-	2,113,669	1,687,390	426,279
Emergency Relief Fund (ESSER 11-t Formula Funds)	84.425U	213723-2122	3,170,843	-	-	-	1,855,471	1,670,501	184,970
Total ALN 84.425			8,646,929	349,476	1,596,677	-	4,491,326	3,977,036	863,766

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, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2022	Prior Year Expenditures (Memo Only)	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue June 30, 2023
<u>U.S. Department of Education (continued)</u>									
Passed through Ottawa Area Intermediate School District									
Special Education Cluster									
IDEA State Initiated Transition	84.027	220450-2122	\$ 1,556,665	\$ 356,087	\$ 1,545,868	\$ -	\$ -	\$ 356,087	\$ -
IDEA State Initiated Transition	84.027	230450-2223	1,549,883	-	-	-	1,529,861	1,063,116	466,745
COVID-19 IDEA State Initiated Transition (ARP)	84.027X	221280-2122	357,292	143,809	357,292	-	-	143,809	-
Total ALN 84.027			<u>3,463,840</u>	<u>499,896</u>	<u>1,903,160</u>	<u>-</u>	<u>1,529,861</u>	<u>1,563,012</u>	<u>466,745</u>
Special Education Preschool Grants	84.173	220460-2122	28,021	5,664	28,021	-	-	5,664	-
Special Education Preschool Grants	84.173	230460-2223	28,775	-	-	-	28,082	19,369	8,713
COVID-19 IDEA Preschool ARP	84.173X	221285-2122	21,119	21,119	21,119	-	-	21,119	-
Total ALN 84.173			<u>77,915</u>	<u>26,783</u>	<u>49,140</u>	<u>-</u>	<u>28,082</u>	<u>46,152</u>	<u>8,713</u>
Total Special Education Cluster			<u>3,541,755</u>	<u>526,679</u>	<u>1,952,300</u>	<u>-</u>	<u>1,557,943</u>	<u>1,609,164</u>	<u>475,458</u>
Homeless Students Grant	84.196	232320-2223	4,654	-	-	-	4,443	4,443	-
Education Stabilization Fund									
COVID-19 Homeless Students ARP	84.425W	211020-2122	9,727	6,063	9,727	-	-	6,063	-
COVID-19 Homeless Students ARP	84.425W	211012-2122	42,372	-	-	-	14,437	-	14,437
Total ALN 84.425W			<u>52,099</u>	<u>6,063</u>	<u>9,727</u>	<u>-</u>	<u>14,437</u>	<u>6,063</u>	<u>14,437</u>
Total U.S. Department of Education			<u>14,244,939</u>	<u>1,005,204</u>	<u>4,248,764</u>	<u>(133)</u>	<u>6,961,781</u>	<u>6,426,545</u>	<u>1,540,307</u>
<u>U.S. Department of Health and Human Services</u>									
Passed through Ottawa Area Intermediate School District									
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases									
	93.323	N/A	181,704	38,815	168,103	-	1,766	40,581	-
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	14,277	-	-	-	14,277	14,277	-
Total U.S. Department of Health and Human Services			<u>195,981</u>	<u>38,815</u>	<u>168,103</u>	<u>-</u>	<u>16,043</u>	<u>54,858</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 15,901,719</u>	<u>\$ 1,051,974</u>	<u>\$ 4,424,822</u>	<u>\$ (133)</u>	<u>\$ 8,430,668</u>	<u>\$ 7,929,476</u>	<u>\$ 1,553,033</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, 2023**

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, 2023. 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	\$ 7,388,671
Other nonmajor governmental funds	<u>1,452,844</u>
Total revenue in fund financial statements	8,841,515
Less federal assistance funding not subject to single audit act	(410,980)
Less prior year adjustments	<u>133</u>
Total expenditures per the schedule of federal awards	<u><u>\$ 8,430,668</u></u>

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

Federal intergovernmental receivables	\$ 1,569,589
Less: Deferred federal funds	<u>(16,556)</u>
Accrued revenue per the schedule of expenditures of federal awards	<u><u>\$ 1,553,033</u></u>

**GRAND HAVEN AREA PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 4 - 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 5 - EDUCATION STABILIZATION FUNDING

	<u>Federal Assistance Listing Number</u>	<u>Current Year Expenditures</u>
Passed through:		
Michigan Department of Education	84.425	\$ 4,491,326
Ottawa Area Intermediate School District	84.425	<u>14,437</u>
 Total Education Stabilization Fund		 <u><u>\$ 4,505,763</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, 2023, and the related notes to the financial statements, which collectively comprise the Grand Haven Area Public Schools' basic financial statements and have issued our report thereon dated September 14, 2023.

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 14, 2023



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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, 2023. 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, 2023.

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.

Maney Costeiran PC

September 14, 2023

**GRAND HAVEN AREA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

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
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**GRAND HAVEN AREA PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

There was no audit finding in the prior year.