Kelloggsville Public Schools

Rocket Pride

Kent County, Michigan

Annual Financial Report

For the year ended June 30, 2022

Hungerford Nichols CPAs + Advisors

Where good ideas add up

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Hungerford Nichols CPAs + Advisors
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INDEPENDENT AUDITOR'S REPORT

October 18, 2022

The Board of Education
Kelloggsville Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kelloggsville Public Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Kelloggsville 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 the Kelloggsville Public Schools, as of June 30, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, 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 the Kelloggsville 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 the Kelloggsville 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.

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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 the Kelloggsville 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 the Kelloggsville 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 listed 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 the Kelloggsville Public Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

Changes in Accounting Principle

As discussed in Note L to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* for the fiscal year ended June 30, 2022. Our opinion is not modified in respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022, on our consideration of the Kelloggsville Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kelloggsville 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 Kelloggsville Public Schools' internal control over financial reporting and compliance.

Hungerford Nichols

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Kelloggsville Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position, and the Statement of Activities, 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 statements.

    - *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes 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 it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

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

- To assess the District's overall health, one should consider additional non-financial 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 are presented as follows:

- *Governmental activities*: The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

New Accounting Pronouncement Implemented

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This Statement enhances the relevance and consistency of information about governments' leasing activities. See Note L for additional information.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	2022	2021
Assets		
Current assets	$ 23,338,918	$ 19,178,872
Net capital assets	65,378,508	63,490,402
Total Assets	**88,717,426**	**82,669,274**
Deferred Outflows of Resources	**14,426,181**	**18,886,658**
Liabilities		
Current liabilities	5,961,413	5,429,741
Long-term liabilities	61,934,526	46,827,763
Net pension liability	37,752,881	53,598,329
Net OPEB liability	2,465,239	8,477,447
Total Liabilities	**108,114,059**	**114,333,280**
Deferred Inflows of Resources	**21,628,631**	**6,489,927**
Net Position		
Net investment in capital assets	12,823,910	23,285,978
Restricted	1,261,254	872,505
Unrestricted (deficit)	(40,684,247)	(43,425,758)
Total Net Position	**$ (26,599,083)**	**$ (19,267,275)**

The Statement of Activities presents changes in net position from operating results:

	2022	2021
Program Revenues		
Charges for services	$ 256,433	$ 87,070
Operating grants	16,204,195	11,873,841
General Revenues		
Property taxes	7,140,721	6,754,264
State school aid, unrestricted	15,155,033	15,280,495
Interest and investment earnings	9,270	12,276
Other	76,829	151,347
Total Revenues	38,842,481	34,159,293
Expenses		
Instruction	18,440,441	19,698,702
Supporting services	20,228,378	13,516,168
Community services	215,579	134,519
Food service	1,820,985	1,830,184
Other	110,804	-
Interest on long-term debt	5,358,102	1,975,230
Total Expenses	46,174,289	37,154,803
Decrease in net position	(7,331,808)	(2,995,510)
Net Position, Beginning of Year	(19,267,275)	(16,271,765)
Net Position, End of Year	**$ (26,599,083)**	**$ (19,267,275)**

Financial Analysis of the District as a Whole

Total expenses exceeded revenues by $7,331,808, decreasing total net position from a deficit of $19,267,275 to a deficit of $26,599,083. Unrestricted net assets increased by $2,741,511 to a deficit of $40,684,247 on June 30, 2022. The District's net pension liability, including deferred outflows and inflows of resources, increased by $20,955 during the fiscal year. In addition, the District's net OPEB liability, including outflows and inflows of resources, decreased by $2,281,037 during the fiscal year.

Property taxes and state aid accounted for most of the District's revenue, contributing about 57.4% of every dollar raised. Another 42.4% percent came from state and federal aid for specific programs and the remainder from fees charged for services and miscellaneous sources.

The District's expenses are predominantly related to instructing, caring for (pupil services), and transporting students (69%).

- Some of the costs were financed by the users of the District's programs totaling $256,433.
- Federal and state governments subsidized certain programs with grants and contributions of $16,204,195.
- The balance of the District's costs were financed by District taxpayers, state school aid, interest earnings and other revenue, totaling $22,381,853.
- These general revenues consisted of $7,140,721 of property taxes, $15,155,033 of unrestricted state aid based on the state-wide education aid formula, investment earnings of $9,270, and other revenues of $76,829.

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.

The District utilizes 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 the reader 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, additional information following the governmental funds' statements explain the relationship (or differences) between them.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Kelloggsville Public Schools' funds are described as follows:

Major Funds

General Fund
The General Fund is our primary operating fund. The General Fund had total revenues of $32,855,867, total financing sources of $80,000, total expenditures of $32,234,046, and total other financing uses of $180,743. It ended the fiscal year with a fund balance of $7,520,955, up from $6,969,644 on June 30, 2021.

Capital Projects Fund
The 2022 Construction Capital Projects Fund accounts for bond proceeds and voter approved capital improvement projects. The fund had total revenues of $2,988, other financing sources of $11,447,538 (including $9,995,000 and $1,452,524 of proceeds from bond issuance and premiums, respectively), total expenditures were $1,418,592, and total other financing uses of $81,071. The fund balance at year end was $9,950,863.

Nonmajor Funds

Special Revenue Funds
The District operates three Special Revenue Funds, for the food service, childcare and student/school activity programs. Total revenue of all special revenue funds was $2,513,551, total financial sources of $30,000, total expenditures of $2,130,954, and total other financing uses of $80,000. Of the ending fund balances, $533,766 is attributable to the Food Service Fund, $5,231 is attributable to the Child Care Fund, and $250,224 is attributed to the Student/School Activity Fund.

Debt Service Funds
The District operates five Debt Service Funds. Total revenues were $2,982,793, total other financing sources were $28,461,814 (including $28,230,000 from refinancing debt), total expenditures were $3,331,389, and total other financing uses were $28,271,609. The ending fund balance totaled $538,827 down from $697,218 at June 30, 2021.

Capital Projects Fund
The District operates three nonmajor Capital Projects Funds to account for funds used to finance capital outlay purchases. During the fiscal year, the funds had total revenues of $487,824, other financing sources of $2,087,760, and total expenditures of $9,383,220. The ending fund balance was $579,089.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget four times to comply with Michigan Department of Education guidelines. These budget amendments fall into three categories:

- Changes made in January to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year.
- Changes made in March to account for new COVID federal funding.
- Changes in May and final changes the end of June for increases in appropriations to prevent budget overruns.
- Actual revenues were $186,866 over budget than expected which is a result of not expending all of our grant funds.
- Final expenditures were $27,460 less than anticipated due to the increase in expected payables and not expending all of our grant funds.

Capital Asset and Debt Administration

Capital Assets
At June 30, 2022, the District had a $85,914,892 investment in a broad range of capital assets, including school buildings, athletic facilities, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

Net capital asset purchases totaled $3,543,842 in the fiscal year. Net accumulated depreciation increased by $1,357,873. The net book value of capital assets at June 30, 2022 is detailed as follows:

Land	$ 11,767,057
Land improvements	1,460,845
Buildings and additions	48,045,974
Vehicles	742,014
Furniture and equipment	650,735
Construction in progress	2,711,883
Net Capital Assets	$ 65,378,508

Long-term Obligations
At year end, the District had $63,602,768 in general obligation bonds and other long-term debt outstanding – a net increase of $15,304,931 from last year.

- The District added debt in the form of general obligation bonds and installment purchase agreements in the amount of $41,765,284.

- The District continued to pay down its debt, retiring $26,220,000 of outstanding bonds.

The District's bond rating for General Obligation, Unlimited Tax debt was upgraded to an "A+" rating with a stable outlook by Standard and Poor's. The District's other obligations include compensated absences. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

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

- The impact of COVID-19 on K-12 Education programs continues and is critical. COVID-19 has generated uncertainty of student enrollment, as well as concern for funding of K-12 education programs. Future student enrollment could be affected by COVID-19 for an undetermined amount of time. The decrease in student count at the district will not only reduce state funding, but also reduce other funding that is based on number of students. Federal funding, including ESSER funds, helped provide support for the District during 2021-2022. Federal ESSER funds will continue to provide support in the 22-23 school year. Federal funding sources will be considerably restricted and prevent the District to use, as they feel necessary. Furthermore, COVID-19 will continue to induce economic uncertainties for the District.

- Since the School 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 revenues to fund its appropriation to school districts. The State periodically holds a revenue estimating conference to estimate revenues.

- With the uncertainty of COVID-19 and rising costs in many areas including employee health insurance, retirement contribution costs, and utilities, District Administration continues to be diligent in maintaining a reasonable level of reserves (fund balance). Measures to accomplish this include but are not limited to cooperative agreements with Kent Intermediate School District as well as neighboring public and parochial schools, and application for and use of grant funding for programs to improve the education of our students.

Contacting the District's Financial Management

This financial report is designed to provide the District's 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 financial information, contact the Business Office, Kelloggsville Public Schools, 242 – 52nd Street, Kentwood, Michigan, 49508.

BASIC FINANCIAL STATEMENTS

KELLOGGSVILLE PUBLIC SCHOOLS
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash	$ 300
Cash equivalents, deposits and investments (Note B)	18,381,033
Accounts receivable	48,212
Due from other governmental units (Note C)	4,902,776
Inventory	6,597
Capital assets not being depreciated (Note E)	14,478,940
Capital assets being depreciated, net (Note E)	50,899,568
Total Assets	88,717,426
Deferred Outflows of Resources	
Deferred pension amounts	10,353,217
Deferred OPEB amounts	4,072,964
Total Deferred Outflows of Resources	14,426,181
Liabilities	
Accounts payable	863,752
Due to other governmental units	1,338,401
Accrued interest payable	333,208
Salaries payable	1,647,055
Unearned revenue	110,755
Long-term liabilities (Note F):	
Due within one year	1,668,242
Due in more than one year	61,934,526
Net pension liability	37,752,881
Net OPEB liability	2,465,239
Total Liabilities	108,114,059
Deferred Inflows of Resources	
Deferred pension amounts	12,417,890
Deferred OPEB amounts	9,210,741
Total Deferred Inflows of Resources	21,628,631
Net Position	
Net investment in capital assets	12,823,910
Restricted for:	
Capital projects	266,414
Debt service	205,619
Child care	5,231
Food service	533,766
Student activities	250,224
Unrestricted (deficit)	(40,684,247)
Total Net Position	$ (26,599,083)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instruction	$ 18,440,441	$ -	$ 13,508,883	$ (4,931,558)
Supporting services	20,228,378	189,964	375,160	(19,663,254)
Community services	215,579	18,407	-	(197,172)
Food service	1,820,985	48,062	2,301,097	528,174
Other	110,804	-	19,055	(91,749)
Interest on long-term debt	5,358,102	-	-	(5,358,102)
Total Governmental Activities	$ 46,174,289	$ 256,433	$ 16,204,195	(29,713,661)
General Revenues				
Taxes:				
Property taxes, levied for general operations				3,694,066
Property taxes, levied for debt service				2,960,124
Property taxes, levied for capital improvements				486,531
State school aid, unrestricted				15,155,033
Interest and investment earnings				9,270
Other				76,829
Total General Revenues				22,381,853
Change in Net Position				(7,331,808)
Net Position - Beginning of Year				(19,267,275)
Net Position - End of Year				$ (26,599,083)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2022

	General	2022 Construction	Nonmajor	Total
Assets				
Cash	$ 300	$ -	$ -	$ 300
Cash equivalents, deposits and investments (Note B)	6,001,972	10,163,470	2,215,591	18,381,033
Accounts receivable	48,097	-	115	48,212
Due from other funds	8,288	-	56,962	65,250
Due from other governmental units (Note C)	4,858,609	-	44,167	4,902,776
Inventory	-	-	6,597	6,597
Total Assets	$ 10,917,266	$ 10,163,470	$ 2,323,432	$ 23,404,168
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 255,293	$ 204,319	$ 404,140	$ 863,752
Due to other funds	56,962	8,288	-	65,250
Due to other governmental units	1,338,401	-	-	1,338,401
Salaries payable	1,647,055	-	-	1,647,055
Unearned revenue	98,600	-	12,155	110,755
Total Liabilities	3,396,311	212,607	416,295	4,025,213
Fund Balances (Note A)				
Nonspendable	-	-	6,597	6,597
Restricted	-	9,950,863	1,873,991	11,824,854
Assigned for subsequent year expenditures	100,538	-	26,549	127,087
Unassigned	7,420,417	-	-	7,420,417
Total Fund Balances	7,520,955	9,950,863	1,907,137	19,378,955
Total Liabilities and Fund Balances	$ 10,917,266	$ 10,163,470	$ 2,323,432	$ 23,404,168

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total governmental fund balances		$ 19,378,955
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $85,914,892 and accumulated depreciation is $20,536,384.		65,378,508
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$(57,550,000)	
Installment purchase agreement	(1,955,000)	
Bond premium	(3,313,136)	
Severance pay	(174,721)	
Accumulated sick leave	(609,911)	(63,602,768)
Accrued interest is not included as a liability in governmental funds.		(333,208)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(37,752,881)	
Deferred outflows	10,353,217	
Deferred inflows	(12,417,890)	(39,817,554)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(2,465,239)	
Deferred outflows	4,072,964	
Deferred inflows	(9,210,741)	(7,603,016)
Total net position - governmental activities		$ (26,599,083)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2022

	General	2022 Construction	Nonmajor	Total
Revenues				
Local sources	$ 3,816,791	$ 2,988	$ 3,663,474	$ 7,483,253
State sources	21,936,504	-	119,632	22,056,136
Federal sources	4,345,882	-	2,200,520	6,546,402
Interdistrict sources	2,756,690	-	-	2,756,690
Total Revenues	32,855,867	2,988	5,983,626	38,842,481
Expenditures				
Current:				
Instruction	19,037,642	-	-	19,037,642
Supporting services	12,756,303	201,942	223,001	13,181,246
Community services	169,616	-	54,605	224,221
Food service	-	-	1,911,845	1,911,845
Capital outlay	118,010	1,068,609	9,383,153	10,569,772
Debt service:				
Principal repayment	132,760	-	1,680,000	1,812,760
Interest and fiscal charges	19,715	-	1,351,751	1,371,466
Bond issuance costs	-	105,562	135,345	240,907
Underwriter's discount	-	42,479	105,863	148,342
Total Expenditures	32,234,046	1,418,592	14,845,563	48,498,201
Excess (Deficiency) of Revenues Over Expenditures	621,821	(1,415,604)	(8,861,937)	(9,655,720)
Other Financing Sources (Uses)				
Proceeds from the issuance of bonds	-	9,995,000	-	9,995,000
Proceeds from installment purchase agreement	-	-	2,087,760	2,087,760
Proceeds from refinancing debt	-	-	28,230,000	28,230,000
Bond premium	-	1,452,524	-	1,452,524
Transfers in	80,000	14	261,814	341,828
Payments to escrow agent	-	-	(28,271,609)	(28,271,609)
Transfers out	(180,743)	(81,071)	(80,014)	(341,828)
Total Other Financing Sources (Uses)	(100,743)	11,366,467	2,227,951	13,493,675
Net Change in Fund Balances	521,078	9,950,863	(6,633,986)	3,837,955
Fund Balances, Beginning of Year	6,999,877	-	8,541,123	15,541,000
Fund Balances, End of Year	$ 7,520,955	$ 9,950,863	$ 1,907,137	$ 19,378,955

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2022

Net change in fund balances - total governmental funds		$ 3,837,955
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 3,543,842	
Depreciation expense	(1,544,932)	1,998,910
In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired.		(110,804)
Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position.		
General obligation bonds	(38,225,000)	
Installment purchase agreement	(2,087,760)	(40,312,760)
Bond premium is amortized over the life of the new bond issue on the Statement of Activities.		(1,305,282)
Losses on advanced bond refunding are amortized over the life of the new bond issue in the Statement of Activities.		(1,607)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:		
General obligation bonds	26,220,000	
Installment purchase agreement	132,760	26,352,760
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.		(11,413)
In the Statement of Net Position, severance pay and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits added/earned ($121,238) exceeded the amounts used/paid ($81,589).		(39,649)

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2022

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	(20,955)
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	2,281,037
Total changes in net position - governmental activities	$ (7,331,808)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget
Revenues				
Local sources	$ 3,634,725	$ 3,811,111	$ 3,816,791	$ 5,680
State sources	23,066,228	21,836,344	21,936,504	100,160
Federal sources	5,454,781	4,272,700	4,345,882	73,182
Interdistrict sources	2,554,358	2,748,846	2,756,690	7,844
Total Revenues	34,710,092	32,669,001	32,855,867	186,866
Expenditures				
Current:				
Instruction:				
Basic programs	13,797,699	13,998,840	14,007,789	(8,949)
Added needs	4,458,199	4,891,481	5,029,853	(138,372)
Supporting services:				
Pupil services	1,903,967	1,954,192	1,931,257	22,935
Instructional staff services	1,150,743	1,206,307	1,177,456	28,851
General administrative services	458,152	495,119	495,088	31
School administrative services	2,448,790	2,547,745	2,565,422	(17,677)
Business services	553,126	516,515	516,511	4
Operation and maintenance services	2,811,168	2,915,434	2,967,535	(52,101)
Pupil transportation services	1,330,282	1,384,684	1,335,815	48,869
Central services	546,788	1,223,166	1,087,182	135,984
Other support services	708,396	680,046	680,037	9
Community services	181,678	168,211	169,616	(1,405)
Payments to other governmental agencies	-	1,000	-	1,000
Capital outlay	-	126,298	118,010	8,288
Debt service:				
Principal repayment	-	132,760	132,760	-
Interest expense	-	19,708	19,715	(7)
Total Expenditures	30,348,988	32,261,506	32,234,046	27,460
Excess (Deficiency) of Revenues Over Expenditures	4,361,104	407,495	621,821	214,326
Other Financing Sources (Uses)				
Transfers in	80,000	80,000	80,000	-
Transfers out	(4,441,104)	(180,743)	(180,743)	-
Total Other Financing Sources (Uses)	(4,361,104)	(100,743)	(100,743)	-
Net Change in Fund Balances	-	306,752	521,078	214,326
Fund Balances, Beginning of Year	6,999,877	6,999,877	6,999,877	-
Fund Balances, End of Year	$ 6,999,877	$ 7,306,629	$ 7,520,955	$ 214,326

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Kelloggsville Public Schools (the "District") was organized under the School Code of the State of Michigan and services a population of approximately 2,221 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

The District's significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements – The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2022 Construction Capital Projects Fund are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual, i.e., 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 collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. 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 grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Child Care, and Student/School Activity Special Revenue Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases, and school bond loan) principal, interest, and related costs.

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

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. The Capital Projects Funds also include capital project activities funded with sinking fund millage. The District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Kelloggsville Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Kelloggsville Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories and Prepaid Items

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed $5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

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

Land improvements, buildings and improvements, furniture and equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years

9. Long-term Obligations

In the district-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. Bonds payable are reported at the total amount of bonds issued.

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 issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Severance Pay/Accumulated Sick Leave

Severance pay and accumulated sick leave at June 30, 2022 has been computed and recorded in the district-wide financial statements of the District. Eligible District employees who retire are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2022, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for severance pay and accumulated sick leave amounted to $174,721 and $609,911, respectively.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

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

13. Deferred Outflows/Inflows of Resources

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 future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two such items that qualify for reporting in this category: the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of the net OPEB liability on the financial statements.

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 future period(s) and so will *not* be recognized as in inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

14. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

15. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.
- Assigned - resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.

- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As Kelloggsville Public Schools has not established a policy for its use of unrestricted fund balance amounts, it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The District Board of Education has given the Superintendent the authority to assign fund balances. At June 30, 2022, $100,538 of the General Fund and $26,549 of the Food Service Special Revenue Fund balances have been assigned for subsequent year expenditures encumbered.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.

- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.

- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

- United States government or Federal agency obligation repurchase agreements.

- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.

- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2022 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	$ 18,381,033

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. LMCU Bank

Cash equivalents consist of bank interest earning LMCU Analysis Checking accounts and non-interest earning Business Checking accounts.

June 30, 2022 balances are detailed as follows:

Cash equivalents	$ 10,367,310

Custodial Credit Risk as Related to Deposits
Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was $10,367,310 and the bank balance was $11,138,491. Of the bank balance, $786,873 was covered by federal depository insurance and $10,351,618 was uninsured and uncollateralized.

Investments

As of June 30, 2022, the District had the following investments:

Michigan Liquid Asset Fund Plus (MILAF+) – Cash Management	$ 2,003,027
Michigan Liquid Asset Fund Plus (MILAF+) – MAX Class	10,696
Michigan Liquid Asset Fund Term	6,000,000
	$ 8,013,723

The Michigan Liquid Asset Fund Plus (MILAF+) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF+ is not regulated or registered with the Securities Exchange Commission. The MILAF+ Fund is carried at amortized cost and was rated AAAm by Standard & Poor's rating agency. The MILAF+ MAX Class requires a 14-day redemption notice.

Fair Market Value Measurement
The District is required to disclose amounts within a framework established for measuring value. The 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 the 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 the 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 and investment and would be based on the best information available. The asset's 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 holds shares in the Michigan Liquid Asset Fund (MILAF) Term Series where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment pool as a practical expedient.

As of June 30, 2022, the net asset value of the District's investment in the MILAF Term Series was $6,000,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the District to set a specific redemption date set upon initiation of investment. Early redemption is permitted; however, an early redemption fee would apply.

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

Credit Risk as Related to Investments
Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligation. The District's investment policy does not specifically address credit risk but minimizes its credit risk by limiting investments to the types allowed by the State.

Interest Rate Risk
The District minimizes 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.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

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

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2021 and October 2021. The 2021-22 "Foundation Allowance" for Kelloggsville Public Schools was $8,700 for 2,220 "Full Time Equivalent" students, generating $20,958,130 in State aid payments to the District, of which $3,861,674 was paid to the District in July and August 2022 and included in "Due From Other Governmental Units" of the General and Food Service Special Revenue Funds of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the Cities of Kentwood and Wyoming and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

Kelloggsville Public Schools' electors previously approved a five-year operating millage extension in May 2019 for the 18 mill non-homestead property tax. However, due to Headlee rollbacks only 17.9946 was levied. The District levied 7.32 mills for debt service purposes and 0.9979 mills for building and site, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the County of Kent with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timeliness for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2022, the District's property tax revenues were reduced by approximately $182,261 under these agreements.

Note D –Interfund Receivables/Payables and Transfers

	Due From	Due To
Major Funds		
General Fund:		
Capital Projects Funds:		
Building and Site Sinking Fund	$ -	$ 56,962
2022 Construction Fund	8,288	-
	8,288	56,962
Capital Projects Fund:		
2022 Construction Fund		
General Fund	-	8,288
Total Major Funds	8,288	65,250
Nonmajor Funds		
Capital Projects Fund:		
Building and Site Sinking Fund		
General Fund	56,962	-
Total All Funds	$ 65,250	$ 65,250

Operating transfers between funds during the year ended June 30, 2022 were as follows:

	Transfers In	Transfers Out
Major Funds		
General Fund:		
Special Revenue Funds:		
Food Service Fund	$ 80,000	$ -
Child Care Fund	-	30,000
Debt Service Fund:		
2016 Debt Service Fund	-	150,743
Capital Projects Funds:		
2022 Construction Fund		
Debt Service Funds:		
2022 Debt Service Fund	-	81,071
Capital Projects Funds:		
2018 Construction Fund	14	-
Total Major Funds	80,014	261,814
Nonmajor Funds		
Special Revenue Funds:		
Food Service Fund:		
General Fund	-	80,000
Child Care Fund:		
General Fund	30,000	-
Debt Service Funds:		
2016 Debt Service Fund:		
General Fund	150,743	-
2022 Debt Service Fund:		
2022 Construction Fund	81,071	-
Capital Projects Funds:		
2018 Construction Fund:		
2022 Construction Fund	-	14
Total Nonmajor Funds	261,814	80,014
Total All Funds	$ 341,828	$ 341,828

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balances July 1, 2021	Additions	Deductions	Balances June 30, 2022
Capital assets not being depreciated:				
Land	$ 11,767,057	$ -	$ -	$ 11,767,057
Construction in progress	11,105,533	3,062,404	11,456,054	2,711,883
Totals capital assets not being depreciated	22,872,590	$ 3,062,404	$ 11,456,054	14,478,940
Capital assets being depreciated:				
Land improvements	3,438,422	$ -	$ -	3,438,422
Buildings and improvements	51,905,739	11,456,054	235,863	63,125,930
Furniture and equipment	2,667,975	248,709	-	2,916,684
Vehicles	1,784,187	232,729	62,000	1,954,916
Totals capital assets being depreciated	59,796,323	$ 11,937,492	$ 297,863	71,435,952
Less accumulated depreciation for:				
Land improvements	1,889,018	$ 88,559	$ -	1,977,577
Buildings and improvements	14,037,212	1,167,803	125,059	15,079,956
Furniture and equipment	2,155,193	110,756	-	2,265,949
Vehicles	1,097,088	177,814	62,000	1,212,902
Total accumulated depreciation	19,178,511	$ 1,544,932	$ 187,059	20,536,384
Total capital assets being depreciated	40,617,812			50,899,568
Net Capital Assets	$ 63,490,402			$ 65,378,508

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	$ 701,648
Supporting services	817,131
Food service	26,153
	$ 1,544,932

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2022 are summarized as follows:

	Debt Outstanding July 1, 2022	Debt Added	Debt Retired	Debt Outstanding June 30, 2022
General obligation bonds:				
June 3, 2015	$ 27,450,000	$ -	$25,215,000	$ 2,235,000
December 28, 2016	185,000	-	185,000	-
February 4, 2019	17,910,000	-	430,000	17,480,000
August 17, 2021	-	28,230,000	390,000	27,840,000
March 22, 2022	-	9,995,000	-	9,995,000
Installment purchase agreement	-	2,087,760	132,760	1,955,000
Bond premium, net	2,007,854	1,452,524	147,242	3,313,136
Severance pay	166,305	8,903	487	174,721
Accumulated sick leave	578,678	112,335	81,102	609,911
	$ 48,297,837	$ 41,886,522	$26,581,591	$ 63,602,768

Long-term bonds, installment purchase agreements and other obligations at June 30, 2022 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
$32,770K Building and Site June 3, 2015:				
Annual maturities of $710K to $780K	May 1, 2025	5.00	$ 2,235,000	$ 710,000
$18,320K 2019 Building and Site February 4, 2019:				
Annual maturities of $450K to $805K	May 1, 2048	3.75 - 5.00	17,480,000	450,000
$28,230K 2021 Refunding August 17, 2021:				
Annual maturities of $160K to $1,795K	May 1, 2045	0.34 - 2.98	27,840,000	160,000
$9,995K 2022 Building and Site March 22, 2022:				
Annual maturities of $65K to $845K	May 1, 2043	4.00	9,995,000	-
Bond premium			3,313,136	147,242
Installment Purchase Agreements				
$2,088K Turf Field August 11, 2021:				
Annual maturities of $120K to $160K	May 1, 2036	0.68 - 1.74	1,955,000	120,000
Other Obligations				
Severance Pay			174,721	1,000
Accumulated Sick Leave			609,911	80,000
			$63,602,768	$ 1,668,242

The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2023	$ 1,440,000	$ 1,955,929	$ 3,395,929
2024	1,495,000	1,857,750	3,352,750
2025	1,670,000	1,799,952	3,469,952
2026	1,810,000	1,734,468	3,544,468
2027	1,955,000	1,697,758	3,652,758
2028	2,100,000	1,649,869	3,749,869
2029	2,265,000	1,593,802	3,858,802
2030	2,345,000	1,529,008	3,874,008
2031	2,415,000	1,459,546	3,874,546
2032	2,495,000	1,386,168	3,881,168
2033	2,570,000	1,307,296	3,877,296
2034	2,645,000	1,231,090	3,876,090
2035	2,730,000	1,150,222	3,880,222
2036	2,815,000	1,065,784	3,880,784
2037	2,740,000	977,256	3,717,256
2038	2,830,000	886,274	3,716,274
2039	2,925,000	791,754	3,716,754
2040	3,025,000	693,380	3,718,380
2041	3,125,000	590,846	3,715,846
2042	3,230,000	484,434	3,714,434
2043	3,340,000	373,754	3,713,754
2044	2,545,000	257,476	2,802,476
2045	2,590,000	173,508	2,763,508
2046	795,000	90,188	885,188
2047	805,000	60,375	865,375
2048	805,000	30,188	835,188
	$ 59,505,000	$ 26,828,074	$ 86,333,074

On August 17, 2021, the District issued $28,230,000 in general obligation bonds, and used $341,800 of existing debt service funds, to advance refund $24,540,000 of outstanding 2015 serial bonds. The trust interest cost of the refunding bonds was 2.59994% resulting in a total net present value savings of $1,672,761, or 5.93%. The net proceeds of $28,271,609, after underwriter's discount of $105,863, bond issuance costs of $135,345, bond insurance of $58,430, and miscellaneous costs of $554 were deposited with an escrow agent and used to retire the outstanding obligations described above.

This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt, with the exception of the remaining payment schedule for the portion of debt that was not refunded ($2,910,000). The associated payment of outstanding principal and interest was made on August 17, 2021 from the escrow account. This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done for the fiscal year end June 30, 2022.

Note G – Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (the "System") is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement system 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. The board consists of twelve members – eleven appointed by the Governor, and the State Superintendent of Instruction, who serves as the ex-officio member.

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 the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available at www.michigan.gov/orsschools.

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

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

Benefits Provided

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of 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 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.

<u>Option 1</u> 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

<u>Option 2</u> 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.

<u>Option 3</u> 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.

<u>Option 4</u> 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 a 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 the 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 described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made, they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

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 contribution 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 would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liablity payment methods.

Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. 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 and is shown below:

Option 1: FAC x total years of service x 1.5%
Option 2: FAC x 30 years of service x 1.5% + FAC x years of service beyond 30 x 1.25%
Option 3: FAC x years of service as of transition date x 1.5% + FAC x years of service after transition date x 1.25%
Option 4: FAC as of transition date x years of service as of transition date x 1.5%

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment, and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent, or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – For MIP and Basic members, the Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Postemployment Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Contributions and Funded Status

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2021.

Pension Contribution Rates:

Plan Name	**Member**	**District**
Basic	0.0 – 4.0 %	19.78%
Member Investment Plan (MIP)	3.0 – 7.0%	19.78%
Pension Plus	3.0 – 6.4 %	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2022, inclusive of the MSPERS UAAL Stabilization, totaled $5,629,808.

MPSERS Plan Net Pension Liability (in thousands)

Total Pension Liability	$ 87,569,422
Plan Fiduciary Net Position	63,332,155
Net Pension Liability	$ 24,237,267
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.32%
Net Pension Liability as a Percentage of Covered Employee Payroll	261.49%
Total Covered Payroll	$9,269,004

Proportionate Share of Reporting Unit's Net Pension Liability

At June 30, 2022, the District reported a liability of $37,752,881 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2021 the District's proportion was 0.15946029%, which was an increase from 0.15603095% at September 30, 2020.

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

For the year ended June 30, 2022, the District recognized pension expense of $5,554,784. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 584,808	$ 222,320
Changes of assumptions	2,379,807	—
Net difference between projected and actual earnings on pension plan investments	—	12,137,430
Changes in proportion and differences between District contributions and proportionate share of contributions	2,169,395	58,140
District contributions subsequent to the measurement date*	5,219,207	—
Total	$ 10,353,217	$ 12,417,890

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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 June 30	Amount
2023	$ (37,425)
2024	(1,467,449)
2025	(2,597,809)
2026	(3,181,197)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
Pension Plus Plan (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
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 Members:	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.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at (www.michigan.gov/orsschools).

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
Total	**100.0%**	

*Long-term rates of return are net of administrative expenses and 2.0% inflation.

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District'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:

	1% Decrease 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	$ 53,976,382	$ 37,752,881	$ 24,302,535

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2021 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

Payables to the pension plan totaling $782,552 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note H – Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS or "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. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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 healthcare 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. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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 were deposited into their 401(k) account.

Contributions and Funded Status

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2021:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.0 %	7.57%

Required contributions to the OPEB plan from the District were $1,284,904 for the year ended June 30, 2022.

Net OPEB Liability (in thousands)

Total OPEB Liability	$ 12,225,697
Plan Fiduciary Net Position	10,742,198
Net OPEB Liability	$ 1,483,499
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	87.87%
Net OPEB Liability as a Percentage of Covered Employee Payroll	16.00%
Total Covered Payroll	$ 9,269,004

Proportionate Share of Reporting Unit's Net OPEB Liability

At June 30, 2022, the District reported a liability of $2,465,239 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021 the District's proportion was 0.16150910%,which was an increase from 0.15824201% at September 30, 2020.

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

For the year ended June 30, 2022, the District recognized OPEB credit of $1,025,159. At June 30, 2022, 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
Difference between expected and actual experience	$ —	$ 7,036,850
Changes of assumptions	2,060,818	308,375
Net difference between projected and actual earnings on OPEB plan investments	—	1,858,095
Changes in proportion and differences between District contributions and proportionate share of contributions	908,549	7,421
District contributions subsequent to the measurement date*	1,103,597	—
Total	$ 4,072,964	$ 9,210,741

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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 June 30	Amount
2023	$ (1,505,109)
2024	(1,424,350)
2025	(1,420,389)
2026	(1,369,209)
2027	(461,738)
Thereafter	(60,579)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 – 5.25% Year 1 graded to 3.50% Year 15; 3.0% Year 120
Mortality:	
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 Members:	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.

Other Assumptions:

Opt Out Assumptions:	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 coverages 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 one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
Total	**100.0%**	

* Long-term rates of return are net of administrative expenses and 2.0% inflation.

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer 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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95 percent, as well as what the District'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:

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	$ 4,580,859	$ 2,465,239	$ 669,833

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 600,020	$ 2,465,239	$ 4,563,836

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS ACFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling $131,101 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note I – Risk Management and Benefits

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2021-22, and as of year ended June 30, 2022, there were no material pending claims against the District.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of $40,684,247 and a total net position deficit of $26,599,083, as of June 30, 2022. These deficit net position results primarily from the net pension liability of $39,817,554 and the net OPEB liability of $7,603,016 (net of deferred outflows and inflows of resources related to the pension and OPEB plans, respectively).

Note K – Commitments

On August 11, 2021, the District entered into a $2,087,760 Installment Purchase Agreement, for which proceeds are being used for an athletic complex turf project. At June 30, 2022, unspent balances committed to these construction projects totaled $312,675 and are expected to be fully expended by the year ended June 30, 2023.

On March 22, 2022, the District issued $9,995,000 of General Obligation 2022 Building and Site Construction bonds, for which proceeds are being used for land improvements, building renovations, additions and furniture and equipment purchases. At June 30, 2022, unspent balances committed to these construction projects totaled $9,950,863 and are expected to be fully expended by the year ended June 30, 2024.

Note L – New Accounting Pronouncement Adopted

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* was adopted by the District during the fiscal year ending June 30, 2022. This statement enhances the relevance and consistency of information about governments' leasing activities by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District was not required to recognize a right-to-use lease asset or lease liability as of July 1, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
District's proportion of the net pension liability	0.15946029%	0.15603095%	0.15203240%
District's proportionate share of the net pension liability	$ 37,752,881	$ 53,598,329	$ 50,348,019
District's covered-employee payroll	$ 14,779,223	$ 14,137,436	$ 13,644,834
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	255.45%	379.12%	368.99%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
0.14516137%	0.13871700%	0.13275085%	0.13240497%	0.13435766%
$ 43,638,128	$ 35,947,472	$ 33,120,251	$ 32,339,949	$ 29,594,294
$ 12,819,008	$ 11,872,440	$ 11,254,090	$ 10,855,140	$ 11,397,274
340.42%	302.78%	294.30%	297.92%	259.73%
62.12%	63.96%	63.01%	62.92%	66.15%

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
District's proportion of the net OPEB liability	0.16150910%	0.15824201%	0.15529148%
District's proportionate share of the net OPEB liability	$ 2,465,239	$ 8,477,447	$ 11,146,431
District's covered-employee payroll	$ 14,779,223	$ 14,137,436	$ 13,644,834
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.68%	59.96%	81.69%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No. 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
0.15019308%	0.13853797%
$ 11,938,776	$ 12,268,190
$ 12,819,008	$ 11,872,440
93.13%	103.33%
43.10%	36.53%

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	$ 5,629,808	$ 4,792,512	$ 4,343,294
Contributions in relation to the contractually required contribution	5,629,808	4,792,512	4,343,294
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 15,876,659	$ 14,266,656	$ 14,172,662
Contributions as a percentage of covered employee payroll	35.46%	33.59%	30.65%

Note: GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
$ 4,055,632	$ 3,702,200	$ 3,646,455	$ 3,401,365	$ 3,485,798
4,055,632	3,702,200	3,646,455	3,401,365	3,485,798
$ -	$ -	$ -	$ -	$ -
$ 13,433,002	$ 12,526,480	$ 11,768,883	$ 11,246,480	$ 10,708,777
30.19%	29.55%	30.98%	30.24%	32.55%

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	$ 1,284,904	$ 1,184,621	$ 1,152,032
Contributions in relation to the contractually required contribution	1,284,904	1,184,621	1,152,032
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 15,876,659	$ 14,266,656	$ 14,172,662
Contributions as a percentage of covered employee payroll	8.09%	8.30%	8.13%

Note: GASB Statement No. 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
$ 1,082,382	$ 948,001
1,082,382	948,001
$ -	$ -
$ 13,433,002	$ 12,526,480
8.06%	7.57%

Note A - Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2021-22.

Changes of assumptions: There were no changes of benefit assumptions in 2021-22.

Note B - Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2021-22.

Changes of assumptions: There were no changes of benefit assumptions in 2021-22.

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash	$ 300	$ 300
Cash equivalents, deposits and investments	6,001,972	6,097,314
Accounts receivable	48,097	40,149
Due from other funds	8,288	-
Due from other governmental units	4,858,609	4,486,142
Total Assets	$ 10,917,266	$ 10,623,905
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 255,293	$ 192,333
Due to other funds	56,962	-
Due to other governmental units	1,338,401	1,144,343
Salaries payable	1,647,055	1,567,065
Unearned revenue	98,600	720,287
Total Liabilities	3,396,311	3,624,028
Fund Balances		
Assigned for subsequent year expenditures	100,538	-
Unassigned	7,420,417	6,999,877
Total Fund Balances	7,520,955	6,999,877
Total Liabilities and Fund Balances	$ 10,917,266	$ 10,623,905

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2022 and 2021

	2022	2021
Local sources:		
Property taxes:		
Current property taxes	$ 3,676,225	$ 3,556,865
Delinquent and other property taxes	14,100	21,736
Interest on delinquent taxes	3,741	2,594
	3,694,066	3,581,195
Interest earnings:		
Interest on deposits and investments	1,917	611
Revenue from student activities:		
Athletics admissions	39,301	4,085
Tournament fees	1,680	640
Other student activity income	2,998	-
	43,979	4,725
Other local revenue:		
Beverage consortium commissions	2,025	976
Sale of fixed assets	10,150	-
Crossing guard reimbursement	7,897	6,297
Insurance reimbursements	32,330	20,847
Universal service fund	18,349	18,349
Miscellaneous	6,078	47,701
	76,829	94,170
Total local sources	3,816,791	3,680,701
State sources:		
State aid	21,525,450	19,577,701
Bus driver's safety	1,582	-
Early lit	72,022	71,330
Special education - millage incentive	87,445	-
Special education - transportation	140,406	324,828
Special education - itinerants	43,994	44,881
State payments in lieu of taxes	-	2,808
ORS forfeiture credit	18,085	56,638
Mental health support	42,175	-
Virtual learning support	5,345	-
Total state sources	21,936,504	20,078,186
Federal sources:		
Title I	545,895	554,361
Title IIA	100,535	135,120
Title III	95,300	88,892
Title IV	35,035	42,727
I.D.E.A. program	741,686	569,569
Medicaid - outreach	10,285	5,609
CARES	2,788,867	1,628,335
Kent County CARES	-	59,374
CARES - MiConnect	-	51,013
Future proud Michigan educator grant	9,879	-
Tech reimbursement	-	-
Benchmark assessment grant	18,400	-
Total federal sources	4,345,882	3,135,000

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2022 and 2021

	2022	2021
Interdistrict sources:		
ISD collected millage	$ 2,033,403	$ 2,049,867
Special education - tuition	2,683	3,789
Great Start Readiness Program	192,584	185,065
Medicaid fee for service	443,005	291,592
Other interdistrict sources	85,015	25,020
Total interdistrict sources	2,756,690	2,555,333
Total Revenues	$ 32,855,867	$ 29,449,220

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2022 and 2021

	2022	2021
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	$ 3,229,272	$ 3,502,484
Employee benefits	2,559,728	2,559,149
Purchased services	46,668	143,837
Supplies	148,229	48,790
Capital outlay	5,488	133,196
Miscellaneous	1,965	840
	5,991,350	6,388,296
Middle school:		
Salaries	1,310,965	1,251,309
Employee benefits	1,062,709	932,011
Purchased services	33,640	28,493
Supplies	63,040	29,388
Capital Outlay	13,880	115,258
Miscellaneous	1,258	463
	2,485,492	2,356,922
High school:		
Salaries	2,679,451	2,502,399
Employee benefits	2,074,477	1,844,087
Purchased services	66,634	67,143
Supplies	223,618	69,795
Capital outlay	60,555	106,387
Miscellaneous	32,530	1,235
	5,137,265	4,591,046
Preschool:		
Miscellaneous	4,456	4,692
Summer school:		
Salaries	280,004	830
Employee benefits	84,850	301
Purchased services	71	9,391
Supplies	24,301	33,373
	389,226	43,895
Total basic programs	14,007,789	13,384,851
Added needs:		
Special education:		
Salaries	888,317	858,179
Employee benefits	647,397	609,340
Purchased services	19,987	8,360
Supplies	182	204
Capital outlay	-	2,481
Payments to other school districts	525,851	505,621
	2,081,734	1,984,185
Compensatory education:		
Salaries	1,840,668	1,183,375
Employee benefits	954,470	611,991
Supplies	12,849	854
	2,807,987	1,796,220

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2022 and 2021

	2022	2021
Career and technical education:		
Salaries	$ 86,013	$ -
Employee benefits	52,915	-
Purchased services	1,204	-
	140,132	-
Total added needs	5,029,853	3,780,405
Total instruction	19,037,642	17,165,256
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	567,865	545,175
Employee benefits	320,042	305,877
Purchased services	17	-
	887,924	851,052
Occupational therapy services:		
Salaries	91,554	72,768
Employee benefits	60,179	34,907
Purchased services	127,743	480
Supplies	805	-
Miscellaneous	-	154
	280,281	108,309
Psychological services:		
Salaries	69,260	-
Employee benefits	32,728	367
Purchased services	517	216
Supplies	1,823	2,022
Payments to other school districts	102,955	96,443
	207,283	99,048
Speech pathology services:		
Salaries	40,669	70,281
Employee benefits	16,948	28,084
Purchased services	14,340	17,100
Supplies	1,507	450
Payments to other school districts	249,483	202,273
	322,947	318,188
Social worker services:		
Employee benefits	-	344
Purchased services	199	44
Payments to other school districts	195,120	194,613
	195,319	195,001
Other pupil services:		
Salaries	21,980	32,075
Employee benefits	7,635	10,655
Purchased services	7,888	7,673
	37,503	50,403
Total pupil services	1,931,257	1,622,001
Improvement of instruction:		
Salaries	820	25,651
Employee benefits	287	8,968
Purchased services	17,350	-
Supplies	470	-
	18,927	34,619

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2022 and 2021

	2022	2021
Library:		
Salaries	$ 161,237	$ 159,938
Employee benefits	63,607	84,439
Purchased services	600	480
Supplies	60,217	1,502
Capital outlay	-	5,678
	285,661	252,037
Audio - visual:		
Supplies	1,716	1,824
Instruction related technology:		
Purchased services	4,305	-
Supplies	11,804	-
	16,109	-
Supervision of instruction:		
Salaries	423,229	402,479
Employee benefits	255,694	248,726
Purchased services	26,376	31,848
Supplies	148,106	307,163
Miscellaneous	1,638	1,374
	855,043	991,590
Total instructional staff services	1,177,456	1,280,070
General administrative services:		
Board of education:		
Salaries	58,948	34,693
Employee benefits	16,018	18,618
Purchased services	107,806	75,568
Supplies	175	292
Miscellaneous	5,611	7,673
	188,558	136,844
Executive administration:		
Salaries	223,630	219,283
Employee benefits	78,795	75,478
Purchased services	1,720	1,291
Miscellaneous	2,385	1,885
	306,530	297,937
Total general administrative services	495,088	434,781
School administrative services:		
Office of the principal:		
Salaries	1,404,701	1,201,888
Employee benefits	1,117,028	886,419
Purchased services	23,213	17,139
Supplies	17,980	822
Miscellaneous	2,500	2,600
Total school administrative services	2,565,422	2,108,868

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2022 and 2021

	2022	2021
Business services:		
Fiscal services:		
Salaries	$ 227,871	$ 208,631
Employee benefits	175,272	141,015
Purchased services	19,715	24,479
Supplies	27,010	16,548
Capital outlay	5,032	-
Miscellaneous	10,442	4,318
	465,342	394,991
Other business services:		
Purchased services	23,870	22,140
Miscellaneous	27,299	75,527
	51,169	97,667
Total business services	516,511	492,658
Operation and maintenance services:		
Operation and maintenance:		
Salaries	866,429	850,878
Employee benefits	706,930	657,983
Purchased services	431,762	690,860
Supplies	745,738	638,404
Capital outlay	67,659	160,899
Miscellaneous	2,479	2,659
	2,820,997	3,001,683
Security services		
Purchased services	146,538	-
Total operation and maintenance services	2,967,535	3,001,683
Pupil transportation services:		
Pupil transportation:		
Salaries	438,123	353,737
Employee benefits	297,997	235,365
Purchased services	89,601	49,837
Supplies	72,224	37,418
Capital outlay	1,770	780
Miscellaneous	2,750	239
Payments to other school districts	433,350	371,741
Total pupil transportation services	1,335,815	1,049,117
Technology services:		
Salaries	248,939	199,842
Employee benefits	201,978	171,576
Purchased services	168,095	140,810
Supplies	214,522	97,846
Capital outlay	193,738	143,073
Miscellaneous	330	-
	1,027,602	753,147
Pupil accounting services:		
Salaries	59,580	60,944
Total central services	1,087,182	814,091

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2022 and 2021

	2022	2021
Athletics:		
Salaries	$ 355,741	$ 296,428
Employee benefits	151,613	116,780
Purchased services	69,340	46,984
Supplies	21,857	32,369
Capital outlay	61,266	40,744
Miscellaneous	20,220	8,609
Total other supporting services	680,037	541,914
Total supporting services	12,756,303	11,345,183
Community services:		
Community activities:		
Salaries	4,486	1,413
Employee benefits	1,599	507
Purchased services	8,985	5,109
Supplies	9,096	3,658
	24,166	10,687
Nonpublic school pupils:		
Purchased services	2,717	7,581
Capital outlay	-	11,947
Payments to other school districts	757	1,030
	3,474	20,558
Community relations/special projects:		
Salaries	67,155	6,000
Employee benefits	24,315	2,256
Purchased services	34,636	17,682
Supplies	15,870	2,009
	141,976	27,947
Total community services	169,616	59,192
Facilities acquisition, construction and improvements:		
Architecture and engineering services:		
Purchased services	118,010	-
Debt service:		
Principal repayment	132,760	-
Interest and fiscal charges	19,715	-
Total debt service	152,475	-
Total Expenditures	$ 32,234,046	$ 28,569,631

NONMAJOR GOVERNMENTAL FUNDS

KELLOGGSVILLE PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Special Revenue			Debt Service
	Food Service	Child Care	Student/School Activity	2015
Assets				
Cash equivalents, deposits and investments	$ 495,042	$ 5,231	$ 250,224	$ 78,380
Accounts receivable	115	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	44,167	-	-	-
Inventory	6,597	-	-	-
Total Assets	$ 545,921	$ 5,231	$ 250,224	$ 78,380
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Unearned revenue	12,155	-	-	-
Total Liabilities	12,155	-	-	-
Fund Balances				
Nonspendable	6,597	-		-
Restricted	500,620	5,231	250,224	78,380
Assigned for subsequent year expenditures	26,549	-	-	-
Total Fund Balances	533,766	5,231	250,224	78,380
Total Liabilities and Fund Balances	$ 545,921	$ 5,231	$ 250,224	$ 78,380

Debt Service				Capital Projects			
2016	2019	2021 Refunding	2022	2018 Construction	Building and Site Sinking	2022 IPA	Total
$ -	$293,488	$ 85,888	$ 81,071	$ 11,547	$ 209,452	$ 705,268	$2,215,591
-	-	-	-	-	-	-	115
-	-	-	-	-	56,962	-	56,962
-	-	-	-	-	-	-	44,167
-	-	-	-	-	-	-	6,597
$ -	$293,488	$ 85,888	$ 81,071	$ 11,547	$ 266,414	$ 705,268	$2,323,432
$ -	$ -	$ -	$ -	$ 11,547	$ -	$ 392,593	$ 404,140
-	-	-	-	-	-	-	12,155
-	-	-	-	11,547	-	392,593	416,295
-	-	-	-	-	-	-	6,597
-	293,488	85,888	81,071	-	266,414	312,675	1,873,991
-	-	-	-	-	-	-	26,549
-	293,488	85,888	81,071	-	266,414	312,675	1,907,137
$ -	$293,488	$ 85,888	$ 81,071	$ 11,547	$ 266,414	$ 705,268	$2,323,432

KELLOGGSVILLE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2022

	Special Revenue			Debt Service
	Food Service	Child Care	Student/School Activity	2015
Revenues				
Local sources:				
Property taxes	$ -	$ -	$ -	$ 890,204
Interest earnings	-	-	-	1,345
Sales and admissions	48,062	-	-	-
Other local sources	-	18,407	145,985	-
Total local sources	48,062	18,407	145,985	891,549
State sources	100,577	-	-	5,727
Federal sources	2,200,520	-	-	-
Total Revenues	2,349,159	18,407	145,985	897,276
Expenditures				
Current:				
Food service	1,911,845	-	-	-
Supporting services	-	-	164,504	58,430
Community services	-	54,605	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	675,000
Interest and fiscal charges	-	-	-	145,999
Bond issuance costs	-	-	-	135,345
Underwriter's discount	-	-	-	105,863
Total Expenditures	1,911,845	54,605	164,504	1,120,637
Excess (Deficiency) of Revenues Over Expenditures	437,314	(36,198)	(18,519)	(223,361)
Other Financing Sources (Uses)				
Proceeds from installment purchase agreement	-	-	-	-
Proceeds from refinancing debt	-	-	-	28,230,000
Transfers in	-	30,000	-	-
Payments to escrow agent	-	-	-	(28,271,609)
Transfers out	(80,000)	-	-	-
Total Other Financing Sources (Uses)	(80,000)	30,000	-	(41,609)
Net Change in Fund Balances	357,314	(6,198)	(18,519)	(264,970)
Fund Balances, Beginning of Year	176,452	11,429	268,743	343,350
Fund Balances, End of Year	$ 533,766	$ 5,231	$ 250,224	$ 78,380

Debt Service				Capital Projects			
2016	2019	2021 Refunding	2022	2018 Construction	Building and Site Sinking	2022 IPA	Total
$ -	$1,140,991	$ 928,929	$ -	$ -	$ 486,531	$ -	$ 3,446,655
20	1,253	996	-	751	-	-	4,365
-	-	-	-	-	-	-	48,062
-	-	-	-	-	-	-	164,392
20	1,142,244	929,925	-	751	486,531	-	3,663,474
-	7,341	5,987	-	-	-	-	119,632
-	-	-	-	-	-	-	2,200,520
20	1,149,585	935,912	-	751	486,531	-	5,983,626
-	-	-	-	-	-	-	1,911,845
-	-	-	-	-	57	10	223,001
-	-	-	-	-	-	-	54,605
-	-	-	-	7,347,560	260,518	1,775,075	9,383,153
185,000	430,000	390,000	-	-	-	-	1,680,000
4,478	741,250	460,024	-	-	-	-	1,351,751
-	-	-	-	-	-	-	135,345
-	-	-	-	-	-	-	105,863
189,478	1,171,250	850,024	-	7,347,560	260,575	1,775,085	14,845,563
(189,458)	(21,665)	85,888	-	(7,346,809)	225,956	(1,775,085)	(8,861,937)
-	-	-	-	-	-	2,087,760	2,087,760
-	-	-	-	-	-	-	28,230,000
150,743	-	-	81,071	-	-	-	261,814
-	-	-	-	-	-	-	(28,271,609)
-	-	-	-	(14)	-	-	(80,014)
150,743	-	-	81,071	(14)	-	2,087,760	2,227,951
(38,715)	(21,665)	85,888	81,071	(7,346,823)	225,956	312,675	(6,633,986)
38,715	315,153	-	-	7,346,823	40,458	-	8,541,123
$ -	$ 293,488	$ 85,888	$ 81,071	$ -	$ 266,414	$ 312,675	$ 1,907,137

KELLOGGSVILLE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Local sources	$ 43,300	$ 48,062	$ 4,762
State sources	105,877	100,577	(5,300)
Federal sources	2,037,494	2,200,520	163,026
Total Revenues	2,186,671	2,349,159	162,488
Expenditures			
Current:			
Food service	1,784,619	1,911,845	127,226
Excess of Revenues Over Expenditures	402,052	437,314	35,262
Other Financing Sources (Uses)			
Transfers out	(80,000)	(80,000)	-
Net Change in Fund Balances	322,052	357,314	35,262
Fund Balances, Beginning of Year	176,452	176,452	-
Fund Balances, End of Year	$ 498,504	$ 533,766	$ 35,262

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Local sources	$ 48,339	$ 18,407	$ (29,932)
Expenditures			
Current:			
Community services	54,606	54,605	1
Deficiency of Revenues Over Expenditures	(6,267)	(36,198)	(29,931)
Other Financing Sources			
Transfers In	-	30,000	30,000
Net Change in Fund Balances	(6,267)	(6,198)	69
Fund Balances, Beginning of Year	11,429	11,429	-
Fund Balances, End of Year	$ 5,162	$ 5,231	$ 69

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Local sources	$ -	$ 145,985	$ 145,985
Expenditures			
Current:			
Other supporting services	19,742	164,504	(144,762)
Net Change in Fund Balances	(19,742)	(18,519)	1,223
Fund Balances, Beginning of Year	268,743	268,743	-
Fund Balances, End of Year	$ 249,001	$ 250,224	$ 1,223

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Child Care—to account for user fees and State subsidies for use in administering the childcare program of the District.

Student/School Activity —to account for monies held for the benefit of the District's students.

KELLOGGSVILLE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash equivalents, deposits and investments	$ 495,042	$ 129,215
Accounts receivable	115	390
Due from other governmental units	44,167	53,221
Inventory	6,597	7,470
Total Assets	$ 545,921	$ 190,296
Liabilities and Fund Balances		
Liabilities		
Unearned revenue	$ 12,155	$ 13,844
Fund Balances		
Nonspendable	6,597	7,470
Restricted	500,620	142,433
Assigned for subsequent year expenditures	26,549	26,549
Total Fund Balances	533,766	176,452
Total Liabilities and Fund Balances	$ 545,921	$ 190,296

KELLOGGSVILLE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2022 and 2021

	2022	2021
Revenues		
Local sources:		
Food sales:		
Children's lunches	$ 5,838	$ 5,144
Adult lunches	25,908	11,245
Ala carte	11,062	6,830
Vending machine	809	-
Other	4,445	1,954
	48,062	25,173
Interest earnings:		
Interest on deposits and investments	-	21
Total local sources	48,062	25,194
State sources	100,577	77,778
Federal sources	2,200,520	1,308,039
Total Revenues	2,349,159	1,411,011
Expenditures		
Current:		
Food service:		
Salaries	644,386	581,732
Employee benefits	296,039	264,566
Purchased services	43,588	41,177
Supplies	916,476	658,018
Equipment and furniture	6,687	107,501
Miscellaneous	4,669	4,581
Total Expenditures	1,911,845	1,657,575
Excess (Deficiency) of Revenues Over Expenditures	437,314	(246,564)
Other Financing Uses		
Transfers out	(80,000)	(80,000)
Net Change in Fund Balances	357,314	(326,564)
Fund Balances, Beginning of Year	176,452	503,016
Fund Balances, End of Year	$ 533,766	$ 176,452

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash equivalents, deposits and investments	$ 5,231	$ 11,429
Liabilities and Fund Balance		
Liabilities	$ -	$ -
Fund Balance		
Restricted	5,231	11,429
Total Liabilities and Fund Balance	$ 5,231	$ 11,429

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2022 and 2021

	2022	2021
Revenues		
Local sources:		
Other local sources:		
Child care fees	$ 18,407	$ 12,881
Expenditures		
Current:		
Child care:		
Salaries	30,066	-
Employee benefits	9,395	-
Purchased services	14,866	32,924
Supplies	148	-
Miscellaneous	130	71
Total Expenditures	54,605	32,995
Deficiency of Revenues Over Expenditures	(36,198)	(20,114)
Other Financing Sources		
Transfers In	30,000	25,000
Net Change in Fund Balance	(6,198)	4,886
Fund Balance, Beginning of Year	11,429	6,543
Fund Balance, End of Year	$ 5,231	$ 11,429

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash equivalents, deposits and investments	$ 250,224	$ 268,743
Liabilities and Fund Balance		
Liabilities	$ -	$ -
Fund Balance		
Restricted	250,224	268,743
Total Liabilities and Fund Balance	$ 250,224	$ 268,743

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2022 and 2021

	2022	2021
Revenues		
Local sources:		
Revenue from student activities	$ 145,985	$ 23,394
Expenditures		
Current:		
Other student/school activity	164,504	27,167
Net Change in Fund Balance	(18,519)	(3,773)
Fund Balance, Beginning of Year	268,743	272,516
Fund Balance, End of Year	$ 250,224	$ 268,743

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DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

KELLOGGSVILLE PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2022

	2015	2016	2019
Assets			
Cash equivalents, deposits and investments	$ 78,380	$ -	$ 293,488
Liabilities and Fund Balances			
Liabilities	$ -	$ -	$ -
Fund Balances			
Restricted	78,380	-	293,488
Total Liabilities and Fund Balances	$ 78,380	$ -	$ 293,488

2021 Refunding	2022	Totals 2022	Totals 2021
$ 85,888	$ 81,071	$ 538,827	$ 697,218
$ -	$ -	$ -	$ -
85,888	81,071	538,827	697,218
$ 85,888	$ 81,071	$ 538,827	$ 697,218

KELLOGGSVILLE PUBLIC SCHOOLS
Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	2015	2016	2019
Revenues			
Local sources:			
Property taxes:			
Current property taxes	$ 877,242	$ -	$ 1,124,465
Industrial facilities taxes	9,073	-	11,597
Delinquent and other property taxes	2,654	-	3,349
Interest on delinquent taxes	1,186	-	1,517
Other	49	-	63
	890,204	-	1,140,991
Interest earnings:			
Interest on deposits and investments	1,345	20	1,253
Total local sources	891,549	20	1,142,244
State sources	5,727	-	7,341
Total Revenues	897,276	20	1,149,585
Expenditures			
Supporting services			
Other business services			
Bond premium insurance	58,430	-	-
Debt service:			
Principal repayment	675,000	185,000	430,000
Interest and fiscal charges:			
Interest expense	145,500	3,978	740,750
Paying agent fees	499	500	500
Bond issuance costs	135,345	-	-
Underwriter's discount	105,863	-	-
Total Expenditures	1,120,637	189,478	1,171,250
Excess (Deficiency) of Revenues Over Expenditures	(223,361)	(189,458)	(21,665)
Other Financing Sources			
Proceeds from refinancing debt	28,230,000	-	-
Transfers in	-	150,743	-
Payments to escrow agent	(28,271,609)	-	-
Total Other Financing Sources	(41,609)	150,743	-
Net Change in Fund Balances	(264,970)	(38,715)	(21,665)
Fund Balances, Beginning of Year	343,350	38,715	315,153
Fund Balances, End of Year	$ 78,380	$ -	$ 293,488

2021 Refunding	2022	Totals 2022	Totals 2021
$ 917,117	$ -	$ 2,918,824	$ 2,833,194
9,450	-	30,120	33,542
1,256	-	7,259	8,166
1,055	-	3,758	1,122
51	-	163	820
928,929	-	2,960,124	2,876,844
996	-	3,614	80
929,925	-	2,963,738	2,876,924
5,987	-	19,055	-
935,912	-	2,982,793	2,876,924
-	-	58,430	-
390,000	-	1,680,000	1,230,000
460,024	-	1,350,252	1,982,922
-	-	1,499	1,000
-	-	135,345	-
-	-	105,863	-
850,024	-	3,331,389	3,213,922
85,888	-	(348,596)	(336,998)
-	-	28,230,000	-
-	81,071	231,814	182,478
-	-	(28,271,609)	-
-	81,071	190,205	182,478
85,888	81,071	(158,391)	(336,998)
-	-	697,218	851,738
$ 85,888	$ 81,071	$ 538,827	$ 514,740

CAPITAL PROJECTS FUNDS

2018 Construction—to account for bond proceeds to finance a new elementary building.

Building and Site Sinking—to account for property tax revenue and interest earnings used to finance building improvement projects.

2022 Installment Purchase Agreement Fund – to account for funds allocated for building improvements under installment purchase agreements.

2022 Construction – to account for bond proceeds to finance building improvements.

KELLOGGSVILLE PUBLIC SCHOOLS
2018 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash equivalents, deposits and investments	$ 11,547	$ 7,346,823
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 11,547	$ -
Fund Balance		
Restricted	-	7,346,823
Total Liabilities and Fund Balance	$ 11,547	$ 7,346,823

KELLOGGSVILLE PUBLIC SCHOOLS
2018 Construction Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2022 and 2021

	2022	2021
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	$ 751	$ 11,557
Expenditures		
Capital outlay:		
Architect fees	91,657	253,637
Construction manager fees	248,466	298,471
Building improvements	6,997,337	8,536,931
New equipment	10,100	-
Total Expenditures	7,347,560	9,089,039
Deficiency of Revenues Over Expenditures	(7,346,809)	(9,077,482)
Other Financing Uses		
Transfers out	(14)	-
Net Change in Fund Balance	(7,346,823)	(9,077,482)
Fund Balance, Beginning of Year	7,346,823	16,424,305
Fund Balance, End of Year	$ -	$ 7,346,823

KELLOGGSVILLE PUBLIC SCHOOLS
Building and Site Sinking Capital Projects Fund
Comparative Balance Sheet
June 30, 2022 and 2021

	2022	2021
Assets		
Cash equivalents, deposits and investments	$ 209,452	$ 40,458
Due from other funds	56,962	-
Total Assets	$ 266,414	$ 40,458
Liabilities and Fund Balance		
Liabilities	$ -	$ -
Fund Balances		
Restricted	266,414	40,458
Total Liabilities and Fund Balance	$ 266,414	$ 40,458

KELLOGGSVILLE PUBLIC SCHOOLS
Building and Site Sinking Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2022 and 2021

	2022	2021
Revenues		
Local sources:		
Property taxes:		
Current property taxes	$ 482,066	$ 293,941
Industrial facilities taxes	4,087	2,145
Interest on delinquent taxes	378	139
	486,531	296,225
Interest earnings:		
Interest on deposits and investments	-	7
Total Revenues	486,531	296,232
Expenditures		
Supporting services:		
Support services business:		
Fiscal services	57	51
Capital outlay:		
Building improvements	260,518	255,723
Total Expenditures	260,575	255,774
Net Change in Fund Balance	225,956	40,458
Fund Balance, Beginning of Year	40,458	-
Fund Balance, End of Year	$ 266,414	$ 40,458

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Installment Purchase Agreement Capital Projects Fund
Balance Sheet
June 30, 2022

	2022
Assets	
Cash equivalents, deposits and investments	$ 705,268
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 392,593
Fund Balance	
Restricted	312,675
Total Liabilities and Fund Balance	$ 705,268

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Installment Purchase Agreement Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	2022
Revenues	$ -
Expenditures	
Supporting services:	
Support services business:	
Fiscal services	10
Capital outlay:	
Building improvements	1,775,075
Total Expenditures	1,775,085
Deficiency of Revenues Over Expenditures	(1,775,085)
Other Financing Sources	
Proceeds from installment purchase agreement	2,087,760
Net Change in Fund Balance	312,675
Fund Balance, Beginning of Year	-
Fund Balance, End of Year	$ 312,675

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Construction Capital Projects Fund
Balance Sheet
June 30, 2022

		2022
Assets		
Cash equivalents, deposits and investments	$	10,163,470
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$	204,319
Due to other funds		8,288
Total Liabilities		212,607
Fund Balance		
Restricted		9,950,863
Total Liabilities and Fund Balance	$	10,163,470

KELLOGGSVILLE PUBLIC SCHOOLS
2022 Construction Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2022

	2022
Revenues	
Interest earnings:	
Interest on deposits and investments	$ 2,988
Expenditures	
Supporting services:	
Pupil transportation services:	
Pupil transportation:	
New buses	201,942
Capital outlay:	
Architect fees	264,224
Construction manager fees	10,692
Building improvements	726,548
Other facilities acquisition	67,145
Debt service:	
Bond issuance costs	105,562
Underwiter's discount	42,479
Total Expenditures	1,418,592
Deficiency of Revenues Over Expenditures	(1,415,604)
Other Financing Sources (Uses)	
Proceeds from issuance of bonds	9,995,000
Bond premium	1,452,524
Transfers in	14
Transfers out	(81,071)
Total Other Financing Sources (Uses)	11,366,467
Net Change in Fund Balance	9,950,863
Fund Balance, Beginning of Year	-
Fund Balance, End of Year	$ 9,950,863