WYOMING, MICHIGAN

FINANCIAL STATEMENTS

and

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Vredeveld Haefner LLC
CPAs and Consultants

GODFREY-LEE PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

September 1, 2021

Members of the Board of Education
Godfrey-Lee Public Schools
Wyoming, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Godfrey-Lee Public Schools, Wyoming, Michigan, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Godfrey-Lee Public Schools as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 and the schedules on pages 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The corrective action plan has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021, on our consideration of the District's 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 District's 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 the District's internal control over financial reporting and compliance.

Vredeveld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Godfrey-Lee Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. 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 three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental 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.

  - *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

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 and liabilities. 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 and deferred outflows of resources and its 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 instruction, support services, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

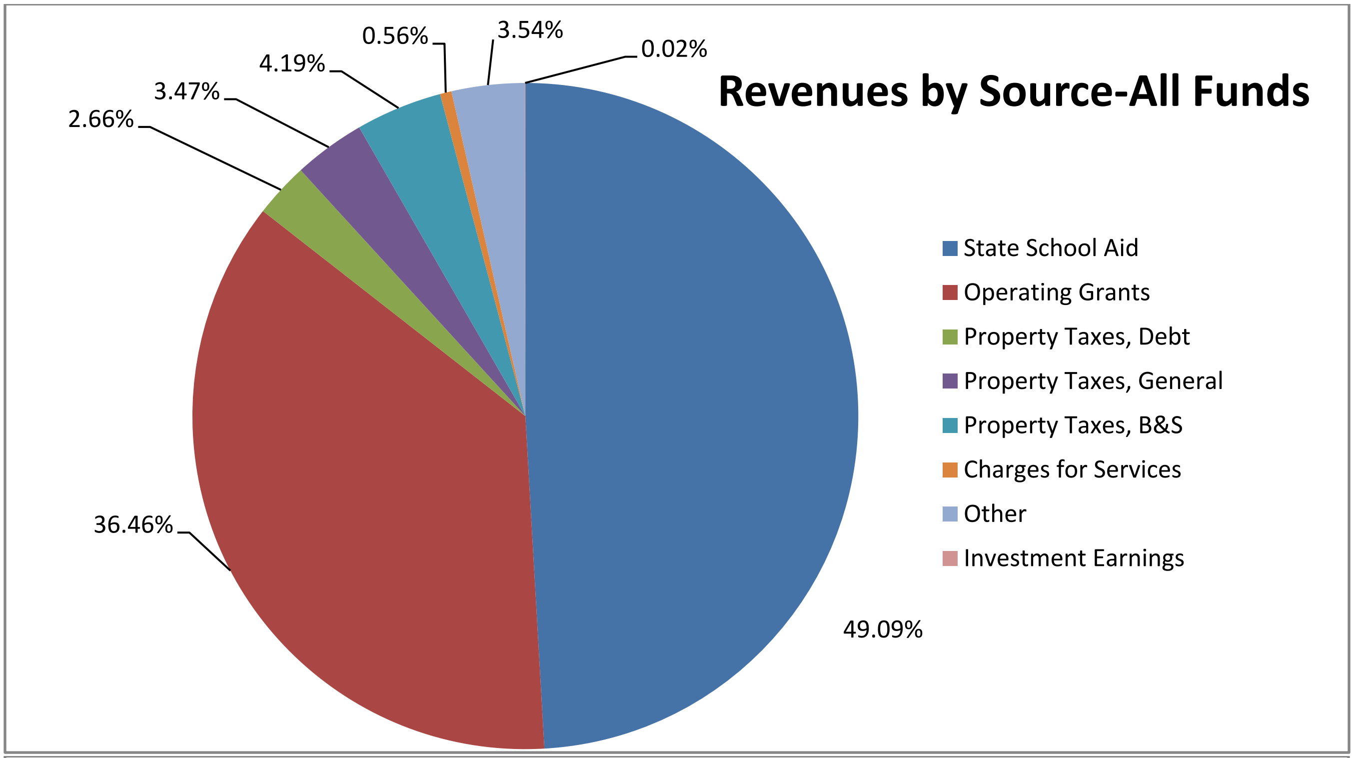
The Statement of Net Position provides financial information on the District as a whole.

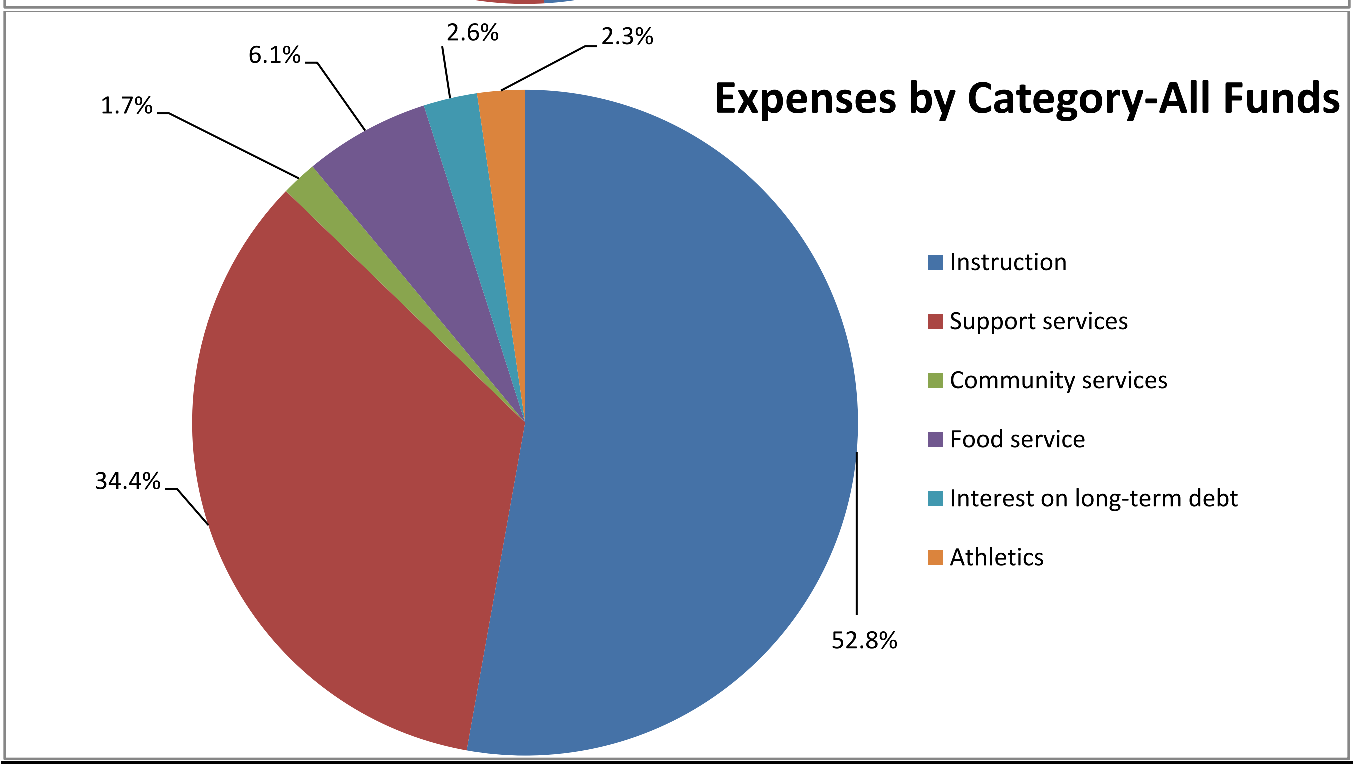
	2021	2020
Assets		
Current assets	$27,940,546	$ 9,562,788
Net capital assets	15,936,584	15,725,334
Total Assets	**43,877,130**	**25,288,122**
Deferred Outflows of Resources	**10,529,667**	**12,790,826**
Liabilities		
Current liabilities	4,131,934	5,210,880
Long-term liabilities	71,409,350	56,999,934
Total Liabilities	**75,541,284**	**62,210,814**
Deferred Inflows of Resources	**6,105,264**	**5,515,907**
Net Position		
Net investment in capital assets	3,761,069	1,646,376
Restricted	17,915,939	720,350
Unrestricted	(48,916,759)	(33,238,605)
Total Net Position	**$(27,239,751)**	**$(29,647,773)**

Net position of the District increased from $(29,647,773) to $(27,239,751) at June 30, 2020 and 2021, respectively.

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

	2021	2020
Program Revenues		
Charges for services	$ 154,907	$ 156,622
Operating grants and contributions	10,118,050	9,121,671
General Revenues		
Property taxes	2,865,492	2,747,493
Unrestricted grants and contributions	13,622,150	13,120,000
Interest earnings	6,420	36,610
Other	982,833	1,621,707
Total Revenues	27,749,852	26,804,103
Expenses		
Instruction	13,382,520	13,374,533
Supporting services	8,726,604	8,787,246
Community services	438,986	445,410
Food service	1,546,199	1,741,138
Athletics	661,921	623,284
Interest on long-term debt	585,600	423,208
Total Expenses	25,341,830	25,394,819
Change in net position	2,408,022	1,409,284
Net Position - Beginning of year	(29,647,773)	(31,057,057)
Net Position - End of year	**$(27,239,751)**	**$(29,647,773)**


Revenues by Source-All Funds
0.56%
3.54%
0.02%
4.19%
3.47%
2.66%
36.46%
49.09%
State School Aid
Operating Grants
Property Taxes, Debt
Property Taxes, General
Property Taxes, B&S
Charges for Services
Other
Investment Earnings


Expenses by Category-All Funds
2.6%
2.3%
6.1%
1.7%
34.4%
52.8%
Instruction
Support services
Community services
Food service
Interest on long-term debt
Athletics

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Growth during the year in grants and categorical funding were significant contributors to revenue increases.

The District's total revenues increased by $945,749 (3.5%) to $27.750 million. Unrestricted grants and contributions accounted for 49.09% of the revenues, while property taxes amounted to 10.33% of the revenues. The remainig 40.58% came from state and federal programs in addition to other miscellaneous sources.

The total cost of all programs and services decreased by $52,989 (-0.21%) to $25.342 million. The District's expenses are predominantly related to instructional services which amount to 52.8% of the total. Salaries decreased $34,512 or -0.35% mainly due to a layoff within our GLSSA agreement related from the pandemic. Retirement costs increased by 6.35%, or $247,865, mostly due to an increase in retirement rates including UAAL rate inceases. Of note is an increase in insurance costs of $240,367or 12.97% due to an increase in health insurance caps related to PA 152 as well as changes in staffing and health care options selected.

Total revenues surpassed expenses, increasing net position by $2,408,022 on the Statement of Activities.

The demographics of the District's neighborhood is a factor that contributes to increasing counts for free lunch students, which helps the District qualify for greater categorical assistance for at-risk students at all levels.

- Budgets for 2020-21 were orginally created with with an estimated enrollment count of 1830 as compared to the prior year which produced a blended enrollment of 1,828.40 full-time equivalent students for budget purposes. Actual blended count for the year was 1,823.35 which brought a decrease in State school aid revenue related to the original budgeted amount of nearly $54,000 based on an FTE amount of $8,111.

- Categoricals and other grants were budgeted as balanced grants based on preliminary estimates received by the Michigan Department of Education. The District staff worked very hard to identify as many free lunch qualifiers as possible which resulted in increases in some categoricals such as 31a at-risk funding.

- Collaboration with the surrounding districts continued to occur to help reduce expenditures in many areas. The six school districts in the southwest region of Kent County continued to work on ways to combine services where possible. All six districts continued the effort to transport special education and technical center students together and to work on combined trips where possible in other areas. There are also collaborative efforts working to reduce costs on bus maintenance, storage and fuel related costs.

- The $25.342 million of government-wide expenses was financed with approximately $2.9 million in property taxes and approximately $13.6 million of unrestricted grants and contributions which was primarily state-aid based on the state-wide education aid formula. State and Federal grant funding totaled nearly $10.1 million.

- The administration will continue working with other districts including the Kent Intermediate School District in collaboration efforts for 2021-22.

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 only 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. Godfrey-Lee Public School's funds are described as follows:

Major Funds

General Fund
The General fund is the primary operating fund. The General fund had total revenues of $23,714,313, total expenditures of $21,734,416 and net other financing sources of $638,946. It ended the fiscal year with a fund balance of $7,556,195, up from $4,937,352, as of June 30, 2021 for an increase of $2,618,843.

2021 Building & Site Bonds Capital Projects Fund
Total other financing sources of the 2021 Building & Site Bonds Capital Projects fund were $17,846,504 from the issuance of bonds during the current year. Expenditures for capital outlay and debt service totaled $754,847 during the current year.

Nonmajor Funds

Special Revenue Funds
The District operates two Special Revenue Funds, the Food Service fund and the Student/School Activity fund. Total revenues of the Food Service fund were $1,458,000 with total expenditures of $1,475,946. The ending fund balance was $540,382, a decrease of $17,928. The Student/School Activity fund had total revenues of $33,808 and total expenditures of $30,856. The ending fund balance was $146,675.

Debt Service Funds
The District operates three Debt Service Funds. Total revenues were $1,545,270, with net other financing sources of $63,784 and total expenditures of $1,686,308. The ending fund balances in the Debt Service Funds totaled $75,412 at June 30, 2021.

Capital Projects Fund
The District operates one capital project fund, the Sinking fund. This fund had total revenues of $357,366, expenditures of $130,358 resulting in a fund balance of $236,382 at June 30, 2021.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget two times. These budget amendments fall into two categories:

- Changes made in the Fall to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year and other grant related revenue changes.

- Expenditure changes due to updated staffing from the June budget estimate, classroom expenditure needs, technology upgrades and others.

Although the District's final budget for the General fund anticipated that revenues including financing sources would exceed expenditures and financing uses by $2,470,910, the actual results for the year show a $2,618,843 increase in fund balance which is $147,933 better than projected.

- Actual revenues were $1,739,322 less than expected. The District was awarded nearly $4.1 million dollars in federal funds that could be used in this year. Of those funds, the District only spent and captured $2.9 million This accounted for nearly $1.2 million of federal funds that will be carried over and utilized in the 2021-22 school year.

- Actual expenditures were $1,887,273 less than expected. This was due mainly to the unspent Federal and State grant funds mentioned above along with unspent miscellaneous line items.

Capital Asset and Debt Administration

Capital Assets

By the end of 2021, the District had $28,267,653 invested 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 Note 5 in the Notes to Financial Statements.)

At June 30, 2021, the District's investment in capital assets (net of accumulated depreciation) was $15,936,584. Net capital asset purchases and deletions totaled $690,118 for the fiscal year with net accumulated depreciation increasing $478,867, leaving a net increase in the book value of capital assets of $211,251

Land	$ 618,754
Construction in progress	750,705
Land improvements	459,793
Buildings and improvements	13,444,474
Furniture and equipment	573,403
Vehicles	61,292
Equipment under capital leases	28,163
Total Capital Assets	**$15,936,584**

Long-Term Debt

At year-end, the District had $73.078 million in general obligation bonds, net pension liability, net other post-employment benefits liability and other long-term debt outstanding.

- The District continued to pay down its debt from the 2013, 2016 and 2020 bond issues and capital lease agreements.

- The District was able to meet the debt fund obligations without the need to borrow from the school bond loan fund. A major reason for this was due to an increase on debt millage levy along with an increase in taxable value from the prior fiscal year.

- The District's bond rating for General Obligation, Unlimited Tax debt through Standard & Poor's is A+. The District's other obligations include capital leases payable, compensated absences and school bond loan fund. There is more detailed information about long-term liabilities in Note 7 in the Notes to 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 District's proximity between Grand Rapids and Wyoming makes it a totally market driven district which must have the breadth of programs and updated infrastructure to compete in this age of choice in schools. The addition of new charters in recent years may possibly impact student enrollment going forward.

- The District will once again be receiving general education funds through the Enhancement Millage that was voted on in May 2017 in Kent County. It is expected this will bring in an estimated $250 per pupil for the 2021-22 school year.

- The State of Michigan is slowly starting to realize the impact of COVID-19, which has impacted the employment and overall economy. At this time, the worst seems to be behind us, but it still is unknown when we will be back to normal. We have not had a chance to see the long-term effects that this virus has had on the school system and overall economy for the forseeable future. As of the summer of 2021, revenues at the State level have outpaced forecasts which is possible great news.

- The District has been awarded significant Federal funds related to COVID-19. Although the District has used many of these funds in the 20-21 school year, there are still additional funds remaining through ESSER II and hopefully ESSER III once complete at the Federal level. The District will likely continue to have some of these Federal funds until at least 2023.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, 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, Godfrey-Lee Public Schools, 1324 Burton St. SW, Wyoming, MI, 49509. Contact by e-mail: mprovost@godfrey-lee.org.

BASIC FINANCIAL STATEMENTS

GODFREY-LEE PUBLIC SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
Assets	
Cash	$ 6,904,062
Investments	17,135,736
Accounts receivable	13,052
Due from other governments	3,677,274
Prepaid items	185,392
Inventory	25,030
Capital assets, net	
Land	618,754
Construction in progress	750,705
Land improvements, buildings, furniture and equipment, vehicles	14,567,125
Total assets	43,877,130
Deferred outflows of resources	
Deferred charge on refunding	123,453
Deferred outflows related to pension	7,276,402
Deferred outflows related to other post-employment benefits	3,129,812
Total deferred outflows of resources	10,529,667
Liabilities	
Accounts payable	407,762
Accrued liabilities	1,054,405
Due to other governments	474,767
Unearned revenue	526,258
Debt due within one year	1,668,742
Noncurrent liabilities	
Compensated absences	245,376
Bond premium	3,320,362
Net pension liability	37,587,781
Net other post-employment benefits liability	5,852,179
Debt due in more than one year	24,403,652
Total liabilities	75,541,284
Deferred inflows of resources	
Deferred inflows related to pensions	1,302,325
Deferred inflows related to other post-employment benefits	4,802,939
Total deferred inflows of resources	6,105,264
Net position	
Net investment in capital assets	3,761,069
Restricted for	
Food service	510,357
Capital projects	17,330,170
Debt service	75,412
Unrestricted deficit	(48,916,759)
Total net position	$ (27,239,751)

The accompanying notes are an integral part of these financial statements.

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GODFREY-LEE PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		
Functions/ Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Net (Expense) Revenue**
Primary government				
Governmental activities				
Instruction	$ 13,382,520	$ -	$ 7,610,552	$ (5,771,968)
Support services	8,726,604	1,436	1,240,468	(7,484,700)
Community services	438,986	-	-	(438,986)
Food service	1,546,199	153,471	1,267,030	(125,698)
Athletic	661,921	-	-	(661,921)
Interest on long-term debt	585,600	-	-	(585,600)
Total governmental activities	$ 25,341,830	$ 154,907	$ 10,118,050	(15,068,873)
General revenues				
Property taxes				
Operating				963,169
Debt				738,687
Capital improvements				1,163,636
Unrestricted grants and contributions				13,622,150
Interest earnings				6,420
Other				982,833
Total general revenues				17,476,895
Change in net position				2,408,022
Net position, beginning of year				(29,647,773)
Net position, end of year				$ (27,239,751)

The accompanying notes are an integral part of these financial statements.

GODFREY-LEE PUBLIC SCHOOLS

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2021

	General	2021 Building & Site Bonds Capital Projects	Nonmajor Governmental Funds	Total
Assets				
Cash	$ 5,957,140	$ -	$ 946,922	$ 6,904,062
Investments	-	17,135,736	-	17,135,736
Accounts receivable	13,052	-	-	13,052
Due from other funds	485	-	568	1,053
Due from other governments	3,599,640	-	77,634	3,677,274
Prepaid items	180,397	-	4,995	185,392
Inventory	-	-	25,030	25,030
Total assets	$ 9,750,714	$ 17,135,736	$ 1,055,149	$ 27,941,599
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 138,656	$ 41,948	$ 55,678	$ 236,282
Accrued liabilities	1,054,270	-	135	1,054,405
Due to other funds	568	-	485	1,053
Due to other governments	474,767	-	-	474,767
Unearned revenue	526,258	-	-	526,258
Total liabilities	2,194,519	41,948	56,298	2,292,765
Fund balances				
Non-spendable				
Inventory	-	-	25,030	25,030
Prepaid items	180,397	-	4,995	185,392
Restricted				
Food service	-	-	510,357	510,357
Debt service	-	-	75,412	75,412
Capital projects	-	17,093,788	236,382	17,330,170
Committed				
Student/school activity	-	-	146,675	146,675
Building renovations	1,763,125	-	-	1,763,125
Assigned				
Unassigned	5,612,673	-	-	5,612,673
Total fund balances	7,556,195	17,093,788	998,851	25,648,834
Total liabilities and fund balances	$ 9,750,714	$ 17,135,736	$ 1,055,149	$ 27,941,599

The accompanying notes are an integral part of these financial statements.

GODFREY-LEE PUBLIC SCHOOLS

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2021

Fund balances - total governmental funds	$ 25,648,834
Amounts reported for *governmental activities* in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	15,936,584
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.	
Add - loss on bond refundings	123,453
Certain liabilities and related deferred inflows and deferred outflows are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(245,376)
Deduct - debt payable	(26,072,394)
Deduct - net pension liability	(37,587,781)
Deduct - net other post-employment benefits liability	(5,852,179)
Deduct - deferred inflows related to pensions	(1,302,325)
Deduct - deferred inflows related to other post-employment benefits	(4,802,939)
Add - deferred outfows related to pensions	7,276,402
Add - deferred outfows related to other post-employment benefits	3,129,812
Deduct - unamortized bond premium	(3,320,362)
Deduct - accrued interest on bonds	(171,480)
Net position of governmental activities	$ (27,239,751)

The accompanying notes are an integral part of these financial statements.

GODFREY-LEE PUBLIC SCHOOLS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2021

	General	2021 Building & Site Bonds Capital Projects	Nonmajor Governmental Funds	Total
Revenues				
Local sources	$ 1,312,159	$ 2,131	$ 2,059,982	$ 3,374,272
State sources	17,617,107	-	115,094	17,732,201
Federal sources	2,900,554	-	1,219,368	4,119,922
Interdistrict sources	1,884,493	-	-	1,884,493
Total revenues	23,714,313	2,131	3,394,444	27,110,888
Expenditures				
Current				
Instruction	12,387,241	-	-	12,387,241
Support services	8,943,210	-	-	8,943,210
Community services	403,965	-	-	403,965
Food service	-	-	1,475,946	1,475,946
Student/school activity	-	-	30,856	30,856
Capital outlay	-	596,472	130,358	726,830
Debt service				
Bond issuance costs	-	158,355	-	158,355
Principal	-	-	1,380,000	1,380,000
Interest	-	20	306,308	306,328
Total expenditures	21,734,416	754,847	3,323,468	25,812,731
Revenues over (under) expenditures	1,979,897	(752,716)	70,976	1,298,157
Other financing sources (uses)				
Bonds issued	-	14,550,000	63,784	14,613,784
Bond premium	-	3,296,504	-	3,296,504
Insurance recoveries	638,964	-	-	638,964
Transfers in	-	-	18	18
Transfers out	(18)	-	-	(18)
Total other financing sources (uses)	638,946	17,846,504	63,802	18,549,252
Net changes in fund balances	2,618,843	17,093,788	134,778	19,847,409
Fund balances, beginning of year	4,937,352	-	864,073	5,801,425
Fund balances, end of year	$ 7,556,195	$ 17,093,788	$ 998,851	$ 25,648,834

The accompanying notes are an integral part of these financial statements.

GODFREY-LEE 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, 2021

Net changes in fund balances - total governmental funds	$ 19,847,409
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 those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	909,470
Deduct - depreciation expense	(680,756)
Deduct - loss on disposal of capital assets	(17,464)
Long-term debt provides current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Deduct - draws on school loan revolving fund	(63,784)
Deduct - interest added to principal balance of school loan revolving fund	(362)
Deduct - bonds issued	(14,550,000)
Add - principal payment on bonds	1,380,000
Deduct - premium on bonds issued	(3,296,504)
Add - principal payments on capital leases	16,604
Losses on bond refundings are amortized over the life of the new bond issue.	
Deduct - amortization of loss on bond refunding	(13,717)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Deduct - increase in compensated absences	(39,346)
Deduct - decrease in deferred outflows related to pensions	(2,579,354)
Add - increase in deferred outflows related to other post-employment benefits	331,912
Deduct - increase in net pension liability	(230,071)
Add - decrease in net other post-employment benefits liability	2,101,909
Add - decrease in deferred inflows related to pensions	734,516
Deduct - increase in deferred inflows related to other post-employment benefits	(1,323,873)
Deduct - increase in accrued interest payable	(120,555)
Add - amortization of bond premium	1,988
Change in net position of governmental activities	$ 2,408,022

The accompanying notes are an integral part of these financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Godfrey-Lee Public Schools, Wyoming, Michigan (the District) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The District is located in the County of Kent. The District provides education and related services to approximately 1,800 students in grades kindergarten through 12th and preschool. The District is governed by a seven-member School Board elected by District residents and is administered by a superintendent appointed by the School Board.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Godfrey-Lee Public Schools. There are no component units to be included. The criteria for including a component unit includes significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues are reported in total. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Major governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

> The *General Fund* is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.
>
> The *2021 Building & Site Bonds Capital Projects Fund* is used to account for proceeds of bonds and expenditures for school facility improvements.

Additionally, the District reports the following fund types:

> The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental funds.

The *Capital Projects Fund* accounts for the accumulation and disbursement of resources for the construction of capital projects.

Measurement Focus and Basis of Accounting

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized when due.

All governmental funds are accounted for on a spending or “flow of current financial resources” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available, spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Accordingly, they are said to present a summary of sources and uses of “available, spendable resources” during a period.

Budgets and Budgetary Accounting

Comparisons to budget are adopted for General and special revenue funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, District administrative personnel and department heads work with the Superintendent and Director of Finance, Human Resources and Administration to establish a proposed operating budget for the fiscal year commencing the following July 1 and submits the budget to the Board of Education.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally enacted through passage of a resolution. The operating budget is adopted by activity.

4. Formal budgetary integration is employed as a management control device during the year for the General and special revenue funds.

5. Budgets for the General and special revenue funds are adopted on a basis consistent with generally accepted accounting principles.

6. Adoption and amendments of all budgets used by the District are governed by Michigan Law. The appropriation ordinances are based on the projected expenditures budget of the various activities of the District. Any amendment to the original budget must meet the requirements of Michigan Law. Any revisions that alter the total expenditures of any activity must be approved by the School Board. The District amended its budget during the current fiscal year.

Cash and Investments

Michigan law and District policy authorizes the District to invest in:

a. 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. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days' notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.

b. Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States or federal agency obligation repurchase agreements, and bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.

e. Mutual funds that are composed entirely of investment vehicles that are legal for direct investment by a school district.

f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

Due to and Due from Other Funds

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time the inventory is consumed.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

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

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10-20
Buildings and improvements	40-50
Furniture and equipment	3-10
Vehicles	5-10

Unavailable Revenue

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Unearned Revenue

Funds report *unearned revenue* in connection with resources that have been received but not yet earned.

Long-Term Obligations

In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as an other financing use. Issuance costs are reported as expenditures/expenses regardless of activity or fund.

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 a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has several items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The District also has items that qualify for reporting in this category relating to pension and other post-employment benefits as itemized in Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has items that qualify for reporting in this category relating to pension and other post-employment benefits as itemized in Note 6.

Pension

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. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions

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

Compensated Absences

Liabilities related to vested sick pay are not recorded in the fund financial statements but are recorded in the statement of net position because they are not expected to be liquidated with expendable available financial resources.

State Aid Revenue

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by the State of Michigan School Aid Appropriation Act. State aid funding accounted for approximately 73% of the General fund revenue for the year. A certain portion of State Aid received by the District is restricted to cover specified expenses of the District, including special education costs. The unrestricted portion is for use in the general operations of the District.

Property Taxes

The District levies its property taxes July 1 which are due 75 days after the levy date. Taxes are collected and paid to the District by the City of Wyoming. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the District 100% for the delinquent real taxes. Collection of delinquent personal property taxes remains the responsibility of the City. The District levied 18 mills for operations on non-homestead properties and 2.9133 mills for building/site and 12.55 mills for debt service on both homestead and non-homestead properties.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.

2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.

3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the District's governing board.

4. Assigned – the related assets can only be spent for a specific purpose identified by management (the District Superintendent or his designee) as authorized by the District's governing board.

5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

The District will maintain a minimum fund balance in its General fund ranging from 10% to 15% of the current year's actual expenditures and outgoing transfers. If the fund balance falls below the minimum 10%, the District will reduce recurring expenditures to eliminate any structural deficit, increase revenues or pursue other funding sources to replenish the funding deficiency. Fund balance in the General fund at June 30, 2021 was 35% of the current year's actual expenditures and outgoing transfers.

Net Position and Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. DEFICIT NET POSITION

At year-end the District reported a deficit net position of $27,239,751.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that the District shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the activity level. The approved budgets of the District for these budgetary funds were adopted at the activity level. During the year ended June 30, 2021, the District incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated.

	Budget	Actual	Negative Variance
General Fund			
General administrative services	$449,049	$451,532	$(2,483)
Business services	324,814	325,421	(607)

4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	Governmental Activities
Cash	$ 6,904,062
Investments	17,135,736
Total	$24,039,798

These deposits and investments are in financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account. They are recorded in District records at fair value.

Deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of year-end, $7,133,690 of the District's bank balance of $7,383,690 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	Maturity	Fair Value	Rating	Source
MILAF+ MAX Class	N/A	$17,135,736	AAAm	S&P

Investment risk

Interest Rate Risk. State law and District policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific securities as identified in Note 1 of the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. Custodial credit risk cannot be determined for the investment listed above as it is a pooled investment account that does not consist of securities that are specifically identifiable to the District.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

The District categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of year-end.

- The District does not have any investments that are valued using quoted market prices (Level 1 inputs).
- The MILAF+ MAX Class investment is valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The District does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets, not being depreciated				
Land	$ 618,754	$ -	$ -	$ 618,754
Construction in progress	16,880	750,705	16,880	750,705
Total capital assets, not being depreciated	635,634	750,705	16,880	1,369,459
Capital assets, being depreciated				
Land improvements	2,360,082	-	24,488	2,335,594
Building and improvements	22,393,129	26,275	93,617	22,325,787
Furniture and equipment	1,716,550	149,371	83,333	1,782,588
Vehicles	352,414	-	-	352,414
Equipment under capital leases	119,726	-	17,915	101,811
Total capital assets, being depreciated	26,941,901	175,646	219,353	26,898,194
Less accumulated depreciation for				
Land improvements	1,833,378	60,363	17,941	1,875,801
Building and improvements	8,524,029	442,908	85,624	8,881,313
Furniture and equipment	1,155,364	134,230	80,409	1,209,185
Vehicles	264,471	26,651	-	291,122
Equipment under capital leases	74,959	16,604	17,915	73,648
Total accumulated depreciation	11,852,201	680,756	201,889	12,331,069
Net capital assets, being depreciated	15,089,700	(505,110)	17,464	14,567,125
Governmental activities capital assets, net	**$15,725,334**	**$245,595**	**$ 34,344**	**$15,936,584**

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction	$452,965
Supporting services	130,256
Community services	25,371
Food service	59,775
Athletic	12,389
Total depreciation expense - governmental activities	$680,756

6. PENSION AND OTHER POST-EMPLOYMENT BENEFITS PLAN

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) 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 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 & 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.

Defined Benefit Plan

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 member 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.

Contributions
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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the fiscal year ended September 30, 2020.

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Basic	0.0-4.0%	26.03%	19.41%
Member Investment Plan	3.0-7.0	26.03	19.41
Pension Plus	3.0-6.4	N/A	16.46
Pension Plus 2	6.2	N/A	19.59
Defined Contribution	0.0	19.74	13.39

Required contributions to the pension plan from the District were $3,007,070 for the year ended September 30, 2020.

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

At June 30, 2021, the District reported a liability of $37,587,781 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. 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 pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was .10942239 percent, which was a decrease of .00338 percent from its proportion measured as of September 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $5,284,729. At June 30, 2021, 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**
Differences between actual and expected experience	$ 574,310	$ 80,226
Changes of assumptions	4,165,089	-
Net difference between projected and actual earnings on pension plan investments	157,927	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	96,707	1,222,099
Employer contributions subsequent to the measurement date	2,282,369	-
Total	$7,276,402	$1,302,325

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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 Ending September 30,	Amount
2021	$1,877,509
2022	1,153,700
2023	509,897
2024	150,602

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, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans:	6.80% net of investment expenses
Pension Plus Plan:	6.80% net of investment expenses
Pension Plus 2 Plan:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension 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:	P-2014 Male and Female Employee 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, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, 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 or 1.0000 for university employers]*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at* www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	0.1%
	100%	

*** Long-term rates of return are net of administrative expenses and 2.3% inflation.**

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.37%. 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 6.8% was used to measure the total pension liability (6.8% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, 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 6.8% (6.8% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). 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 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 6.8% (6.8% 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 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%
$48,651,007	$37,587,781	$28,418,833

* *Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans. University employers provide only the Basic and MIP plans.*

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 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
At June 30, 2021, the District reported payables to the defined benefit pension plan totaling $184,109. The balance represents legally required contributions to the pension plan.

Other Post-Employment Benefits

Benefits Provided
Benefit provisions of the post-employment 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 post-employment 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.

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
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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2020.

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Premium Subsidy	3.00%	6.57%	8.09%
Personal Healthcare Fund (PHF)	0.00	5.99	7.57

Required contributions to the OPEB plan from the District were $771,795 for the year ended September 30, 2020.

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

At June 30, 2021, the District reported a liability of $5,852,179 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. 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, 2020, the District's proportion was .10923815 percent, which was a decrease of .00158 percent from its proportion measured as of October 1, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of $262,640. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$4,360,421
Changes of assumptions	1,929,580	-
Net difference between projected and actual earnings on OPEB plan investments	48,843	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,461	442,518
Employer contributions subsequent to the measurement date	1,118,928	-
Total	$3,129,812	$4,802,939

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. 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 Ending September 30,	Amount
2021	$(747,680)
2022	(679,752)
2023	(577,402)
2024	(461,429)
2025	(325,792)

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, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.5% 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:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have 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, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, 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: [5.9870 for non-university employers or 1.0217 for university employers]*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at* www.michigan.gov/orsschools*.*

Long-Term Expected Return on Plan Assets

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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Return Real/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	(0.1)%
	100%	

*** Long-term rates of return are net of administrative expenses and 2.1% inflation.**

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 5.24%. 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%, 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 higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$7,517,789	$5,852,179	$4,449,875

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 the 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 higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$4,396,184	$5,852,179	$7,508,195

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
At June 30, 2021, the District reported payables to the OPEB plan totaling $90,681. The balance represents legally required contributions to the OPEB plan.

Defined Contribution Plan

Public Act 75 of 2010 established the Pension Plus plan which provides all individuals hired on or after July 1, 2010, with a combined defined benefit and defined contribution benefit structure. Any member of MPSERS who became a member of MPSERS on or after July 1, 2010 is or may be a Pension Plus plan member.

Public Act 300 of 2012 was signed into law on September 4, 2012 amending the MPSERS system. An employee who first works September 4, 2012 or after joins the MPSERS system as a Pension Plus with Personal Healthcare Fund (PHF) member. Within 75 days of first being reported to the Office of Retirement Services, these employees can elect to become straight defined contribution plan participants. The PHF must be retained with whichever benefit plan they elect. The plan becomes retroactive to their first day.

Employees under the Pension plus plan automatically default with an employee contribution of 2 percent of the employee's pay. The District is required to match 50 percent of the employee contribution up to 1 percent. Employees may increase their personal contribution up to the annual IRS limit or can elect out of contributing.

Employees under the straight defined contribution plan automatically default with an employee contribution of 6 percent of the employee's pay. The District is required to match 50 percent of the employee contribution up to 3 percent.

Public Act 92 of 2017 establishes a new hybrid plan, and is the default option, for Michigan public school employees who first work on or after February 1, 2018. This plan is similar to the Pension Plus plan established in 2010 (and changed again in 2012) in that it has both a pension and a savings component. Eligibility for pension benefits remains the same as the Pension Plus plan at 60 years old with at least 10 years of service. Contributions are made in the savings component by both the District and employee and are deposited into a 401(k) and/or 457 tax deferred account. An employee must affirmatively elect the new hybrid plan to participate. If the employee makes no choice, as mentioned above, the default set by the law means the employee will be enrolled in the defined contribution plan. This new law mandates enhanced contributions for defined contribution participants who first work on or after September 4, 2012 which requires mandatory District contributions of 4 percent beginning with the first pay period after October 1, 2017. Beginning on February 2, 2018, the District is required to match 100 percent of the contributions made by the employee up to a maximum of 3 percent. Public Act 92 also requires the defined contribution plan to offer one or more fixed and variable annuity options for plan participants.

For the year ended June 30, 2021, District and employee contributions were $138,527 and $293,363, respectively.

7. DEBT

Short-term Debt

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
State aid anticipation note 2.14% due August 2020	$1,500,000	$ -	$1,500,000	$ -

Long-term Debt

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Governmental Activities					
Bonds					
$2,200,000 2013 Building and Site Bonds; due in annual installments of $80,000 to $145,000 through 2033; interest payable at 2.00% to 4.00%	$1,605,000	$ -	$ 95,000	$ 1,510,000	$ 100,000

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
$8,985,000 2015 General Obligation Refunding Bonds; due in annual installments of $210,000 to $830,000 through 2030; interest payable at 0.70% to 3.20%	5,835,000	-	740,000	5,095,000	745,000
$5,360,000 2020 General Obligation Refunding Bonds; due in annual installments of $31,509 to $966,162 through 2027; interest payable at 1.70% to 2.25%	5,360,000	-	545,000	4,815,000	610,000
$14,550,000 2021 Building and Site Bonds; due in annual installments of $200,000 to $895,000 through 2050; interest payable at 4.00%	-	14,550,000	-	14,550,000	-
Total bonds	12,800,000	14,550,000	1,380,000	25,970,000	1,455,000
Direct placements and direct borrowings					
School bond loan fund	1	64,146	-	64,147	-
Other debt					
Unamortized premium	25,846	3,296,504	1,988	3,320,362	199,834
Capital leases	54,851	-	16,604	38,247	13,908
Compensated absences	206,030	48,080	8,734	245,376	-
Total	**$13,086,728**	**$17,958,730**	**$1,407,326**	**$29,638,132**	**$1,668,742**

The District is required to obtain loans from the Michigan School Bond Loan Fund (the MSBLF) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed $63,784 from the MSBLF and $362 of accrued interest was added to the District's liability to the MSBLF.

The outstanding direct placements and direct borrowings contain a provision that in the event of default or the unavailability or insufficiency of funds, the notes are payable from taxes levied within the District's constitutional and statutory limitations or from its unencumbered funds. The District has pledged its limited full faith and credit.

Compensated absences are expected to be liquidated with General fund resources.

The annual requirements to amortize all debt outstanding (excluding school bond loan fund, unamortized premium, capital leases and compensated absences) as of June 30, 2021 are as follows:

	Principal	Interest
2022	$ 1,455,000	$ 946,428
2023	1,740,000	836,520
2024	1,825,000	797,342
2025	1,925,000	752,468
2026	2,000,000	703,022
2027-2031	4,450,000	2,891,774
2032-2036	2,700,000	2,289,000
2037-2041	2,935,000	1,749,600
2042-2046	3,590,000	1,112,400
2047-2051	3,350,000	342,600
Total	$25,970,000	$12,421,154

8. BOND COMPLIANCE

The 2021 Building & Site Bonds Capital Projects fund of the District includes 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 Revised School Code.

9. LEASES

The District conducts a portion of its operations with leased equipment.

Capital leases for copiers require monthly payments ranging from $107 to $1,485 through March 2024. Copiers held under these capitalized leases are included in the statement of net position with a cost of $101,811 and with accumulated depreciation of $73,648. Total payments under these obligations was $16,603 for 2021.

The following is a schedule of annual future minimum lease payments required under capitalized leases and under operating leases with initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2021:

Year	Capitalized Leases
2022	$13,908
2023	13,908
2024	10,431
Total minimum payments due	$38,247

10. INTERFUND TRANSACTIONS

Interfund receivables and payables are utilized to facilitate temporary cash flow needs between funds. Amounts due to and from other funds at June 30, 2021 are as follows:

	Due From	Due To
General fund	$ 485	$ 568
Nonmajor governmental funds	568	485
	$1,053	$1,053

Transfers are used to (1) move unrestricted revenues collected in the General fund to finance debt service accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. Transfers in and out for the year ended June 30, 2021 are as follows:

	Transfers In	Transfers Out
General fund	$ -	$18
Nonmajor governmental funds	18	-
	$18	$18

11. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the District.

12. TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions granted by various cities and townships in the County of Kent. IFT exemptions entered into under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An IFT certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government and is computed at half the local property tax millage rate, amounting to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2021, the District’s property tax revenues from the City of Wyoming were reduced by $24,763 as a result of Industrial Facilities Tax exemptions.

The District is reimbursed from the State of Michigan under the school aid formula for lost revenue caused by tax abatements on the operating millage of non-homestead properties. The District is not reimbursed for lost revenue from building and site or debt service millages. There are no abatements made by the District.

REQUIRED SUPPLEMENTARY INFORMATION

GODFREY-LEE PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Local sources	$ 1,193,173	$ 1,492,513	$ 1,312,159	$ (180,354)
State sources	16,341,785	17,983,518	17,617,107	(366,411)
Federal sources	1,814,448	4,099,134	2,900,554	(1,198,580)
Interdistrict sources	1,850,438	1,878,470	1,884,493	6,023
Total revenues	21,199,844	25,453,635	23,714,313	(1,739,322)
Expenditures				
Current				
Instruction				
Basic programs	9,517,985	9,900,889	9,544,531	356,358
Added needs	3,213,683	3,324,508	2,842,710	481,798
	12,731,668	13,225,397	12,387,241	838,156
Support services				
Pupil services	1,865,634	1,986,976	1,964,182	22,794
Instructional staff services	1,086,804	1,382,575	1,270,828	111,747
General administrative services	412,511	449,049	451,532	(2,483)
School administrative services	988,972	1,150,891	1,114,219	36,672
Business services	305,757	324,814	325,421	(607)
Operation and maintenance	1,463,619	1,944,577	1,703,159	241,418
Pupil transportation	476,392	373,951	353,166	20,785
Central services	987,766	1,559,355	1,091,102	468,253
Athletics	540,068	673,357	669,601	3,756
	8,127,523	9,845,545	8,943,210	902,335
Community services	504,438	550,747	403,965	146,782
Total expenditures	21,363,629	23,621,689	21,734,416	1,887,273
Revenues over (under) expenditures	(163,785)	1,831,946	1,979,897	147,951
Other financing sources (uses)				
Insurance recoveries	-	638,964	638,964	-
Transfers out	-	-	(18)	(18)
Total other financing sources (uses)	-	638,964	638,946	(18)
Net changes in fund balance	(163,785)	2,470,910	2,618,843	147,933
Fund balance, beginning of year	4,937,352	4,937,352	4,937,352	-
Fund balance, end of year	$ 4,773,567	$ 7,408,262	$ 7,556,195	$ 147,933

GODFREY-LEE PUBLIC SCHOOLS

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (%)	0.10942%	0.11281%	0.11616%	0.11569%	0.11355%	0.11164%	0.10237%
District's proportionate share of the net pension liability	$ 37,587,781	$ 37,357,710	$ 34,918,840	$ 29,980,588	$ 28,330,722	$ 27,269,277	$ 22,548,668
District's covered payroll	$ 9,674,487	$ 9,677,482	$ 9,905,833	$ 9,759,400	$ 9,709,663	$ 9,636,546	$ 9,590,248
District's proportionate share of the net pension liability as a percentage of its covered payroll (%)	388.52%	386.03%	352.51%	307.20%	291.78%	282.98%	235.12%
Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Notes to schedule:
Amounts were determined as of September 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2020.
Changes of assumptions: There were no changes of benefit assumptions in 2020.
This schedule is being accumulated prospectively until ten years of data is presented.

GODFREY-LEE PUBLIC SCHOOLS

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 3,007,070	$ 2,996,748	$ 3,162,975	$ 2,713,580	$ 2,549,908	$ 2,153,774	$ 2,014,199
Contributions in relation to statutorily required contributions *	3,007,070	2,996,748	3,162,975	2,713,580	2,549,908	2,153,774	2,014,199
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,686,981	$ 9,801,790	$ 9,556,972	$ 9,928,993	$ 9,677,268	$ 9,541,399	$ 9,590,248
Contributions as a percentage of covered payroll	31.0%	30.6%	33.1%	27.3%	26.3%	22.6%	21.0%

** Contributions in relation to statutorily required pension contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.*

Notes to schedule:
Amounts were determined as of June 30 of each fiscal year.
This schedule is being accumulated prospectively until ten years of data is presented.

GODFREY-LEE PUBLIC SCHOOLS

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF DISTRICT'S PROPROTIONATE SHARE OF NET OPEB LIABILITY

FOR THE YEAR ENDED JUNE 30, 2021

	2020	2019	2018	2017
District's proportion of the net OPEB liability (%)	0.10924%	0.11082%	0.11642%	0.11589%
District's proportionate share of the net OPEB liability	$ 5,852,179	$ 7,954,088	$ 9,254,325	$ 10,262,675
District's covered payroll	$ 9,674,487	$ 9,677,482	$ 9,905,833	$ 9,759,400
District's proportionate share of the net OPEB liability as a percentage of its covered payroll (%)	60.49%	82.19%	93.42%	105.16%
Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%

Notes to schedule:

Amounts were determined as of September 30 of each fiscal year.
Changes of benefit terms: There were no changes of benefit terms in 2020.
Changes of assumptions: There were no changes of benefit assumptions in 2020.
This schedule is being accumulated prospectively until ten years of data is presented.

GODFREY-LEE PUBLIC SCHOOLS

OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Statutorily required contributions	$ 771,796	$ 760,871	$ 755,691	$ 902,258
Contributions in relation to statutorily required contributions *	771,796	760,871	755,691	902,258
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,686,981	$ 9,801,790	$ 9,556,972	$ 9,928,993
Contributions as a percentage of covered payroll	8.0%	7.8%	7.9%	9.1%

** Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.*

Notes to schedule:
Amounts were determined as of June 30 of each fiscal year.
This schedule is being accumulated prospectively until ten years of data is presented.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GODFREY-LEE PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF REVENUES

FOR THE YEAR ENDED JUNE 30, 2021

Revenues	
Local sources	
Property taxes	$ 963,169
Universal service funding	4,309
Donations	223,072
Interest	3,686
Athletic events	1,436
Other	116,487
Total local sources	1,312,159
State sources	
State aid	17,232,787
Special education - itinerants	59,262
Special education - transportation	238,173
Other	86,885
Total state sources	17,617,107
Federal sources	
Title I	579,202
Title IIA	65,619
Title III	119,712
Title IV	39,968
GEER	744,572
Coronavirus relief fund	757,218
I.D.E.A. program	539,105
Medicaid - school based	1,545
Team 21 grant	48,954
McKinney Vento homeless grant	4,659
Total federal sources	2,900,554
Interdistrict sources	
Special education - county	1,209,702
Enhancement - county	456,023
Medicaid fee for service	218,768
Total interdistrict sources	1,884,493
Total revenues	$ 23,714,313

GODFREY-LEE PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2021

Expenditures	
Current	
Instruction	
Basic programs	
Elementary	$ 4,430,631
Middle school	1,976,473
High school	3,015,968
Summer school	121,459
Total basic programs	9,544,531
Added needs	
Special education	1,823,840
Compensatory education	1,018,870
Total added needs	2,842,710
Total instruction	12,387,241
Support services	
Pupil services	
Attendance services	268,250
Guidance services	356,534
Health services	151,976
Psychological services	208,540
Speech pathology services	391,931
Social worker services	437,140
Other pupil services	149,811
Total pupil services	1,964,182
Instructional staff services	
Improvement of instruction	761,541
Educational media services	159,149
Educational television	1,395
Supervision and direction of instruction	332,828
Testing support	15,915
Total instructional staff services	1,270,828
General administrative services	
Board of education	93,675
Executive administration	357,857
Total general administrative services	451,532

(Continued)

GODFREY-LEE PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2021

School administrative services	
Office of the principal	$ 1,086,808
Other school administration	27,411
Total school administrative services	1,114,219
Business services	
Fiscal services	313,748
Other business services	11,673
Total business services	325,421
Operation and maintenance	
Operation and maintenance	1,589,549
Security	113,610
Total operation and maintenance	1,703,159
Pupil transportation	353,166
Central services	
Staff/personnel services	126,809
Technology services	760,000
Pupil accounting	161,678
Other central services	42,615
Total central services	1,091,102
Athletics	669,601
Total support services	8,943,210
Community services	403,965
Total expenditures	$ 21,734,416

(Concluded)

GODFREY-LEE PUBLIC SCHOOLS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2013	2016	2020
Assets					
Cash	$ 487,651	$ 146,727	$ 23,672	$ 27,637	$ 24,103
Due from other funds	-	568	-	-	-
Due from other governments	77,634	-	-	-	-
Prepaid items	4,995	-	-	-	-
Inventory	25,030	-	-	-	-
Total assets	$ 595,310	$ 147,295	$ 23,672	$ 27,637	$ 24,103
Liabilities and fund balances					
Liabilities					
Accounts payable	$ 54,928	$ -	$ -	$ -	$ -
Accrued liabilities	-	135	-	-	-
Due to other funds	-	485	-	-	-
Total Liabilities	54,928	620	-	-	-
Fund balances					
Non-spendable					
Inventory	25,030	-	-	-	-
Prepaid items	4,995	-	-	-	-
Restricted					
Food service	510,357	-	-	-	-
Debt service	-	-	23,672	27,637	24,103
Capital projects	-	-	-	-	-
Committed					
Student/school activity	-	146,675	-	-	-
Total fund balances	540,382	146,675	23,672	27,637	24,103
Total liabilities and fund balances	$ 595,310	$ 147,295	$ 23,672	$ 27,637	$ 24,103

Sinking Fund Capital Projects	Total
$ 237,132	$ 946,922
-	568
-	77,634
-	4,995
-	25,030
$ 237,132	$ 1,055,149
$ 750	$ 55,678
-	135
-	485
750	56,298
-	25,030
-	4,995
-	510,357
-	75,412
236,382	236,382
-	146,675
236,382	998,851
$ 237,132	$ 1,055,149

GODFREY-LEE PUBLIC SCHOOLS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2013	2016	2020
Revenues					
Local sources	$ 153,762	$ 33,808	$ 147,722	$ 727,861	$ 643,993
State sources	84,870	-	2,498	10,912	12,284
Federal sources	1,219,368	-	-	-	-
Total revenues	1,458,000	33,808	150,220	738,773	656,277
Expenditures					
Current					
Food service	1,475,946	-	-	-	-
Student/school activity	-	30,856	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	95,000	740,000	545,000
Interest	-	-	60,820	137,203	108,285
Total expenditures	1,475,946	30,856	155,820	877,203	653,285
Revenues over (under) expenditures	(17,946)	2,952	(5,600)	(138,430)	2,992
Other financing sources (uses)					
Bonds issued	-	-	-	59,145	4,639
Transfers in	18	-	-	-	-
Total other financing sources (uses)	18	-	-	59,145	4,639
Net changes in fund balances	(17,928)	2,952	(5,600)	(79,285)	7,631
Fund balances, beginning of year	558,310	143,723	29,272	106,922	16,472
Fund balances, end of year	$ 540,382	$ 146,675	$ 23,672	$ 27,637	$ 24,103

Sinking Fund Capital Projects	Total
$ 352,836	$ 2,059,982
4,530	115,094
-	1,219,368
357,366	3,394,444
-	1,475,946
-	30,856
130,358	130,358
-	1,380,000
-	306,308
130,358	3,323,468
227,008	70,976
-	63,784
-	18
-	63,802
227,008	134,778
9,374	864,073
$ 236,382	$ 998,851

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SINGLE AUDIT SECTION

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

September 1, 2021

Members of the Board of Education
Godfrey-Lee Public Schools
Wyoming, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Godfrey-Lee Public Schools, Wyoming, Michigan (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Vredeveld Haefner LLC

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

September 1, 2021

Members of the Board of Education
Godfrey-Lee Public Schools
Wyoming, Michigan

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

Vredeveld Haefner LLC

GODFREY-LEE PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at July 1, 2020	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at June 30, 2021
U.S. Department of Education							
Passed through Michigan Department of Education							
Title I, Part A							
201530 1920	84.010	$ 635,407	$ 68,212	$ 566,664	$ -	$ 68,212	$ -
211530 2021	84.010	616,182	-	-	551,666	443,350	108,316
Total Title I, Part A		1,251,589	68,212	566,664	551,666	511,562	108,316
Title II, Part A							
200520 1920	84.367	96,046	3,035	56,651	-	3,035	-
210520 2021	84.367	111,783	-	-	65,619	53,219	12,400
Total Title II, Part A		207,829	3,035	56,651	65,619	56,254	12,400
Title III							
200580 1920	84.365	138,172	10,466	126,179	-	10,466	-
210580 2021	84.365	129,013	-	-	114,232	101,185	13,047
210570 2021	84.365	13,425	-	-	5,480	4,914	566
Total Title III		280,610	10,466	126,179	119,712	116,565	13,613
Title IV, Part A							
200750 1920	84.424	44,773	2,446	36,390	-	2,446	-
210750 2021	84.424	52,007	-	-	39,968	35,713	4,255
Total Title IV, Part A		96,780	2,446	36,390	39,968	38,159	4,255
COVID-19 - GEER Funds - K-12							
201200 2021	84.425	250,931	-	-	247,758	247,758	-
203710 1920	84.425	489,482	-	-	410,690	398,351	12,339
203720 1920	84.425	88,106	-	-	86,124	87,857	(1,733)
Total COVID-19 - GEER Funds - K-12		828,519	-	-	744,572	733,966	10,606
Total passed through Michigan Department of Education		2,665,327	84,159	785,884	1,521,537	1,456,506	149,190
Passed through Kent Intermediate School District							
Special Education Cluster							
IDEA Grants to States							
200450 1920	84.027A	476,647	119,327	476,647	-	119,327	-
210450 2021	84.027A	513,362	-	-	513,362	406,482	106,880
Total IDEA Grants to States		990,009	119,327	476,647	513,362	525,809	106,880
IDEA Preschool							
200460 1920	84.173A	22,479	5,621	22,479	-	5,621	-
210460 2021	84.173A	25,743	-	-	25,743	19,940	5,803
Total IDEA Preschool		48,222	5,621	22,479	25,743	25,561	5,803
Total Special Education Cluster		1,038,231	124,948	499,126	539,105	551,370	112,683
Total U.S. Department of Education		**3,703,558**	**209,107**	**1,285,010**	**2,060,642**	**2,007,876**	**261,873**

(continued)

GODFREY-LEE PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at July 1, 2020	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at June 30, 2021
U.S. Department of Treasury							
Passed through Michigan Department of Education							
COVID-19 - CRF Section 11p - Coronavirus Relief Funds	21.019	$ 639,940	$ -	$ -	$ 639,940	$ 639,940	$ -
COVID-19 - CRF Section 103(2) - District COVID Costs Fund:	21.019	22,526	-	-	22,526	22,526	-
Total passed through Michigan Department of Education		662,466	-	-	662,466	662,466	-
Passed through Kent County							
COVID-19 - CARES Act Subrecipient	21.019	44,662	-	-	44,662	44,662	-
Passed through Copper County Intermediate School District							
COVID-19 - MiConnect Device Purchasing	21.019	50,090	-	-	50,090	50,090	-
Total U.S. Department of Treasury		**757,218**	-	-	**757,218**	**757,218**	-
U.S. Department of Health and Human Services							
Passed through Kent Intermediate School District							
Medical Assistance Program							
1920 Medicaid	93.778	4,637	4,637	4,637	-	4,637	-
2021 Medicaid	93.778	1,545	-	-	1,545	1,545	-
Total Medical Assistance Program		**6,182**	**4,637**	**4,637**	**1,545**	**6,182**	-
U.S. Department of Agriculture							
Passed through Michigan Department of Education							
Nutrition Cluster							
Non-Cash Assistance (USDA Commodities)							
Entitlement Commodities	10.555	81,303	-	-	81,303	81,303	-
Cash Assistance							
COVID-19 - SFSP 200902	10.555	124,880	124,880	124,880	-	124,880	-
Summer Food Service Program							
200900	10.559	260,298	-	-	260,298	260,298	-
200901	10.559	(31,001)	-	-	(31,001)	(31,001)	-
210904	10.559	838,351	-	-	880,376	838,351	42,025
Total Summer Food Service Program		1,067,648	-	-	1,109,673	1,067,648	42,025
Total Cash Assistance		1,192,528	124,880	124,880	1,109,673	1,192,528	42,025
Total Nutrition Cluster		1,273,831	124,880	124,880	1,190,976	1,273,831	42,025
Child Care Food Program							
202010	10.558	3,601	-	-	1,470	1,470	-
201920	10.558	65,955	-	39,033	26,922	26,922	-
Total Child Care Food Program		69,556	-	39,033	28,392	28,392	-
Total U.S. Department of Agriculture		**1,343,387**	**124,880**	**163,913**	**1,219,368**	**1,302,223**	**42,025**
Total Federal Financial Assistance		**$ 5,810,345**	**$ 338,624**	**$ 1,453,560**	**$ 4,038,773**	**$ 4,073,499**	**$ 303,898**

See notes to schedule of expenditures of federal awards.

(concluded)

GODFREY-LEE PUBLIC SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.

2. Management has utilized the Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

3. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per the Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2021 governmental funds financial statements	$ 4,119,922
Federal revenues not included on the Schedule of Expenditures of Federal Awards as the District is a vendor not a subrecipient of the pass through entity	(81,149)
Expenditures per Schedule of Expenditures of Federal Awards	$ 4,038,773

4. The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

GODFREY-LEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ yes	X no
Significant deficiency(ies) identified?	______ yes	X none reported
Noncompliance material to financial statements noted?	______ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ yes	X no
Significant deficiency(ies) identified?	______ yes	X none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	______ yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X yes	______ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001

Condition and Criteria: The U.S. Department of Agriculture regulation located at 7 CFR Part 210, Subpart C, Section 210.14(b) states that the food service fund is to limit its net cash resources to an amount that does not exceed 3 months average expenditures. The fund balance in the District's food service fund exceeded the allowable amount at June 30, 2021.

Cause: While the appropriate District employees were aware of the applicable compliance requirements, the District did not spend the necessary amount to reduce fund balance to the allowable limit.

Effect: Noncompliance with the requirements of the Code of Federal Regulations.

Recommendation: The District should develop and implement a plan to reduce its net cash resources to the allowable limit.

Management Response: The District has developed a corrective action plan that addresses this finding.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

2020-001

The District should develop and implement a plan to reduce its net cash resources to the allowable limit.

This finding is repeated at 2021-001.

GODFREY-LEE
PUBLIC SCHOOLS

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Corrective Action Plan

Godfrey-Lee Public Schools was recently notified by our financial auditors, Vredeveld Haefner LLC, of a failure in compliance regarding the United States Department of Agriculture regulations, 7 CFR Part210.9 (b)(2). Due to our district ending the 2020-21 fiscal year with an ending food service fund balance which exceeds three months' worth of operating expenses, (referenced in the audit report as 2021-001), the district's stakeholders have met in order to resolve this matter going forth through the following corrective action plan.

School Districts Comments:

As a district, key stakeholders have been brought up to speed currently due to the non-compliance via an email on August 25, 2021 once the district was made aware of the findings by Mark Provost. These key stakeholders consist of our Food Service Director (Monica Collier), Director of Operations (Scott Bergman), Superintendent (Dirk Weeldreyer), and Assistant Superintendent (Mark Provost). As a team and in review of our expenditures, it was noted that although the district had numerous food service items passed by our board of education in the 20/21 school year, the district was unable to obtain the equipment prior to the end of the year. According to our Director of Operations, this result was due to manufacturing difficulties related to the disruption in supply chain issues stemming from COVID. In total, the cost of these identified items are estimated at over $102,000 plus installation costs that will now become 21/22 expenditures.

In addition to the excess fund balance, it should also be noted that the district was able to spend down our fund balance in the 20/21 school year without the above expenditures by nearly $18,000. We fully anticipate that by the conclusion of the 21/22 fiscal year, that the district will be in compliance with our fund balance per MDE's guidelines. The district will continue to review and monitor our anticipated fund balance as we progress through the current school year and into the future.

Implementation/Monitoring :

Due to the district not being able to spend the $102,000 it originally planned in the 20/21 school year, it should be stated that these items are still a go and some of the items have already been received and installed as of today, August 25th, 2021. The district will continue to work with these vendors to make sure the remaining items that were anticipated to be spent will continue to be completed in the near future. The district has also created a spreadsheet to self calculate the anticipated fund balance and will do so on a quarterly basis throughout this school year to remain on track with our expenditures. In addition, the district will report out to our board of education on where we stand at least twice this current fiscal year. Also, the four of us listed above, will continue to be in contact on an as needed basis to make sure we are tracking appropriately, and make adjustments as we see fit. Some adjustments that will continue to be assessed include food service quality, capital assets, and staffing to make sure we meet the needs of our student body.

Responsible staff:

- Scott Bergman – Director of Operations
  - sbergman@godfrey-lee.org
- Monica Collier – Food Service Director
  - mcollier@godfrey-lee.org
- Mark Provost – Assistant Superintendent for Administrative Services
  - mprovost@godfrey-lee.org
- Dirk Weeldreyer – Interim Superintendent
  - dweeldreyer@godfrey-lee.org

Sincerely,

Mark Provost

Mark Provost
Assistant Superintendent for Administrative Services