GODFREY-LEE PUBLIC SCHOOLS

WYOMING, MICHIGAN

FINANCIAL STATEMENTS

and

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Vredeveld Haefner LLC
CPAs and Consultants

GODFREY-LEE PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

September 3, 2020

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, 2020, 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, 2020, 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 3, 2020, 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, 2020. 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, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

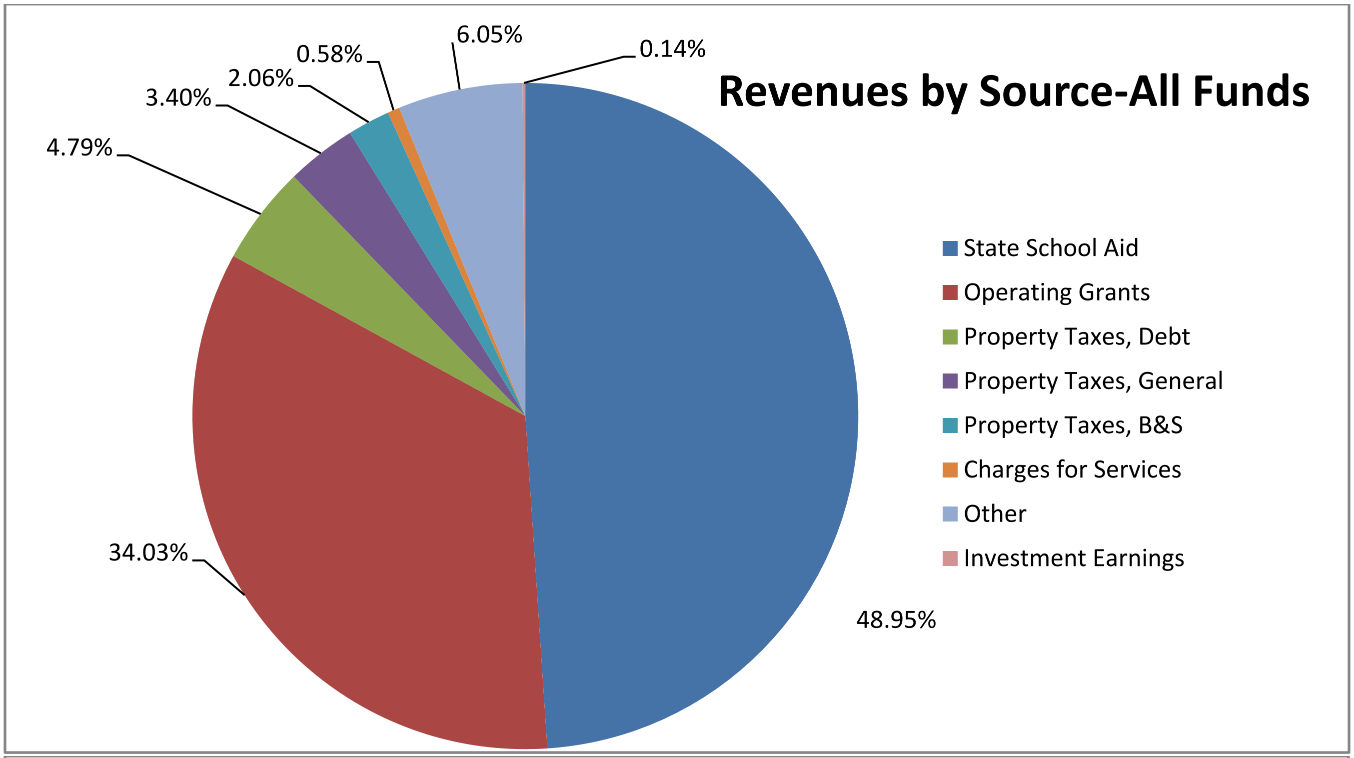
The Statement of Net Position provides financial information on the District as a whole.

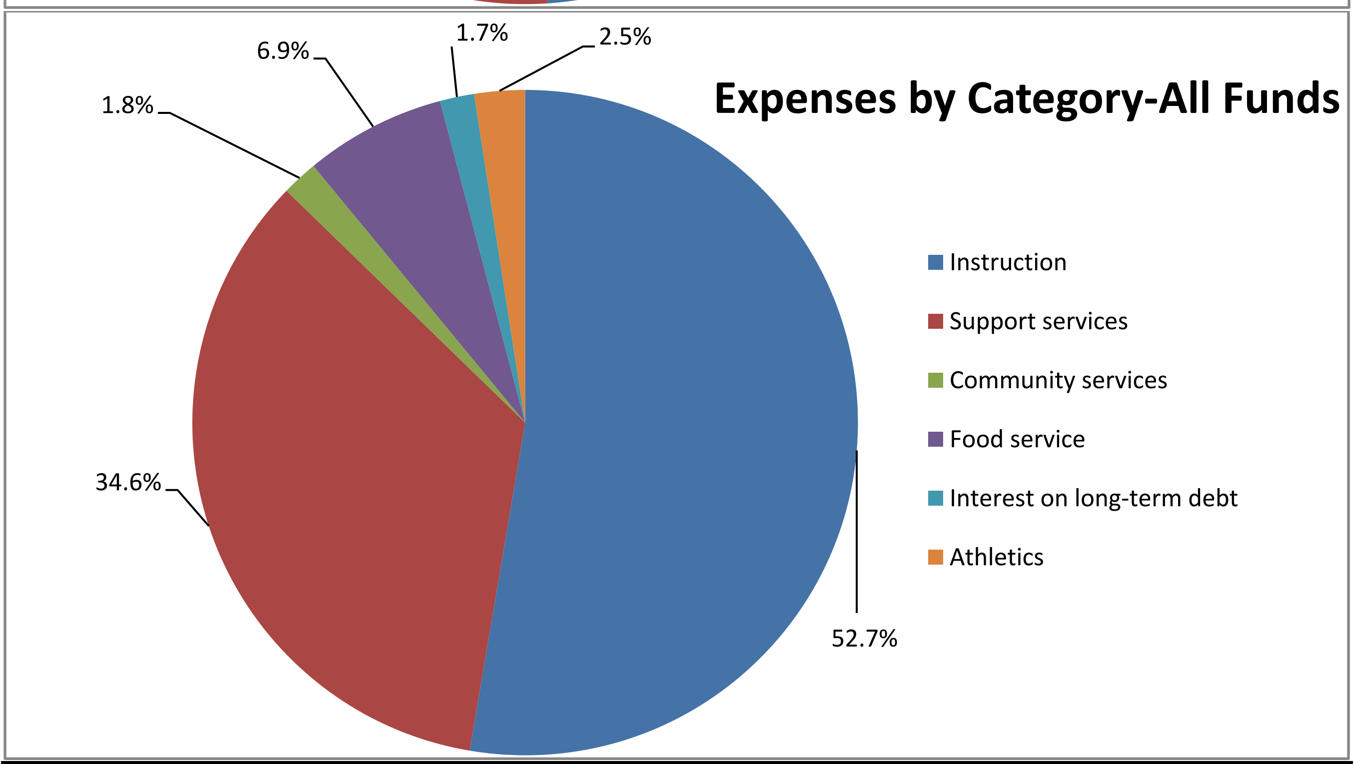
	2020	2019
Assets		
Current assets	$9,562,788	$6,055,085
Net capital assets	15,725,334	16,235,990
Total Assets	**25,288,122**	**22,291,075**
Deferred Outflows of Resources	**12,790,826**	**12,138,667**
Liabilities		
Current liabilities	5,210,880	3,455,178
Long-term liabilities	56,999,934	57,399,537
Total Liabilities	**62,210,814**	**60,854,715**
Deferred Inflows of Resources	**5,515,907**	**4,753,583**
Net Position		
Net investment in capital assets	2,870,482	1,646,376
Restricted	720,350	323,507
Unrestricted	(33,238,605)	(33,844,031)
Total Net Position	**$(29,647,773)**	**$(31,178,556)**

Net position of the District increased from $(31,178,556) to $(29,647,773) at June 30, 2019 and 2020, respectively.

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

	2020	2019
Program Revenues		
Charges for services	$ 156,622	$ 184,057
Operating grants and contributions	9,121,671	8,938,713
General Revenues		
Property taxes	2,747,493	2,498,745
Unrestricted grants and contributions	13,120,000	13,329,198
Interest earnings	36,610	30,754
Other	1,621,707	229,943
Total Revenues	26,804,103	25,211,410
Expenses		
Instruction	13,374,533	13,696,788
Supporting services	8,787,246	9,445,111
Community services	445,410	372,342
Food service	1,741,138	1,631,660
Athletics	623,284	602,457
Interest on long-term debt	423,208	419,274
Total Expenses	25,394,819	26,167,632
Change in net position	1,409,284	(956,222)
Net Position - Beginning of year, as restated	(31,057,057)	(30,222,334)
Net Position - End of year	**$(29,647,773)**	**$(31,178,556)**


Revenues by Source-All Funds
48.95%
34.03%
4.79%
3.40%
2.06%
0.58%
6.05%
0.14%
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
52.7%
34.6%
1.8%
6.9%
1.7%
2.5%
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 $1,592,693 (6.3%) to $26.804 million. Unrestricted grants and contributions accounted for 48.95% of the revenues, while property taxes amounted to 10.25% of the revenues. The remainig 40.8% came from state and federal programs in addition to other miscellaneous sources.

The total cost of all programs and services decreased by $772,813 (-2.95%) to $25.395 million. The District's expenses are predominantly related to instructional services which amount to 52.7% of the total. Salaries increased $273,715 or 2.86% mainly due to new salary agreements that started in the 19-20 school year for both GLEA and GLSSA staff. Retirement costs increased by 2.4%, or $91,641, mostly due to increase in salaries from new master agreements and increases to nonunion and administrator wages. Of note is a decrease in insurance costs of $161,825 or 8% due to staffing changes and offering single subscriber benefits to non-union and support staff members.

Total revenues surpassed expenses, increasing net position by $1,409,284 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 2019-20 were orginally created with with an estimated enrollment count of 1820 as compared to the prior year which produced a 90/10 blend of 1,855.83 full-time equivalent students for budget purposes. Actual blended count for the year was 1,828.40 which brought an increase in State school aid revenue over the original budgeted amount of over $66,000.

- 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 $25.395 million of government-wide expenses was financed with approximately $2.7 million in property taxes and approximately $13.1 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 $9.1 million.

- The administration will continue working with other districts including the Kent Intermediate School District in collaboration efforts for 2020-21.

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 $21,823,201, total expenditures of $21,245,019 and net other financing sources of $1,124,405. It ended the fiscal year with a fund balance of $4,937,352, up from $3,234,765 as of June 30, 2019 for an increase of $1,702,587.

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 $1,881,050 with total expenditures of $1,679,592. The ending fund balance was $558,310, an increase of $201,475. The Student/School Activity Fund had total revenues of $132,196 and total expenditures of $109,972. The ending fund balance was $143,723

Debt Service Funds
The District operates four Debt Service Funds. Total revenues were $1,495,029, with net other financing sources of $71,000 and total expenditures of $1,502,833. The ending fund balances in the Debt Service Funds totaled $162,040 at June 30, 2020.

Capital Projects Fund
The District operates one capital project fund, the Building and Site fund. This fund had total revenues of $348,205, expenditures of $216,033 resulting in a fund balance of $9,374 at June 30, 2020.

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 expenditures including financing uses would exceed revenues and financing sources uses by $1,110,933, the actual results for the year show a $1,702,587 increase in fund balance which is $2,813,520 better than projected.

- Actual revenues were $596,275 more than expected. Due to uncertainty around the state budget anticipated budget, the District budgeted a $650 per pupil cut and it came in much lower than anticipated at $175 per pupil. The District also received some insurance proceeds from the District roof collapse that took place in June 2019. This accounted for over $1.12 million in additional funds that were not expected to realize until the 2020-21 school year.

- Actual expenditures were $1,092,823 less than expected. This was due mainly to the unspent Federal and State grant funds, COVID-19, along with unspent miscellaneous line items.

Capital Asset and Debt Administration

Capital Assets

By the end of 2020, the District had $27,577,535 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, 2020, the District's investment in capital assets (net of accumulated depreciation) was $15,725,334. Net capital asset purchases and deletions totaled $205,343 for the fiscal year with net accumulated depreciation increasing $715,999, leaving a net decrease in the book value of capital assets of $(510,656).

Land	$ 618,754
Construction in progress	16,880
Land improvements	526,704
Buildings and improvements	13,869,100
Furniture and equipment	561,186
Vehicles	87,943
Equipment under capital leases	44,767
Total Capital Assets	**$15,725,334**

Long-Term Debt

At year-end, the District had $58.399 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 2009, 2013, 2015 and new 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 State of Michigan has not approved a budget for the School Aid Fund for the 2020-2021 school year. The District is expecting a decrease in the foundation allowance due to the results that COVID-19 had on the state's finances. At this point, we are unsure as to the total impact. Other factors include to what degree the Federal government plays in helping offset this expected decrease. Other factors with the federal fund possibilities include the strings that may be attached to the funds.

- 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 $225 per pupil for the 2020-21 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

- The District's Lee Middle and High School had a section of the roof collapse in June of 2019. At the current time, we are still unsure of the financial ramifications as we do not know the amount insurance is covering as well as the cost to repair the damaged area. The District is working closely with the insurance carrier and are scheduled to bring a vote this November to help repair the area.

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, 2020

	Governmental Activities
Assets	
Cash	$ 5,001,039
Accounts receivable	1,127,321
Due from other governments	3,290,888
Prepaid items	115,423
Inventory	28,117
Capital assets, net	
Land	618,754
Construction in progress	16,880
Land improvements, buildings, furniture and equipment, vehicles	15,089,700
Total assets	25,288,122
Deferred outflows of resources	
Deferred charge on refunding	137,170
Deferred outflows related to pension	9,855,756
Deferred outflows related to other post-employment benefits	2,797,900
Total deferred outflows of resources	12,790,826
Liabilities	
Accounts payable	459,464
Accrued liabilities	971,358
Due to other governments	587,104
State aid note	1,500,000
Unearned revenue	294,362
Debt due within one year	1,398,592
Noncurrent liabilities	
Compensated absences	206,030
Bond premium	25,846
Net pension liability	37,357,710
Net other post-employment benefits liability	7,954,088
Debt due in more than one year	11,456,260
Total liabilities	62,210,814
Deferred inflows of resources	
Deferred inflows related to pensions	2,036,841
Deferred inflows related to other post-employment benefits	3,479,066
Total deferred inflows of resources	5,515,907
Net position	
Net investment in capital assets	2,870,482
Restricted for	
Food service	558,310
Capital projects	9,374
Debt service	152,666
Unrestricted deficit	(33,238,605)
Total net position	$ (29,647,773)

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, 2020

Functions/ Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Primary government				
Governmental activities				
Instruction	$ 13,374,533	$ -	$ 6,926,415	$ (6,448,118)
Support services	8,787,246	13,473	461,005	(8,312,768)
Community services	445,410	-	-	(445,410)
Food service	1,741,138	143,149	1,734,251	136,262
Athletic	623,284	-	-	(623,284)
Interest on long-term debt	423,208	-	-	(423,208)
Total governmental activities	$ 25,394,819	$ 156,622	$ 9,121,671	(16,116,526)
General revenues				
Property taxes				
Operating				911,515
Debt				1,283,496
Capital improvements				552,482
Unrestricted grants and contributions				13,120,000
Interest earnings				36,610
Other				1,621,707
Total general revenues				17,525,810
Change in net position				1,409,284
Net position, beginning of year, as restated				(31,057,057)
Net position, end of year				$ (29,647,773)

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

GODFREY-LEE PUBLIC SCHOOLS

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total
Assets			
Cash	$ 4,167,982	$ 833,057	$ 5,001,039
Accounts receivable	1,127,321	-	1,127,321
Due from other funds	22,497	14,116	36,613
Due from other governments	3,157,973	132,915	3,290,888
Prepaid items	115,423	-	115,423
Inventory	-	28,117	28,117
Total assets	$ 8,591,196	$ 1,008,205	$ 9,599,401
Liabilities and fund balances			
Liabilities			
Accounts payable	$ 302,117	$ 106,422	$ 408,539
Accrued liabilities	970,244	1,114	971,358
Due to other funds	17	36,596	36,613
Due to other governments	587,104	-	587,104
State aid note	1,500,000	-	1,500,000
Unearned revenue	294,362	-	294,362
Total liabilities	3,653,844	144,132	3,797,976
Fund balances			
Non-spendable			
Inventory	-	28,117	28,117
Prepaid items	115,423	-	115,423
Restricted			
Food service	-	530,193	530,193
Debt service	-	152,666	152,666
Capital projects	-	9,374	9,374
Committed			
Student/school activity	-	143,723	143,723
Assigned			
Subsequent year expenditures	163,787	-	163,787
Unassigned	4,658,142	-	4,658,142
Total fund balances	4,937,352	864,073	5,801,425
Total liabilities and fund balances	$ 8,591,196	$ 1,008,205	$ 9,599,401

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, 2020

Fund balances - total governmental funds	$ 5,801,425
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)	15,725,334
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.	
Add - loss on bond refundings	137,170
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	(206,030)
Deduct - debt payable	(12,854,852)
Deduct - net pension liability	(37,357,710)
Deduct - net other post-employment benefits liability	(7,954,088)
Deduct - deferred inflows related to pensions	(2,036,841)
Deduct - deferred inflows related to other post-employment benefits	(3,479,066)
Add - deferred outfows related to pensions	9,855,756
Add - deferred outfows related to other post-employment benefits	2,797,900
Deduct - unamortized bond premium	(25,846)
Deduct - accrued interest on bonds	(50,925)
Net position of governmental activities	$ (29,647,773)

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, 2020

	General	Nonmajor Governmental Funds	Total
Revenues			
Local sources	$ 1,447,381	$ 2,089,417	$ 3,536,798
State sources	17,136,112	76,991	17,213,103
Federal sources	1,386,884	1,690,072	3,076,956
Interdistrict sources	1,852,824	-	1,852,824
Total revenues	21,823,201	3,856,480	25,679,681
Expenditures			
Current			
Instruction	12,063,800	-	12,063,800
Support services	8,773,857	-	8,773,857
Community services	407,362	-	407,362
Food service	-	1,679,592	1,679,592
Student/school activity	-	109,972	109,972
Capital outlay	-	216,033	216,033
Debt service			
Bond issuance costs	-	71,000	71,000
Principal	-	1,182,793	1,182,793
Interest	-	249,040	249,040
Total expenditures	21,245,019	3,508,430	24,753,449
Revenues over (under) expenditures	578,182	348,050	926,232
Other financing sources (uses)			
Bonds issued	-	5,360,000	5,360,000
Payment to escrow	-	(5,289,000)	(5,289,000)
Insurance recoveries	1,124,422	-	1,124,422
Transfers in	-	17	17
Transfers out	(17)	-	(17)
Total other financing sources (uses)	1,124,405	71,017	1,195,422
Net changes in fund balances	1,702,587	419,067	2,121,654
Fund balances, beginning of year, as restated	3,234,765	445,006	3,679,771
Fund balances, end of year	$ 4,937,352	$ 864,073	$ 5,801,425

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, 2020

Net changes in fund balances - total governmental funds	$ 2,121,654
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	205,343
Deduct - depreciation expense	(715,999)
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 - school bond loan issued	(91,616)
Deduct - bonds issued	(5,360,000)
Add - payment to escrow	5,289,000
Add - principal payment on bonds	900,000
Add - principal payments on state school bond loans	282,793
Add - principal payments on capital leases	18,993
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.	
Add - decrease in compensated absences	17,478
Deduct - decrease in deferred outflows related to pensions	(538,195)
Add - increase in deferred outflows related to other post-employment benefits	1,204,071
Deduct - increase in net pension liability	(2,438,870)
Add - decrease in net other post-employment benefits liability	1,300,237
Add - decrease in deferred inflows related to pensions	635,452
Deduct - increase in deferred inflows related to other post-employment benefits	(1,397,776)
Deduct - increase in accrued interest payable	(11,552)
Add - amortization of bond premium	1,988
Change in net position of governmental activities	$ 1,409,284

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 fund:

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.

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 77% 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 2.9616 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, 2020 was 23% 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 AND FUND BALANCE

At year-end the District reported a deficit net position of $29,647,773.

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, 2020, the District incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated.

	Budget	Actual	Negative Variance
General Fund			
Business services	$370,716	$384,592	$(13,876)

4. CASH

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

	Governmental Activities
Cash	$5,001,039

These deposits 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 the District's 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, $4,864,986 of the District's bank balance of $5,364,986 was exposed to custodial credit risk because it was uninsured and uncollateralized.

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental activities				
Capital assets, not being depreciated				
Land	$ 618,754	$ -	$ -	$ 618,754
Construction in progress	-	16,880	-	16,880
Total capital assets, not being depreciated	618,754	16,880	-	635,634
Capital assets, being depreciated				
Land improvements	2,305,493	54,589	-	2,360,082
Building and improvements	22,374,725	18,404	-	22,393,129
Furniture and equipment	1,601,080	115,470	-	1,716,550
Vehicles	352,414	-	-	352,414
Equipment under capital leases	119,726	-	-	119,726
Total capital assets, being depreciated	26,753,438	188,463	-	26,941,901
Less accumulated depreciation for				
Land improvements	1,744,982	88,396	-	1,833,378
Building and improvements	8,075,136	448,893	-	8,524,029
Furniture and equipment	1,022,297	133,067	-	1,155,364
Vehicles	237,820	26,651	-	264,471
Equipment under capital leases	55,967	18,992	-	74,959
Total accumulated depreciation	11,136,202	715,999	-	11,852,201
Net capital assets, being depreciated	15,617,236	(527,536)	-	15,089,700
Governmental activities capital assets, net	**$16,235,990**	**$(510,656)**	**$ -**	**$15,725,334**

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction	$483,739
Supporting services	130,934
Community services	25,697
Food service	61,546
Athletic	14,083
Total depreciation expense - governmental activities	$715,999

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System. The System's financial statements are available 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 for 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, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the fiscal year ended September 30, 2019.

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Basic	0.0-4.0%	25.03%	18.25%
Member Investment Plan	3.0-7.0	25.03	18.25
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 $2,996,748 for the year ended September 30, 2019.

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

At June 30, 2020, the District reported a liability of $37,357,710 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. 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, 2019, the District's proportion was .11280647 percent, which was a decrease of .00335 percent from its proportion measured as of September 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $6,126,998. At June 30, 2020, 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	$ 167,449	$ 155,778
Changes of assumptions	7,314,666	-
Net difference between projected and actual earnings on pension plan investments	-	1,197,251
Changes in proportion and differences between employer contributions and proportionate share of contributions	296,152	683,812
Employer contributions subsequent to the measurement date	2,077,489	-
Total	$9,855,756	$2,036,841

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, 2021. 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**
2020	$2,436,911
2021	1,819,703
2022	1,075,580
2023	409,232

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, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans:	6.80%
Pension Plus Plan:	6.80%
Pension Plus 2 Plan:	6.00%
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, 2018, is based on the results of an actuarial valuation date of September 30, 2017, 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: [4.4977 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 2019 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate and Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short Term Investment Pools	2.0%	0.8%
	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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
A discount rate of 6.8% 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%
$48,567,413	$37,357,710	$28,064,480

* *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, 2020, the District reported payables to the defined benefit pension plan totaling $167,316. 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, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2019.

		Employer	
Benefit Structure	Member	Universities	Non-Universities
Premium Subsidy	3.00%	6.42%	7.93%
Personal Healthcare Fund (PHF)	0.00	5.99	7.57

Required contributions to the OPEB plan from the District were $760,871 for the year ended September 30, 2019.

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

At June 30, 2020, the District reported a liability of $7,954,088 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. 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, 2019, the District's proportion was .11081593 percent, which was a decrease of .00561 percent from its proportion measured as of October 1, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of $122,692. At June 30, 2020, 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	$ -	$2,918,580
Changes of assumptions	1,723,490	-
Net difference between projected and actual earnings on OPEB plan investments	-	138,325
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,129	422,161
Employer contributions subsequent to the measurement date	1,042,281	-
Total	$2,797,900	$3,479,066

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, 2021. 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**
2020	$(451,056)
2021	(451,056)
2022	(382,145)
2023	(278,268)
2024	(160,922

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, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%
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 12

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 1 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, 2019, is based on the results of an actuarial valuation date of September 30, 2018, 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: [5.7101 for non-university employers or 1.1641 for university employers]*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2019 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate and Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short Term Investment Pools	2.0%	0.8%
	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, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB 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 6.95% 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%
$9,756,884	$7,954,088	$6,440,240

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
$6,376,060	$7,954,088	$9,756,671

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 2019 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, 2020, the District reported payables to the OPEB plan totaling $82,409. 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, 2020, District and employee contributions were $98,994 and $63,646, respectively.

7. DEBT

Long-term Debt

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities					
Bonds					
$875,000 2009 General Obligation Refunding Bonds; due in annual installments of $35,000 to $60,000 through 2029; interest payable at 3.75% to 5.00%	$ 540,000	$ -	$ 540,000	$ -	$ -
$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%	1,700,000	-	95,000	1,605,000	95,000
$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%	6,595,000	-	760,000	5,835,000	740,000
$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	-	5,360,000	545,000
Total bonds	8,835,000	5,360,000	1,395,000	12,800,000	1,380,000
Direct placements and direct borrowings					
School bond loan fund	$ 4,985,178	$ 91,616	$5,076,793	$ 1	$ -
Other debt					
Unamortized premium	27,834	-	1,988	25,846	1,988
Capital leases	73,844	-	18,993	54,851	16,604
Compensated absences	223,508	32,196	49,674	206,030	-
Total	**$14,145,364**	**$5,483,812**	**$6,542,448**	**$13,086,728**	**$1,398,592**

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 $0 from the MSBLF and $91,616 of accrued interest was added to the District's liability to the MSBLF.

During fiscal 2020, the District issued $5,360,000 of refunding bonds to provide resources to make a debt service payment to the MSBLF and to purchase U.S. Government securities that were placed in an irrevocable trust for debt service of the 2009 General Obligation Refunding bonds. The refunded bonds were called and paid by the escrow agent during fiscal 2020. This refunding was undertaken to reduce total debt service payments of the 2009 General Obligation Refunding bonds by $77,570, which resulted in an economic gain of $62,676. Since there is no predetermined payment schedule for the MSBLF, the refunding reduction of total debt service payments and resulting economic gain are indeterminable.

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, 2020 are as follows:

	Principal	Interest
2021	$ 1,380,000	$ 305,552
2022	1,455,000	281,978
2023	1,540,000	254,520
2024	1,625,000	223,342
2025	1,720,000	186,468
2026-2030	4,650,000	369,196
2031-2034	430,000	34,600
Total	$12,800,000	$1,655,656

Short-term Debt

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
State aid anticipation note 2.14% due August 2020	$ -	$1,500,000	$ -	$1,500,000

8. 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 $119,726 and with accumulated depreciation of $74,959. Total payments under these obligations was $18,993 for 2020.

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, 2020:

Year	Capitalized Leases
2021	$16,604
2022	13,908
2023	13,908
2024	10,431
Total minimum payments due	$54,851

9. 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, 2020 are as follows:

	Due From	Due To
General fund	$22,497	$ 17
Nonmajor governmental funds	14,116	36,596
	$36,613	$36,613

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, 2020 are as follows:

	Transfers In	Transfers Out
General fund	$ -	$17
Nonmajor governmental funds	17	-
	$17	$17

10. 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.

11. 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, 2020, the District's property tax revenues were reduced by the following as a result of Industrial Facilities Tax exemptions:

Municipality	Amount
City of Wyoming	$24,985

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.

12. PRIOR PERIOD ADJUSTMENT

Beginning fund balance of the Student/School Activity fund and net position of the District were increased by $121,499 to establish the special revenue fund in accordance with the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

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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, 2020

	Budget Amounts Original	Budget Amounts Final	Actual Amount	Variance Positive (Negative)
Revenues				
Local sources	$ 1,405,506	$ 1,535,688	$ 1,447,381	$ (88,307)
State sources	17,630,021	16,323,796	17,136,112	812,316
Federal sources	1,299,798	1,524,881	1,386,884	(137,997)
Interdistrict sources	1,767,500	1,842,561	1,852,824	10,263
Total revenues	22,102,825	21,226,926	21,823,201	596,275
Expenditures				
Current				
Instruction				
Basic programs	9,345,062	9,388,046	9,138,110	249,936
Added needs	3,404,724	3,040,600	2,925,690	114,910
	12,749,786	12,428,647	12,063,800	364,847
Support services				
Pupil services	1,892,173	2,047,701	1,838,286	209,415
Instructional staff services	1,396,812	1,695,937	1,477,821	218,116
General administrative services	386,927	440,442	439,344	1,098
School administrative services	1,256,694	1,135,421	1,120,177	15,244
Business services	355,137	370,716	384,592	(13,876)
Operation and maintenance	1,699,429	1,839,606	1,798,263	41,343
Pupil transportation	646,041	629,018	439,976	189,042
Central services	685,624	706,642	690,898	15,744
Athletics	899,034	599,108	584,500	14,608
	9,217,871	9,464,592	8,773,857	690,735
Community services	322,148	444,604	407,362	37,242
Debt service	4,064	-	-	-
Total expenditures	22,293,869	22,337,842	21,245,019	1,092,823
Revenues over (under) expenditures	(191,044)	(1,110,916)	578,182	1,689,098
Other financing sources (uses)				
Sale of capital assets	720	-	-	-
Insurance recoveries	-	-	1,124,422	1,124,422
Transfers out	-	(17)	(17)	-
Total other financing sources (uses)	720	(17)	1,124,405	1,124,422
Net changes in fund balance	(190,324)	(1,110,933)	1,702,587	2,813,520
Fund balance, beginning of year	3,234,765	3,234,765	3,234,765	-
Fund balance, end of year	$ 3,044,441	$ 2,123,832	$ 4,937,352	$ 2,813,520

GODFREY-LEE PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2020

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (%)	0.11281%	0.11616%	0.11569%	0.11355%	0.11164%	0.10237%
District's proportionate share of the net pension liability	$ 37,357,710	$ 34,918,840	$ 29,980,588	$ 28,330,722	$ 27,269,277	$ 22,548,668
District's covered payroll	$ 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 (%)	386.03%	352.51%	307.20%	291.78%	282.98%	235.12%
Plan fiduciary net position as a percentage of total pension liability	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 2019.
Changes of assumptions: There were no changes of benefit assumptions in 2019.
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, 2020

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 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 *	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	$ 9,801,790	$ 9,556,972	$ 9,928,993	$ 9,677,268	$ 9,541,399	$ 9,590,248
Contributions as a percentage of covered payroll	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, 2020

	2019	2018	2017
District's proportion of the net OPEB liability (%)	0.11082%	0.11642%	0.11589%
District's proportionate share of the net OPEB liability	$ 7,954,088	$ 9,254,325	$ 10,262,675
District's covered payroll	$ 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 (%)	82.19%	93.42%	105.16%
Plan fiduciary net position as a percentage of total OPEB liability	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 2019.
Changes of assumptions: There were no changes of benefit assumptions in 2019.
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, 2020

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

Revenues	
Local sources	
Property taxes	$ 911,515
Universal service funding	25,626
Donations	164,289
Interest	27,108
Athletic events	13,473
Other	305,370
Total local sources	1,447,381
State sources	
State aid	16,845,268
Special education - itinerants	49,820
Special education - transportation	231,852
Other	9,172
Total state sources	17,136,112
Federal sources	
Title I	599,531
Title IIA	59,566
Title III	126,895
Title IV	36,390
Project aware	797
I.D.E.A. program	501,731
Medicaid - school based	4,637
Team 21 grant	55,294
McKinney Vento homeless grant	2,043
Total federal sources	1,386,884
Interdistrict sources	
Special education - county	1,208,114
Enhancement - county	433,969
Medicaid fee for service	210,741
Total interdistrict sources	1,852,824
Total revenues	$ 21,823,201

GODFREY-LEE PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2020

Expenditures	
Current	
Instruction	
Basic programs	
Elementary	$ 4,130,875
Middle school	1,821,529
High school	3,154,826
Summer school	30,880
Total basic programs	9,138,110
Added needs	
Special education	1,725,911
Compensatory education	1,199,779
Total added needs	2,925,690
Total instruction	12,063,800
Support services	
Pupil services	
Attendance services	155,203
Guidance services	486,525
Health services	73,891
Psychological services	218,828
Speech pathology services	282,259
Social worker services	371,565
Other pupil services	250,015
Total pupil services	1,838,286
Instructional staff services	
Improvement of instruction	797,399
Educational media services	195,886
Educational television	1,412
Instruction related technology	64,039
Supervision and direction of instruction	366,020
Testing support	53,065
Total instructional staff services	1,477,821
General administrative services	
Board of education	96,408
Executive administration	342,936
Total general administrative services	439,344

(Continued)

GODFREY-LEE PUBLIC SCHOOLS

GENERAL FUND
SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2020

School administrative services	
Office of the principal	$ 1,114,176
Other school administration	6,001
Total school administrative services	1,120,177
Business services	
Fiscal services	342,142
Other business services	42,450
Total business services	384,592
Operation and maintenance	
Operation and maintenance	1,698,579
Security	99,684
Total operation and maintenance	1,798,263
Pupil transportation	439,976
Central services	
Staff/personnel services	94,089
Technology services	481,336
Pupil accounting	78,722
Other central services	36,751
Total central services	690,898
Athletics	584,500
Total support services	8,773,857
Community services	407,362
Total expenditures	$ 21,245,019

(Concluded)

GODFREY-LEE PUBLIC SCHOOLS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2020

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2009	2013	2016
Assets					
Cash	$ 501,801	$ 146,564	$ -	$ 30,856	$ 118,538
Due from other funds	17	-	-	-	-
Due from other governments	132,915	-	-	-	-
Inventory	28,117	-	-	-	-
Total assets	$ 662,850	$ 146,564	$ -	$ 30,856	$ 118,538
Liabilities and fund balances					
Liabilities					
Accounts payable	$ 98,856	$ 2,841	$ -	$ -	$ -
Accrued liabilities	1,114	-	-	-	-
Due to other funds	4,570	-	-	1,584	11,616
Total Liabilities	104,540	2,841	-	1,584	11,616
Fund balances					
Non-spendable					
Inventory	28,117	-	-	-	-
Restricted					
Food service	530,193	-	-	-	-
Debt service	-	-	-	29,272	106,922
Capital projects	-	-	-	-	-
Committed					
Student/school activity	-	143,723	-	-	-
Total fund balances	558,310	143,723	-	29,272	106,922
Total liabilities and fund balances	$ 662,850	$ 146,564	$ -	$ 30,856	$ 118,538

2020	Capital Projects Building and Site	Total
$ 17,371	$ 17,927	$ 833,057
-	14,099	14,116
-	-	132,915
-	-	28,117
$ 17,371	$ 32,026	$ 1,008,205
$ -	$ 4,725	$ 106,422
-	-	1,114
899	17,927	36,596
899	22,652	144,132
-	-	28,117
-	-	530,193
16,472	-	152,666
-	9,374	9,374
-	-	143,723
16,472	9,374	864,073
$ 17,371	$ 32,026	$ 1,008,205

GODFREY-LEE PUBLIC SCHOOLS

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

FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue		Debt Service		
	Food Service	Student/School Activity	2009	2013	2016
Revenues					
Local sources	$ 147,395	$ 132,196	$ 56,580	$ 164,644	$ 1,208,119
State sources	43,583	-	1,104	3,242	23,777
Federal sources	1,690,072	-	-	-	-
Total revenues	1,881,050	132,196	57,684	167,886	1,231,896
Expenditures					
Current					
Food service	1,679,592	-	-	-	-
Student/school activity	-	109,972	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Bond issuance costs	-	-	-	-	-
Principal	-	-	47,819	95,000	1,039,974
Interest	-	-	16,901	63,205	147,843
Total expenditures	1,679,592	109,972	64,720	158,205	1,187,817
Revenues over (under) expenditures	201,458	22,224	(7,036)	9,681	44,079
Other financing sources (uses)					
Bonds issued	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Transfers in	17	-	-	-	-
Total other financing sources (uses)	17	-	-	-	-
Net changes in fund balances	201,475	22,224	(7,036)	9,681	44,079
Fund balances, beginning of year, as restated	356,835	121,499	7,036	19,591	62,843
Fund balances, end of year	$ 558,310	$ 143,723	$ -	$ 29,272	$ 106,922

2020	Capital Projects Building and Site	Total
$ 36,827	$ 343,656	$ 2,089,417
736	4,549	76,991
-	-	1,690,072
37,563	348,205	3,856,480
-	-	1,679,592
-	-	109,972
-	216,033	216,033
71,000	-	71,000
-	-	1,182,793
21,091	-	249,040
92,091	216,033	3,508,430
(54,528)	132,172	348,050
5,360,000	-	5,360,000
(5,289,000)	-	(5,289,000)
-	-	17
71,000	-	71,017
16,472	132,172	419,067
-	(122,798)	445,006
$ 16,472	$ 9,374	$ 864,073

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SINGLE AUDIT SECTION

Vredeveld Haefner LLC
CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
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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 3, 2020

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, 2020, 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 3, 2020.

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 3, 2020

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, 2020. 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, 2020.

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 2020-001. 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, 2020

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at July 1, 2019	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at June 30, 2020
U.S. Department of Education							
Passed through Michigan Department of Education							
Title I							
191530 1819	84.010	$ 676,368	$ 70,477	$ 639,055	$ -	$ 70,477	$ -
201530 1920	84.010	635,407	-	-	566,664	498,452	68,212
Total Title I		1,311,775	70,477	639,055	566,664	568,929	68,212
Title II, Part A							
180532 19	84.367	51,000	51,000	51,000		51,000	-
190520 1819	84.367	119,878	9,900	90,009	2,915	12,815	-
200520 1920	84.367	96,046	-	-	56,651	53,616	3,035
Total Title II, Part A		266,924	60,900	141,009	59,566	117,431	3,035
Title III							
190580 1819	84.365	195,591	27,319	168,149	716	28,035	-
200580 1920	84.365	138,172	-	-	126,179	115,713	10,466
Total Title III		333,763	27,319	168,149	126,895	143,748	10,466
Title IV, Part A							
190750 1819	84.424	46,697	3,014	45,360	-	3,014	-
200750 1920	84.424	44,773	-	-	36,390	33,944	2,446
Total Title IV, Part A		91,470	3,014	45,360	36,390	36,958	2,446
Total passed through Michigan Department of Education		2,003,932	161,710	993,573	789,515	867,066	84,159
Passed through Kent Intermediate School District							
Special Education Cluster							
IDEA Grants to States							
190450 1819	84.027A	456,232	115,968	456,232	2,605	118,573	-
200450 1920	84.027A	479,252	-	-	476,647	359,925	116,722
Total IDEA Grants to States		935,484	115,968	456,232	479,252	478,498	116,722
IDEA Preschool							
190460 1819	84.173A	19,137	7,522	19,137	-	4,917	2,605
200460 1920	84.173A	22,479	-	-	22,479	16,858	5,621
Total IDEA Preschool		41,616	7,522	19,137	22,479	21,775	8,226
Total Special Education Cluster		977,100	123,490	475,369	501,731	500,273	124,948
Total U.S. Department of Education		**2,981,032**	**285,200**	**1,468,942**	**1,291,246**	**1,367,339**	**209,107**

(continued)

GODFREY-LEE PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue at July 1, 2019	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at June 30, 2020
U.S. Department of Health and Human Services							
Passed through Kent Intermediate School District							
Medical Assistance Program							
1819 Medicaid	93.778	$ 1,724	$ 1,724	$ 1,724	$ -	$ 1,724	$ -
1920 Medicaid	93.778	4,637	-	-	4,637	-	4,637
Total US Department of Health and Human Services		**6,361**	**1,724**	**1,724**	**4,637**	**1,724**	**4,637**
U.S. Department of Agriculture							
Passed through Michigan Department of Education							
Nutrition Cluster							
Non-Cash Assistance (USDA Commodities)							
Entitlement Commodities 1920	10.555	81,212	-	-	81,212	81,212	-
Total Entitlement Commodities		81,212	-	-	81,212	81,212	-
Cash Assistance							
Lunch Program							
191960	10.555	1,047,057	7,472	711,131	164,227	171,699	-
200902 - SFSP COVID-19	10.555	408,002	-	-	532,882	408,002	124,880
201960	10.555	539,826	-	-	539,826	539,826	-
Total Lunch Program		1,994,885	7,472	711,131	1,236,935	1,119,527	124,880
Breakfast Program							
191970	10.553	376,510	4,434	303,056	73,454	77,888	-
201970	10.553	249,132	-	-	249,132	249,132	-
Total Breakfast Program		625,642	4,434	303,056	322,586	327,020	-
Total Cash Assistance		2,620,527	11,906	1,014,187	1,559,521	1,446,547	124,880
Total Nutrition Cluster		2,701,739	11,906	1,014,187	1,640,733	1,527,759	124,880
Child Care Food Program							
191920	10.558	65,043	-	57,291	7,752	7,752	-
192010	10.558	3,606	-	3,183	423	423	-
201920	10.558	39,033	-	-	39,033	39,033	-
202010	10.558	2,131	-	-	2,131	2,131	-
Total Child Care Food Program		109,813	-	60,474	49,339	49,339	-
Total U.S. Department of Agriculture		**2,811,552**	**11,906**	**1,074,661**	**1,690,072**	**1,577,098**	**124,880**
Total Federal Financial Assistance		**$ 5,798,945**	**$ 298,830**	**$ 2,545,327**	**$ 2,985,955**	**$ 2,946,161**	**$ 338,624**

(concluded)

See notes to schedule of expenditures of federal awards.

GODFREY-LEE PUBLIC SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 governmental funds financial statements	$ 3,076,956
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	(91,001)
Expenditures per Schedule of Expenditures of Federal Awards	$ 2,985,955

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, 2020

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
10.553, 10.555	Nutrition Cluster

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

2020-001

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, 2020

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

None noted

GODFREY-LEE PUBLIC SCHOOLS

Mark Provost, Finance/HR/Admin.
1324 Burton Street SW
Wyoming, MI 49509
(616) 241-4722
Fax: (616) 241-4707
http://www.godfrey-lee.org/

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 2019-20 fiscal year with an ending food service fund balance which exceeds three months' worth of operating expenses, (referenced in the audit report as 2020-001), the district's stakeholders have met in order to resolve this matter going forth through the following corrective action plan:

As a district, key stakeholders have been brought up to speed currently due to the non-compliance highlighted in the week of August 24th from our auditors. These key stakeholders consist of our Food Service Director (Monica Collier), Director of Operations (Scott Bergman), Superintendent (Kevin Polston), and Executive Director of Finance & HR (Mark Provost). Emails as early as August 27, 2020 have been sent among these stakeholders on how we can best serve our students in order to make sure we oblige by the regulation referenced above. A current list of possibilities has been distributed via email to help reduce fund balance for the 2020-2021 school year which include the following:

<u>Equipment</u>

- Mobile Equipment
- 50 Insulated Food Carrier Coolers
- 10 Mightylite Food Carrier Dollys
- Technology Infrastructure to support food accounting (including cabling, access points, devices)
- Walking cooler at Godfrey Elementary
- New serving utensils and small ware

<u>Food Quality Related</u>

- Bottled water for students in all classrooms, every day.

Implementation/Monitoring:

The district will look to implement many of these changes in the next 60 days based on priority after further analysis of current funds and needs assessment to determine next steps. The Director of Operations will also start obtaining quotes on the equipment purchases highlighted above in order to start the procurement process in the next 30 days. The Executive Director of Finance & HR will track the monitoring to determine if additional fund balance will need to be spent continually throughout the fiscal year to comply with current regulations. He will continue to discuss with the Superintendent and Finance Committee of possible outcomes of this issue on a monthly basis. This will in return determine if additional steps beyond the ones determined above are necessary.

The responsible people for further information include the following:

- Scott Bergman – Director of Operations
    - sbergman@godfrey-lee.org
- Monica Collier – Food Service Director
    - mcollier@godfrey-lee.org
- Mark Provost – Executive Director of Finance & HR
    - mprovost@godfrey-lee.org
- Kevin Polston – Superintendent
    - kpolston@godfrey-lee.org

Sincerely,

Mark Provost
Executive Director of Finance & HR