

**Reeths-Puffer Schools  
Muskegon, Michigan**

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# **Comprehensive Annual Financial Report**

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For the Fiscal Year Ended June 30, 2021

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*[www.reeths-puffer.org](http://www.reeths-puffer.org)*

Reeths-Puffer Schools

Muskegon, Michigan

Comprehensive  
Annual Financial Report  
For the year ended  
June 30, 2021

Prepared By

Reeths-Puffer Schools  
Business Office

Tracey French  
Director of Finance

Reeths-Puffer Schools

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## REETHS-PUFFER SCHOOLS

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Tracey French  
Director of Finance  
[frencht@reeths-puffer.org](mailto:frencht@reeths-puffer.org)

October 8, 2021

Dear Board Members and Citizens of Reeths-Puffer Schools:

The Comprehensive Annual Financial Report of Reeths-Puffer Schools (School District) for the fiscal year ended June 30, 2020 is presented for your review. Guided by the Board of Education's commitment to public accountability, detailed financial information relating to the fiscal operation of the School District is presented in this report prepared by the School District's Finance Department. The Comprehensive Annual Financial Report is prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Responsibility for the completeness, accuracy and fairness of the information presented rests with the administration and management of Reeths-Puffer Schools.

The report has been prepared following generally accepted accounting principles. We believe the data presented is accurate in all material respects and clearly reflects the financial position and the results of operations of Reeths-Puffer Schools. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

### **Report Organization**

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers. The report is divided into the following major sections:

*Introductory Section*—The reader is introduced to Reeths-Puffer Schools. Included are facts about the School District, a brief highlight of our curriculum offerings, points of pride, major initiatives undertaken and other information. The introductory section includes this transmittal letter, the School District's organizational chart, a list of School District officials and administrative staff.

*Financial Section*—The Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements and Notes to Basic Financial Statements are included. These provide an overview for readers who require less detailed information than is contained in the balance of this report. In addition to the basic financial statements, this section includes combining and individual fund supplemental statements and schedules.

*Statistical Section*—The reader is provided with a 10-year history of financial and demographic data intended to reflect economic conditions, financial trends and the fiscal capabilities of our School District.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The School District's MD&A can be found immediately following the report of the independent auditors.

We, the administration, would like to stress to you, the reader, that we are responsible for both the financial information and representations contained in the financial statements and other sections of this annual report. In preparing the financial statements, it is necessary to make informed estimates and judgments based on currently available information.

## **Reporting Entity**

Reeths-Puffer Schools is a suburban school district, located in northern Muskegon County, covering five townships, plus a portion of the City of Muskegon, in an area affectionately known as “Rocket City”. The School District covers approximately 77 square miles and includes the entirety of Laketon Township plus portions of Fruitland, Dalton, Muskegon, and Cedar Creek Townships. The current population is approximately 22,000.

The School District was formed in 1946 by the consolidation of the Reeths School District and Puffer School District. Reeths-Puffer High School graduated its first class in 1959. The School District reached its present boundaries in 1981 after a process of several consolidations and annexations. The roots of the School District extend back to the late 1800s. Reeths-Puffer Schools is a fiscally independent school district governed by a seven-member elected Board of Education.

The School District operated six traditional and three non-traditional instructional facilities in the 2020-21 school year. Pennsylvania Elementary and McMillan Early Childhood Center serve early childhood education needs. Three elementary schools serve grades K through 4: Central Elementary, Twin Lake Elementary, and Reeths-Puffer Elementary. Reeths-Puffer Intermediate School serves grades 5-6, Reeths-Puffer Middle School serves grades 7-8, and Reeths-Puffer High School serves grades 9 through 12. The School District has several support facilities, and also participates in a five-district consortium that runs Duck Creek alternative high school. The student enrollment for 2020-21 was 3,522 students. Core K-12 enrollment is expected to be steady, and enrollment is projected to be 3,500 students in 2021-22.

## **School Programs and Major Initiatives**

The School District strives to be a leader in instructional excellence and continues to attract new families to the “Rocket City” community. The District’s curriculum and student programs are guided by the ambitious student achievement goals of the District’s Strategic Plan:

- “No Boundaries, No Limits - Anytime, Anyplace, Any Level Learning”
- “100% Plugged In – Every Child Connected to an ‘Out of School’, Coordinated, Value-Added Activity”
- “100% of Rocket Graduates are ‘College and Career’ Aware and Ready”

These standards set high expectations and are based upon the belief that all students can and will succeed. This is punctuated by the bold “23” initiative, which aims to increase student achievement, thereby increasing access to higher education opportunities for Reeths-Puffer High School graduates.

In response to these goals, opportunities for students have grown, with new clubs, groups, and teams accessible to students of all ages. The School District provides a world language program spanning grades K through 12. Pennsylvania Elementary operates as a public/private partnership that provides innovative early childhood and Kindergarten instruction. McMillan Early Childhood Center provides great opportunities through preschool programming for young Rockets. Advanced Placement and dual enrollment opportunities are available to students at the high school looking for challenges. A college readiness program has started at the elementary level, which will feed into students in the secondary grades having a greater awareness of what it takes to be college-and career-ready. The decorated high school band continues to win awards and won another state championships in 2020-21.

## **Accounting Systems and Budgetary Controls**

The School District adheres to budgetary policies established by the Board of Education. The Superintendent submits a proposed operating budget to the Board of Education prior to July 1 each year. The operating budget includes proposed expenditures, along with the means of financing them. In 2020-21, this proposed operating budget included the General Fund, Food Service Fund, Technology and Security Fund, and Student Activity Fund. The level of control is at the functional level. The budget process includes public hearings to obtain taxpayer comments, and a legally adopted Board of Education resolution prior to July 1. The Superintendent and Director of Finance are authorized to transfer budgeted amounts within expenditure functions. Any transfer or revisions that require increases in total expenditures or change the total for any fund must be approved by the Board of Education. The budget is amended throughout the year as needed, with the final amendment always approved prior to June 30.

The budget process is designed to effectively allocate resources to maximize student benefit. One of the key values identified in the School District strategic plan is the open sharing of School District financial information, and as such, transparency is highly valued in the budget communication process.

The School District integrates the budget the accounting system and internal controls. Internal controls are in place to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use, and for maintaining accountability of the assets. Such controls also provide assurance for the reliability of the financial records necessary for producing accurate financial statements. Our budgetary and internal controls adequately safeguard School District assets and provide reasonable assurance that errors or fraud are prevented or can be detected within a timely period.

## **Independent Audit**

The School District's financial statements were audited by Brickley DeLong, as of June 30, 2021. Their audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements present fairly the financial position of Reeths-Puffer Schools at June 30, 2021.

The independent audit of the financial statements of the District was part of a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

## **Financial and Capital Planning**

The passage of Proposal A in 1994 has resulted in the School District being dependent upon the State of Michigan for the majority of its funding. The School District has ongoing financial planning for operational needs as well as capital asset needs. Major assumptions involved with financial forecasting include student enrollment, state funding, employee wage and benefit costs, and equipment and facility life cycles. Considerable time and energy is spent tracking and forecasting student enrollment, as the vast majority of funding is generated on a per-pupil basis.

Many of the School District's instructional facilities were built between 1948 and 1962. Reeths-Puffer High School was constructed in 1994. Each of the facilities has benefited from significant improvements over the years, which was highlighted most recently by the complete renovation of Reeths-Puffer Middle School using the 2010 Bond. Facility upgrades have been funded through bond capital projects as well as building and site improvement funds set aside on an annual basis.

## **Economic Environment**

Michigan voters approved the state constitutional amendment known as Proposal A in 1994. Funding of school operations shifted dramatically at that time from local property tax revenue to State Aid funding as a result. The School District has seen both increases and decreases in state funding during the time since this change, and it has always dealt with budget challenges responsibly in a manner that puts students at the forefront of the process.

The regional economy in West Michigan was making a slow recovery since the downturn in 2008-2009 and then COVID-19 emerged. While on the surface, it appears that the unemployment rate has returned to pre-pandemic numbers, there is still a worker shortage. Property taxable values have stabilized over the past several years after five consecutive years of losses, but are well below the high point of 2009-2010. Changes in the economy were compounded by a significant loss from settlements with the School District's biggest taxpayer, Consumers Energy, as they prepared to close the BC Cobb power plant.

School District voters have consistently supported bond issues for capital improvements, most recently in 2009. Muskegon County voters approved a 1 mill technology and security enhancement millage in 2014, which will benefit the School District for years to come.

## **Certificate of Excellence**

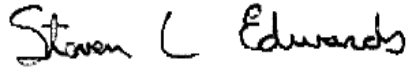
The School District first prepared a Comprehensive Annual Financial Report for the year ended June 30, 2014, and first gained the Association of School Business Officials (ASBO) Certificate of Excellence at that time. The School District was successful in earning the ASBO Certificate of Excellence for the Comprehensive Annual Financial Report for the year ended June 30, 2020, the seventh straight year of this achievement. This achievement is a source of pride for both the School Administration and the Board of Education. The vision and leadership of the Board is a necessity for maintaining such high standards for financial reporting. The Administration will again submit this year's report in the hopes of continuing this achievement.



**Acknowledgments**

The preparation of this report could have not been accomplished without the dedication and effort of the entire Business Services department staff. We would like to express our gratitude and appreciation to all School District employees who assisted in the timely and accurate closing of the School District’s financial records and the preparation of this report.

Respectfully submitted,



Steven Edwards  
Superintendent



Tracey French  
Director of Finance

## **Reeths-Puffer Schools**

### **Elected Officials and Administrative Staff**

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#### **2020-21 Board of Education**

Kim Bramer, President

Mike Weessies, Vice President

Chris Brooks, Treasurer

Susan Blackburn, Secretary

Sonya Hernandez, Trustee

Jennifer Romanosky, Trustee

Alex Keefe, Trustee

#### **2020-21 Administrative Staff**

Steve Edwards, Superintendent

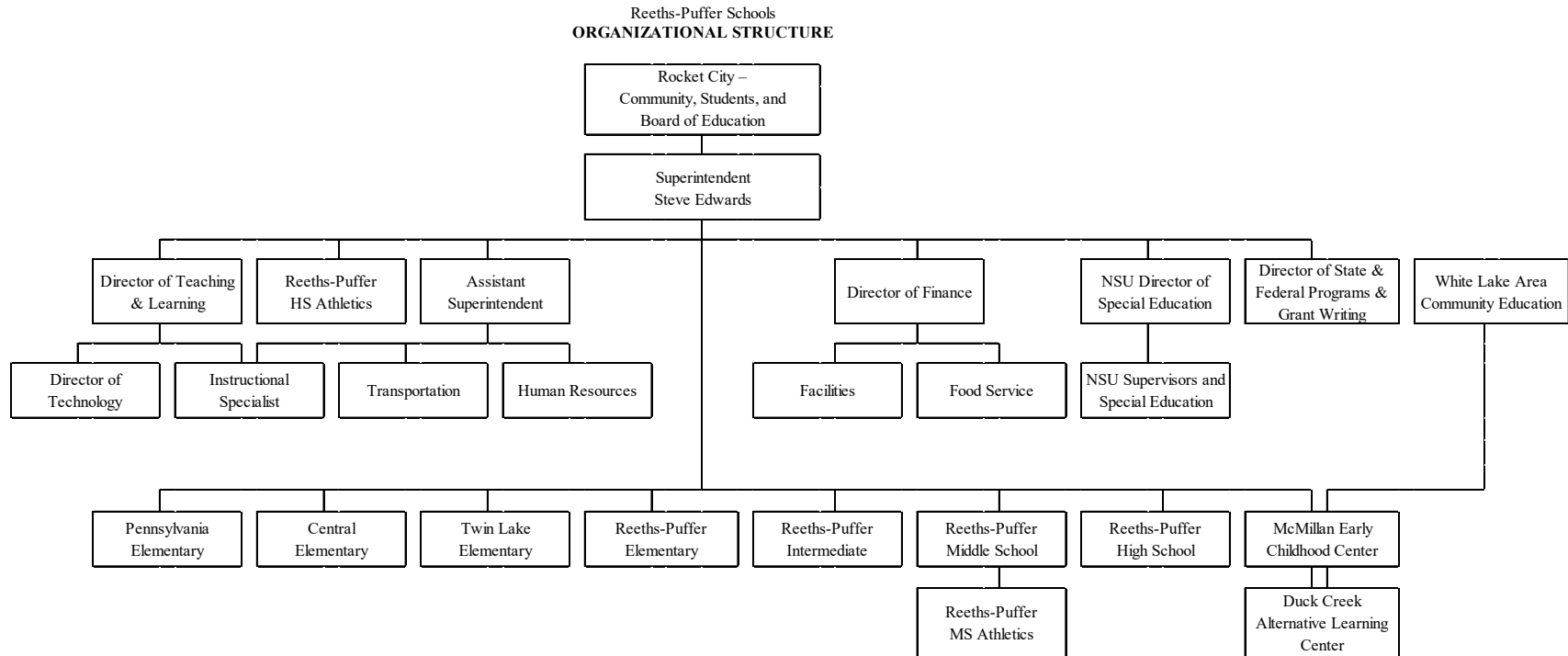
Rob Renes, Assistant Superintendent

Scott Green, Director of Special Education

Tracey French, Director of Finance

Nate Smith, Director of Teaching and Learning

# Reeths-Puffer Schools ORGANIZATIONAL STRUCTURE





**The Certificate of Excellence in Financial Reporting  
is presented to**

## **Reeths-Puffer Schools**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2020.**

The COMPREHENSIVE ANNUAL FINANCIAL REPORT meets the criteria established for ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'W. Edward Chabal'.

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W. Edward Chabal  
President

A handwritten signature in black ink that reads 'David J. Lewis'.

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David J. Lewis  
Executive Director

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Reeths-Puffer Schools  
Muskegon, 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 Reeths-Puffer Schools (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School 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 Reeths-Puffer Schools as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter – Change in Accounting Principle***

As described in Note O to the financial statements, Reeths-Puffer Schools implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 12 through 29 and 66 through 72 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 Reeths-Puffer Schools’ basic financial statements. The introductory section, supplemental budgetary comparison schedules, combining nonmajor fund financial statements, debt service funds financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and debt service funds financial statements 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 nonmajor fund financial statements, debt service funds financial statements, and fiduciary funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, supplemental budgetary comparison schedules, and statistical section have 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 them.

Board of Education  
Reeths-Puffer Schools  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2021, on our consideration of Reeths-Puffer Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Reeths-Puffer Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Reeths-Puffer Schools' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style.

Muskegon, Michigan  
October 8, 2021

Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

The management discussion and analysis report for Reeths-Puffer Schools (School District) is intended to assist the reader in focusing on significant financial issues, provide an overview of the School District's financial activity and identify changes in its financial position. This section of the financial statements also identifies all material deviations from the financial plan (initial budgets) and discloses individual fund issues and concerns that exist at the close of the fiscal year.

This information is required by GASB 34 (Governmental Accounting Standards Board's Statement No. 34). GASB 34 requires the presentation of two basic types of financial statements; namely, Government-Wide Financial Statements and Fund Financial Statements.

**Overview of the Comprehensive Financial Statements**

This comprehensive annual financial report consists of seven parts: (1) the introductory section, (2) the independent auditor's report, (3) management's discussion and analysis (this section), (4) the basic financial statements, (5) required supplementary information, (6) other supplemental information, and (7) the statistical section. The financial statements include notes that explain some of the information in the statements by providing detailed data. These statements are followed by a section of required supplementary information that further explains and supports the financial statements, utilizing a comparison to the School District's budget for the year. Additionally, the basic financial statements also include two kinds of statements that present different views of the School District.

**Government-Wide Financial Statements**

The government-wide statements provide a financial perspective of the School District as a whole. These statements use the "full accrual" basis of accounting. There are two (2) government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term expendable resources) with capital assets and long-term obligations, whether they are currently available or not.

The Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid (full accrual accounting). The intent of this statement is to summarize and simplify the information relative to funding received and expenditures made for various district services.

**Fund Financial Statements**

Fund statements are reported under the "modified accrual" method of accounting. Under this basis of accounting, revenues are recorded when received, except where they are measurable and available within sixty (60) days of the close of the fiscal year. Expenditures are accounted for in the period that goods and services are used in school programs; therefore, major payments during the summer for payrolls and benefits belonging to the year's instructional program are expensed on June 30<sup>th</sup>. In addition, capital asset purchases are expensed when placed in service and are not shown as assets in these statements. Debt payments made in the fiscal year are shown as expenditures in the current year, and future debt obligations are not recorded here.

Fund types include the General Fund, special revenue funds, debt retirement funds, and capital projects funds. The General Fund is used to show the operational financial activities of the School District for the fiscal year. The primary funding sources for the General Fund are from local property taxes, state foundation grant per student, state categorical funding for specific programs, federal grants and inter-governmental transfers. A budgetary comparison schedule for the General Fund is presented as Required Supplementary Information. This schedule shows the initial budget adopted in June 2020, the final amended budget as of June 30, 2021, and how actual results compared.



Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2021

Special revenue funds include the Food Service Fund, the Technology and Security Fund, and the School Activity Fund. Transactions dealing with the school food service program are recorded in the Food Service Fund and related accounts. The Technology and Security fund was added as a non-major special revenue fund, effective July 1, 2014. It accounts for the enhancement millage received through Muskegon Area Intermediate School District (MAISD) and the related expenditures, focused on technology and security enhancements. The School Activity Fund was added effective July 1, 2020. It accounts for all of the revenue and expenditures related to internal accounts or school activity accounts.

The debt service funds are used to record debt payments of principal and interest amounts. Local property tax funds are used to pay the majority of debt, with any unmet needs being covered by the Michigan School Loan Revolving Fund. The fund for the 2015-B Refunding Bonds, is presented as a major fund in 2020-21. The amount of revenues as well as the principal and interest payments required exceed the threshold to be presented as a major fund. Therefore, it is shown separate from the other debt service funds, which are presented as other governmental funds in the Other Supplemental Information section.

The capital projects funds are used to record the costs associated with the acquisition of land, construction or improvement of school facilities, and for equipment purchases in excess of \$5,000. The School District currently has one dedicated capital projects fund, the Building and Site Fund. This fund is used for building improvements, equipment purchases, and general facilities upgrades.

Budgetary comparison schedules cover the special revenue funds of the School District – Food Service Fund, Technology and Security Fund and School Activity Fund. These comparisons are presented as Other Supplemental Information and are not subject to audit. However, the Board of Education is required by law to adopt a budget for appropriations for those funds. These schedules show the initial budget adopted in June 2020, the final amended budget as of June 30, 2021, and how actual results compared.

**Government-Wide Financial Results – Statement of Activities and Changes in Net Position**

The net position deficiency shown below is the direct result of the School District using capital appreciation bonds and loans from the Michigan School Loan Revolving Fund to finance major facility construction projects over the past several years. Under this funding program, the payments against principal and interest costs are delayed to some point in the future; therefore, interest costs compound due to their delayed payment.

The negative impact of funding school projects by utilizing these particular funding methods is further increased by the fact that the facility values associated with the borrowed funds are decreasing each year due to depreciation. These particular funding programs have been available for use by public schools where the community's tax base is insufficient to support the immediate costs of debt associated with meeting current facility needs. The particular capital appreciation bonds the School District has are currently not callable for refinancing at a lower rate.

Furthermore, the net deficiency position of the School District has been exacerbated by the adoption of GASB Statements Numbers 68 and 75, which have greatly increased the long-term liabilities required to be recognized by the School District. GASB Statement Number 68 was adopted for the fiscal year ended June 30, 2015, and GASB Statement Number 75 was adopted for the fiscal year ended June 30, 2018. As of June 30, 2021, the School District reported liabilities of approximately \$74.4 million for its share of the unfunded liability for the MPSERS pension plan, approximately \$11.5 million for its share of the MPSERS OPEB liability as well as approximately \$4.8 million in additional OPEB liabilities. The adoption of GASB 68 and GASB 75 and the impact of the new statements are explored in more depth in Footnote I.

Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2021

**Statement of Net Position**

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets	\$ 17,252,353	\$ 12,075,139
Capital assets (net of depreciation)	42,213,610	44,305,937
Total assets	59,465,963	56,381,076
<b>Deferred outflows of resources</b>	22,955,013	27,510,951
Total assets and deferred outflows of resources	82,420,976	83,892,027
<b>Liabilities</b>		
Current liabilities	16,544,840	19,466,879
Long-term liabilities	151,082,493	152,036,387
Total liabilities	167,627,333	171,503,266
<b>Deferred inflows of resources</b>	13,042,299	11,857,385
Total liabilities and deferred inflows of resources	180,669,632	183,360,651
<b>Net Position</b>		
Net investment in capital assets	13,004,772	9,544,123
Restricted funds	740,629	118,997
Unrestricted funds	(111,994,057)	(109,131,744)
Net position	<b>\$ (98,248,656)</b>	<b>\$ (99,468,624)</b>

- Current assets – Several asset categories have increased slightly as of June 30, 2021, compared to a year ago due to increased funding. Cash grew significantly along with due from other governmental units, inventories and prepaid items. The largest contribution to the difference is the change in cash and due from other governmental units.
- Capital assets – net capital assets were reduced by annual depreciation, and capitalized additions were relatively low once again. The balance of the school bus fleet was sold to Dean Transportation. This resulted in a net decrease in capital assets.
- Deferred outflows of resources decreased by approximately \$4.6 million. Pension decreased substantially from \$20.4 million to \$15.6 million. Other postemployment benefits increased by only \$300,000.
- As a result of these changes, total assets and deferred outflows of resources as of June 30, 2021 decreased by over \$1.4 million compared to June 30, 2020.
- Current liabilities – decreased compared to June 30, 2020. The amount of bond payments due within one year decreased significantly as of June 30, 2021. Accounts payable is higher than a year ago, and accrued liabilities increased compared to a year ago. The due to other governmental units increased slightly as well. The State Aid loan increased from \$4,200,000 as of June 30, 2020 to \$5,000,000 as of June 30, 2021.
- Long-term liabilities – decreased compared to June 30, 2020. While the bonds and other obligations along with the pension liability increased, an almost \$4 million decrease in other postemployment benefits liability has decreased the overall long-term liabilities by close to \$3 million.
- Largely as a result of the decrease in long-term liabilities described above, the deficiency in the School District's net position has decreased compared to a year ago.

Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

**Statement of Activities**

	<b><u>For the Year Ended June 30,</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>District Wide Revenues</b>		
Program Revenues		
Charges for services	\$ 419,269	\$ 442,943
Operating grants	15,498,089	12,074,426
General Revenues		
Property taxes	8,661,576	8,401,656
Unrestricted grants	25,562,726	25,634,216
Other revenues	308,835	402,649
Total revenues	50,450,495	46,955,890
<b>District Wide Expenses</b>		
Instruction	27,334,678	28,814,805
Support services	16,892,461	15,509,493
Community services	66,712	41,444
Food services	1,600,600	1,706,754
Student/school activities	347,584	-
Athletics	1,101,299	1,152,252
Interest on long-term debt	2,222,159	2,519,391
Unallocated depreciation	35,093	39,715
Total expenses	49,600,586	49,783,854
<b>Change in net position</b>	849,909	(2,827,964)
<b>Net position at beginning of year, as restated</b>	(99,098,565)	(96,640,660)
<b>Net position at end of year</b>	<b>\$ (98,248,656)</b>	<b>\$ (99,468,624)</b>

The change reflected above is a change in net position of approximately \$850,000, including the restatement for GASB Statement 84—*Fiduciary Activities* of \$370,000. Overall, total revenue in 2020-21 increased by approximately \$3.5 million compared to 2019-20, an increase of nearly 7%. Property tax revenue for debt service increased slightly due to a modest tax base growth. The School District continues its efforts to refinance outstanding debt, which is consistent with the requirements of Public Act 437 of 2012. Operating grants increased significantly due to extensive COVID response funding passed through the State of Michigan from the federal government. This gain was recognized even with a decrease in K-12 pupils. Unrestricted revenue was higher than the previous year due to higher per-pupil funding and being held partially harmless for the decrease in pupil membership.

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Overall, expenses decreased by about \$125,000 in 2020-21, compared to 2019-20. Instructional spending decreased by \$1.5 million compared to the prior year. Included in these changes were the increased pension and health insurance expenses as well as contracted salary increases but the offsetting factor was staff retirements at the end of the previous year whose positions were never filled or replaced with less expensive staff. Support services spending increased by approximately \$1.4 million. Again, the increase is largely due to the increase in pension and health expenses as well as the additional costs for students supports needed to help with the COVID-related learning environment. Interest on long-term debt decreased slightly for the year ended June 30, 2021 directly related to the repayments of debt funds. In the long run, the School District will save over \$8.6 million in interest expense as a result of the 2015-16, 2016-17 and 2019-20 bond refunding issues.

**Net Capital Asset Values**

<b>Asset Category</b>	<b>July 1, 2020 Balance</b>	<b>Additions in 2020-21</b>	<b>Deductions in 2020-21</b>	<b>Change in Accumulated Depreciation</b>	<b>June 30, 2021 Balance</b>
Land	\$ 474,150	\$ -	\$ -	\$ -	\$ 474,150
Land Improvements	484,982	-	-	3,007	481,975
Vehicles	140,484	7,440	1,151,790	(1,083,376)	79,510
Buildings & improvements	42,166,867	48,609	-	1,837,871	40,377,605
Furniture & equipment	1,039,454	122,785	11,985	349,884	800,370
<b>Total</b>	<b>\$ 44,305,937</b>	<b>\$ 178,834</b>	<b>\$ 1,163,775</b>	<b>\$ 1,107,386</b>	<b>\$ 42,213,610</b>

As shown above, capital assets, net of depreciation, decreased in value from July 1, 2020 to June 30, 2021. During 2020-21, the School District capitalized slightly more than \$178,000 in equipment purchases and other projects, while accumulated depreciation increased by approximately \$1.1 million. There were over \$1.2 million deductions during 2020-21 mainly due to the selling of the remaining bus fleet to Dean Transportation. With 2010 bonded capital projects funds fully depleted for several years, the School District has found itself with limited resources for capital improvements. For more information on capital assets, please see Note E in the notes to the financial statements.

	<b><u>Debt Obligations</u></b>				
	<b>July 1, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2021</b>	<b>Current</b>
Debt obligations (Bonds, and notes from direct borrowings and direct placements)	\$ 69,667,615	\$ 7,872,744	\$ 11,862,326	\$ 65,678,033	\$ 5,934,058
Compensated absences and early retirement obligations	789,997	471,316	330,413	930,900	254,250
Net pension liability	72,868,641	7,887,833	6,383,397	74,373,077	-
Net other postemployment benefits liability	20,183,142	290,541	4,184,892	16,288,791	-
<b>Total long-term obligations</b>	<b>\$163,509,395</b>	<b>\$ 16,522,434</b>	<b>\$ 22,761,028</b>	<b>\$157,270,801</b>	<b>\$ 6,188,308</b>

The ending balance of debt obligations as of June 30, 2021 is lower than the beginning balance by approximately \$6,200,000. Additions shown above represent borrowing from the State of Michigan School Loan Revolving Fund and accreted interest on capital appreciation bonds. Reductions in outstanding debt include principal and interest payments made according to bonded debt schedules, and amortization of bond premiums. For more information on debt, please see Note H in the notes to the financial statements.

In 2015-16, 2016-17 and 2019-20, the School District issued over \$75.1 million in refunding bonds combined over five issues to refinance outstanding debt at lower interest rates in order to lower costs and pass significant savings along to its taxpayers. These five issues refinanced multiple outstanding bond issues and achieved projected combined interest savings of over \$8.6 million.

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**General Fund Budgetary Highlights**

The State of Michigan's Uniform Budget Act requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. When the budget is prepared each year, several unknown factors exist. Estimates are used for such major items as student count, employee contracts, state aid, staffing, and tax appeals. As a matter of practice and in accordance with Board policy and State law, the School District amends its budget periodically during the fiscal year. These revisions are made in order to deal with changes in revenues and expenditures that become known during the year. During the 2020-21 year, the budget was amended in January 2021 and June 2021.

One of the main assumptions impacting the School District's budget is the revenue received from State of Michigan through the per-pupil foundation allowance. The foundation grant for the 2020-21 year was again \$8,111. This was the same amount received in the 2019-20 school year, distributed on the 2x formula. The State of Michigan provided approximately \$65 per pupil in available supplemental funds through Section 11d per-pupil increase categorical. The State of Michigan also provided approximately \$69 per-pupil through Section 147A MPSERS pension offset grant.

Revenue adjustments made during the 2020-21 budget process included:

- Pupil count and State Aid (*January 2021, Budget Amendment #1; June 2021, Budget Amendment #2*) – The total pupil count was 3,522 which is lower than what was projected. There were several components to this.
  - Traditional K-12 count – K-12 student count of 3,500, compared to original projected count of 3,574. This decrease of 74 students led to a projected decline of about \$242,121 in state aid revenue. For the 2020-21 school year, the state used a blended method of funding. Normally it is a 90%/10% funding method where this year we received 75%/25% based on counts of the 2019-20 and fall count of the 2020-21 school years.
  - Alternative education student count – preliminary fall count of 21 students. This was a slight drop from last year's count of 26.
- State pension funding through Section 147 (*January 2021, Budget Amendment #1; June 2021 Budget Amendment #2*) - the District received slightly less than originally projected in MPSERS 147A and 147C funding. In total, these sources brought in a little over \$2.8 million in 2020-21, which kept our total pension costs at nearly 40% of payroll. Section 147C funding increased to nearly \$2.8 million from the original projected amount of \$2.4 million. This amount equated to almost \$1,000 per pupil that was received from the State of Michigan and passed right back to the pension program.
  - Pension funding through Section 147E (*June 2021, Budget Amendment #2*) – this funding revenue source was implemented mid-year in 2017-18. The allocation was approximately \$58,000, and will be used to help offset increased defined contribution costs for new hires in the pension system.
- Federal Title grant revenue updates (*January 2021, Budget Amendment #1*) –
  - Title I-A – The projected grant budget for 2020-21 was approximately \$496,000, a slight decrease from the original 2020-21 projection of \$527,000. Budget planning has taken a more conservative approach in recent years, and reductions have been made in this grant.
  - Title II-A – The projected grant budget for 2020-21 was approximately \$116,000, which matches the original projection.

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- Federal IDEA grant revenue updates (*January 2021, Budget Amendment #1; June 2021, Budget Amendment #2*) The three IDEA grants decreased by nearly \$35,000 from original projections during the year. The total projected revenue available among three IDEA grants was approximately \$1,354,000.
- From the initial budget in June 2020 to budget amendment #2 in June 2021, total revenue increased by approximately \$3.2 million, an increase of about 7.6%. The most significant factors in this change came in significant federal grant revenues due to COVID-19 response.

The initial expenditure assumptions included a MPSERS base pension rate of 28.5% of payroll, a subsidized MPSERS rate of 15% of payroll, an increase in health insurance caps of 2% according to PA 152 limits, and modest wage increases for employees as already settled according to contracts.

Expenditure adjustments made during the 2020-21 budget process included:

- Increased staffing expenditures (*January 2021, Budget Amendment #1*) – Adjustments were made for two staff hired since the initial budget projection.
- Pension costs (*January 2021, Budget Amendment #1*) – Updated benefit projections including taxes, retirement and workers compensation had been adjusted since the June 2020 projection.
- From the initial budget in June 2020 to budget amendment #2 in June 2021, total expenditures increased by approximately \$2.1 million, or about 1.6%. The most significant increases occurred in operations and maintenance as well as instructional staff support.

The initial budget called for a deficit of approximately \$695,000 while the final amended budget called for an operating surplus of approximately \$430,000, a change of approximately \$1.1 million, or about 2.7% of annual expenditures. The actual results reflect an operating surplus of approximately \$1.1 million; a positive swing of approximately \$695,000 compared to the final budget amendment, or 1.7% of the annual budget. This swing is directly related to many unknown factors at the end of June due to the Summer Acceleration program and a large receipt of MPSERS funding from the State of Michigan.

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**2020-21 General Fund**

	<b><u>Initial</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	
<b>Revenues</b>			
Local revenue			
Local sources	\$ 2,811,940	\$ 2,860,593	\$ 2,882,731
Received from other districts	1,480,188	1,636,849	1,722,580
State revenue	32,019,061	32,786,297	32,992,465
Federal revenue	2,099,555	4,108,241	3,895,118
Transfers and other	95,000	317,395	272,872
Total revenues	<u>\$ 38,505,744</u>	<u>\$ 41,709,375</u>	<u>\$ 41,765,766</u>
Variance of actual from budget	\$ 3,260,022	\$ 56,391	
	8.5%	0.1%	

**2020-21 General Fund**

	<b><u>Initial</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	
<b>Expenditures</b>			
Instruction	\$ 24,228,302	\$ 23,766,173	\$ 23,582,906
Instructional support	4,903,997	6,116,743	6,290,526
Business and administration	4,343,864	4,512,154	4,264,657
Maintenance and operations	2,818,885	3,073,310	2,832,224
Transportation	1,798,294	1,996,749	1,886,259
Athletics	918,612	965,424	949,663
Community, transfers, and other	189,181	848,480	834,110
Total expenditures	<u>\$ 39,201,135</u>	<u>\$ 41,279,033</u>	<u>\$ 40,640,345</u>
Variance of actual from budget	\$ 1,439,210	\$ (638,688)	
	3.7%	-1.5%	
<b>Change in Fund Balance</b>	\$ (695,391)	\$ 430,342	\$ 1,125,421
Variance of actual from budget	\$ 1,820,812	\$ 695,079	
Percentage of budgeted expenditures	4.6%	1.7%	

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Budget to actual analysis follows:

Revenue

- Local revenues higher than budget estimates: \$22,000 or 0.7%. Revenues received were in line with estimates. A year-end reclassification of several miscellaneous items was the only difference between budget estimates and final figures.
- State revenues higher than estimated: \$206,000 – The variance represents about 0.6% of this category. This variance is directly related to the additional \$104,000 received for MPSERS funding in August. The balance was due to small adjustments on other grants.
- Local revenue sources received from other districts higher than estimated: \$86,000 – This variance came in higher due to higher than anticipated receipts of Medicaid funds.
- Federal revenues lower than estimated: (\$213,000) – Since full grant allocations must be appropriated, any carryover shows up as a budget variance. Title I-A, and Title II-A budgets combined came in approximately \$115,000 under approved award amounts. IDEA revenue received matched approved award amounts. These grants are reimbursement-based, meaning this variance has no impact on the School District's bottom line. These amounts will be carried over into the 2021-22 year.
- Incoming transfers and other sources lower than estimated: (\$44,000) – This category represents indirect cost recovery from the Food Service Fund, as well as irregular or non-recurring items like sale of capital assets, insurance claim reimbursements, and prior period adjustments. The allowable food service indirect amount was lower than budgeted and is governed by Michigan Department of Education guidelines. A year-end reclassification of several miscellaneous items contributed to the difference between budget estimates and final figures.
- Revenue higher than budgeted: approximately - \$56,000 or about 0.1% of the \$41.7 million budget.

Expenditures

Budget variances in expenditures by functional category are highlighted below.

- Instruction - approximately (\$183,000) under budget or 0.7% of this category. The Summer Acceleration program caused some projected costs to not be paid out by June 30, 2021 but those expenses will show up in the 2021-22 school year.
- Pupil and instructional staff support - approximately \$174,000 over budget or 2.7% of this category. A higher than anticipated cost for educating pupils virtually due to the COVID-19 pandemic.
- Business and administration - approximately (\$173,000) under budget or approximately 4.5% of this category. Legal services and tax write offs came in approximately \$90,000 less than anticipated, or about 2.0% of the total over \$4.5 million budgeted.
- Purchased services came in under budget, as costs for professional services were lower than estimated, and the School District continues to experience savings on its printing and copying contract. The remainder of the savings experienced was in office supplies, and the biggest factor here is that the School District is cutting back on how much paper it purchases. This is another success of the copying and printing approach, and it is in line with the School District goal to be "Green and Clean."



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- Operations and Maintenance - approximately (\$241,000) under budget or 7.8% of this category. The School District recognized substantial savings in this department in comparison to the original budget due to several different factors. One is the vehicle that is being ordered wasn't received before the June 30, 2021 deadline along with other services that were not received before the June 30 deadline. We are still seeing savings as the energy management program and smart spending continues to pay dividends for the School District.
- Transportation - approximately (\$74,000) under budget, or 3.7% of this category. Costs for Title and 31A transportation expenditures came in much lower than anticipated as well as the unknown Summer Acceleration transportation needs.
- Athletics - approximately (\$15,000) under budget or 1.9% of this category. The variance was largely a result of dues and fees costs and the elimination of some competitions due to the COVID-19 pandemic.
- Other costs, including community services, interfund transfers, and School District capital outlay - approximately (\$14,000) under budget or 1.6% of this category. These budget savings occurred in community services area of the budget as well as the outgoing transfers.

Budget variances in expenditures by object category are highlighted below:

<b>General Fund</b>	<b>2020-21</b>	<b>Percent</b>	<b>2020-21</b>	<b>Percent</b>		<b>Percent</b>
<b><u>Expenditures by Object</u></b>	<b><u>Budget</u></b>	<b><u>of total</u></b>	<b><u>Actual</u></b>	<b><u>of total</u></b>	<b><u>Variance</u></b>	<b><u>of object</u></b>
Salaries and Wages	\$ 17,772,143	43.1%	\$ 17,664,058	43.5%	\$ 108,085	0.6%
Benefits	13,897,906	33.7%	13,686,003	33.7%	211,903	1.5%
Purchased services	5,887,278	14.3%	5,816,272	14.3%	71,006	1.2%
Supplies	1,798,461	4.4%	1,517,250	3.7%	281,211	15.6%
Capital Outlay	33,283	0.1%	25,014	0.1%	8,269	24.8%
Other	1,889,962	4.4%	1,931,748	4.7%	(41,786)	-2.2%
Total	<b><u>\$41,279,033</u></b>	<b><u>100.0%</u></b>	<b><u>\$40,640,345</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 638,688</u></b>	<b><u>1.5%</u></b>

- Amounts spent on salaries and wages were slightly lower than budgeted, within 0.6% of the \$17.8 million budget.
- Amounts spent on employee benefits were under budget by approximately \$212,000 or 1.5%, for several reasons. Pension costs were within \$93,000 of estimates, or about 1.9% of the \$5.0 million budget. FICA taxes were about \$4,000 under budgeted estimates of \$1.3 million, or about 0.3%. As employees spend higher amounts for insurance coverage and save more in pre-tax savings programs, the costs of these taxes decline. Insurance benefit costs were about \$67,000 lower than budgeted estimates of approximately \$4,100,000. Ancillary benefits such as dental and vision, came in about \$18,000 under budget. These lines of coverage are partially self-funded and the School District experiences the benefit of lower claims costs.
- Other benefits, including unemployment coverage, workers compensation insurance, retirement benefits, and tuition allowances, came in about \$29,000 under budget. These are relatively small numbers in the scheme of the larger budget.
- Purchased services costs came in under budget by approximately \$71,000, or 1.2% of the \$5.8 million budgeted. Lower than anticipated substitute costs and snow removal were the driving forces behind this variance.
- Supply costs came in approximately \$281,000 under budget, or about 15.6%. Lower than expected instructional and office supplies along with the timing of maintenance invoices is the largest variances in this category.
- Capital outlay spending came in about \$8,000 under budget, or about 24.8%. This is due to re-classing a few purchases out of capital outlay.
- The other category includes costs such as dues and fees, borrowing and interest costs, special education tuition billings, and software licenses, and it was about \$42,000 over budget, or about 2.2%. The majority of this difference is due to building miscellaneous accounts as well as the increase in color printing expenses not accounted for.
- Total expenditure savings: \$639,000 or 1.5% of the total \$41.3 million budget.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**General Fund Year-to-Year Comparison of Actual Results**

	<u>2021</u>	<u>2020</u>	<u>Difference</u>
<b>Revenues</b>			
Local revenue			
Local sources	\$ 2,882,731	\$ 2,899,209	\$ (16,478)
Received from other districts	1,722,580	2,234,180	(511,600)
State revenue	32,992,465	31,451,727	1,540,738
Federal revenue	3,895,118	2,055,545	1,839,573
Transfers and other Sources	272,872	99,429	173,443
Totals revenues	<b><u>\$ 41,765,766</u></b>	<b><u>\$ 38,740,090</u></b>	<b><u>\$ 3,025,676</u></b>
<b>Expenditures</b>			
Instruction	\$ 23,582,906	\$ 24,196,559	\$ (613,653)
Instructional support	6,290,526	4,871,707	1,418,819
Administration	4,264,657	4,220,361	44,296
Maintenance	2,832,224	2,755,486	76,738
Transportation	1,886,259	1,539,408	346,851
Athletics	949,663	962,153	(12,490)
Other costs	834,110	180,431	653,679
Total expenditures	<b><u>\$ 40,640,345</u></b>	<b><u>\$ 38,726,105</u></b>	<b><u>\$ 1,914,240</u></b>

In comparing 2020-21 results to 2019-20 results, several things become evident. Total revenues increased by approximately \$3 million or 7.8% from the 2019-20 total. Looking a little closer, we can identify several important factors by category.

- Local revenue showed a decrease from the previous year. Athletic revenue came in slightly lower than the prior year, while interest earnings increased as rates have begun to decline.
- Local revenue received from the MAISD and other districts decreased by about \$512,000 from 2019-20. This is directly tied to the one-time payments received in 2019-20 from the MAISD for Act 18 funding.
- State revenue increased significantly largely due to the super blend funding from the State of Michigan in regards to pupil count. Also included in this increase is the supplemental \$65 per pupil funds received.
- Federal revenue increased significantly as well by about \$1.8 million or by about 89%. This is directly related to the additional federal grants awarded to deal with learning in a COVID-19 pandemic.
- Interfund transfers and other sources increased due to the selling of the remaining bus fleet to Dean Transportation. Several items in this category are irregular and unpredictable.

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Total expenditures increased by approximately \$1.9 million in 2020-21, or 4.9% higher than 2019-20 levels. Almost all of this amount is due to the COVID-19 pandemic. There are several important factors that we can identify when comparing fiscal years:

- Instructional spending decreased by approximately \$613,000 from 2019-20 to 2020-21. This is due to retirement of teaching staff with either no replacement or less expensive replacements.
- Instructional support costs increased by approximately \$1.48 million, or about 29%. This can be attributed to higher pension as well as added needs for students to learn during a pandemic.
- Administrative costs increased by approximately \$44,000. This area increased due to higher pension and health care expenses.
- Operations costs increased by approximately \$77,000. The increased cost is due to higher retirement and health care expenses as well as increases in utilities.
- Transportation costs increased by approximately \$346,000. This area increased due to operating transportation 5 days per week again versus the shutdown that occurred in the 2019-20 school year.
- Athletics spending decreased by \$12,000 or 1.3%. There were less expenses due to the halting of some competitions during the year because of COVID-19.
- Other costs increased by \$653,000. Transfers accounted for this increase and is expected to decrease next year.

**General Fund Revenue and Other Financing Sources**

<b>Revenues</b>	<b><u>2020-21</u></b>	<b><u>Percent</u></b>	<b><u>2019-20</u></b>	<b><u>Percent</u></b>
State revenue	\$ 32,992,465	79.0%	\$ 31,451,727	81.2%
Local sources	2,882,731	6.9%	2,899,209	7.5%
Federal revenue	3,895,118	9.3%	2,055,545	5.3%
Local from other districts	1,722,580	4.1%	2,234,180	5.8%
Other sources	272,872	0.7%	99,429	0.2%
Total revenues	<b><u>\$41,765,766</u></b>	<b><u>100.0%</u></b>	<b><u>\$38,740,090</u></b>	<b><u>100.0%</u></b>

As indicated above, funding from the State of Michigan is the School District’s largest source of revenue, which accounts for over 79% of the total budget. Thus, the financial stability of the School District rests primarily with the economic health of the State of Michigan. Local sources and federal increased slightly. Inter-district revenue decreased slightly, due to one-time payment of Act 18 funds being held by the MAISD during the 2019-20 school year. Other sources increased due to recognizing revenue from the sale of the bus fleet. Items in this area often represent special or non-recurring items which can be unpredictable from year-to-year.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**General Fund Expenditures by Function**

<b>Expenditures</b>	<b><u>2020-21</u></b>	<b><u>Percent</u></b>	<b><u>2019-20</u></b>	<b><u>Percent</u></b>
Instruction and Instructional Support	\$ 29,873,432	73.5%	\$ 29,068,266	75.1%
Business and Administration	4,264,657	10.5%	4,220,361	10.9%
Maintenance and Operations	2,832,224	7.0%	2,755,486	7.1%
Transportation	1,886,259	4.6%	1,539,408	4.0%
Athletics	949,663	2.3%	962,153	2.5%
Community, Transfers, and Other	834,110	2.1%	180,431	0.4%
<b>Total expenditures</b>	<b><u>\$ 40,640,345</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 38,726,105</u></b>	<b><u>100.0%</u></b>

As indicated above, the School District spends almost three-quarters of its budget – over \$8,481 per student – on direct classroom instruction and instructional support services. The School District spends 7.0% of its budget or approximately \$804 per pupil on maintenance and operation costs, and 4.6% or approximately \$535 per pupil on transportation of its students. The percentage spent on business and administration decreased slightly in 2020-21 compared to 2019-20, from 10.9% to 10.5%

**The Effect of MPSERS Pension Changes**

In the 2011-12 fiscal year, the State of Michigan implemented Section 147A MPSERS Offset funding, which provides additional revenue to offset increasing pension costs, without added costs to the School District bottom line. In June 2013, the State announced Section 147C MPSERS Pension Stabilization funding, which provides additional revenue but also increased pension expenditures, leaving no net impact on the bottom line. This program increased total revenue and total expenditures substantially. For a short period of time in 2014-15, the State also distributed pension stabilization funds through Section 147D MPSERS One-Time Liability funding. In 2017-18, the State implemented Section 147E funds to help offset increased defined contribution costs as a result of pension reform and newly-implemented plans. The General Fund budget has increased substantially over the last several years as a result of these programs, as shown in the table below:

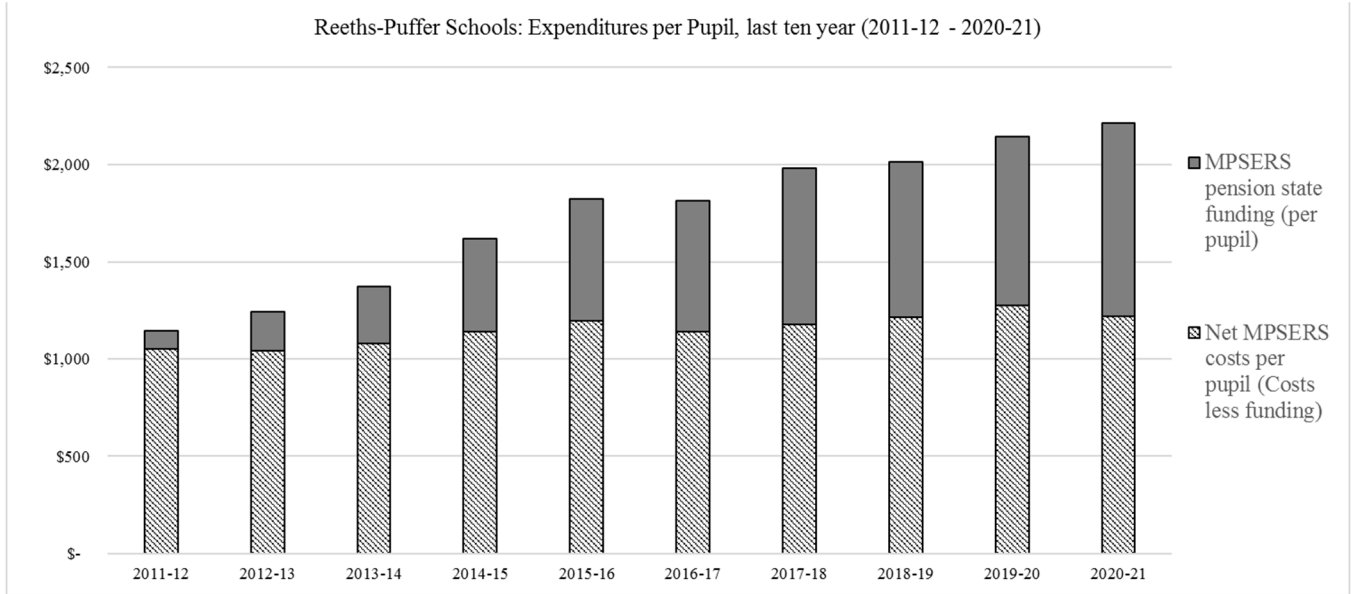
**MPSERS State Aid Funding through Section 147**

<u>Fiscal Year</u>	<u>147A Funding</u>	<u>% of Payroll</u>	<u>147C Funding</u>	<u>% of Payroll</u>	<u>147D Funding</u>	<u>% of Payroll</u>	<u>147E Funding</u>	<u>% of Payroll</u>	<u>Total Section 147 Funding</u>	<u>% of Payroll</u>
2011-12	\$ 364,749	2.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 364,749	2.0%
2012-13	388,080	2.2%	367,581	2.1%	-	0.0%	-	0.0%	755,661	4.2%
2013-14	247,745	1.4%	916,655	5.1%	-	0.0%	-	0.0%	1,164,400	6.4%
2014-15	254,922	1.4%	1,565,454	8.6%	45,505	0.2%	-	0.0%	1,865,881	10.2%
2015-16	263,761	1.4%	2,130,329	11.5%	-	0.0%	-	0.0%	2,394,090	12.9%
2016-17	261,534	1.5%	2,317,651	12.9%	-	0.0%	-	0.0%	2,579,185	14.4%
2017-18	374,636	2.0%	2,685,964	14.3%	-	0.0%	29,208	0.2%	3,089,808	16.5%
2018-19	475,346	2.6%	2,458,840	13.2%	-	0.0%	45,786	0.2%	2,979,972	16.0%
2019-20	660,506	3.5%	2,400,195	12.8%	-	0.0%	58,576	0.3%	3,119,277	16.6%
2020-21	672,880	3.8%	2,782,076	15.7%	-	0.0%	-	0.3%	3,454,956	19.9%
<b>Cumulative Total</b>	<b><u>\$3,964,159</u></b>		<b><u>\$17,624,745</u></b>		<b><u>\$ 45,505</u></b>		<b><u>\$ 133,570</u></b>		<b><u>\$21,767,979</u></b>	

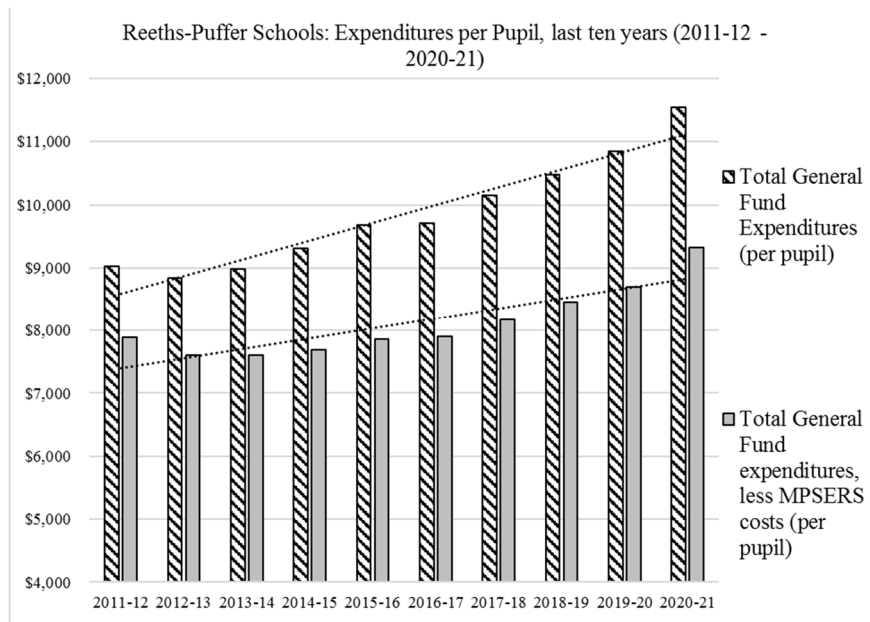
These amounts, while helping the School District deal with skyrocketing pension costs, have inflated School District costs as well. The total per-pupil pension obligation of the School District has almost doubled over the past nine years, from \$1,238 in 2012-13 to \$2,213 in 2020-21.

Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 For the Fiscal Year Ended June 30, 2021

The per-pupil cost net of funding for 2020-21 was \$1,216 per-pupil. Even compared to nine years ago, when the State of Michigan started Section 147 funding, the School District's net cost has increased over \$500,000 per year. The trend over the last ten years is illustrated on a per-pupil basis in the graph below.



Without the additional funding and extra expenditures, the School District's total General Fund budget would be closer to \$32.8 million in 2020-21 instead of approximately \$40.6 million. The impact, shown in the graph below, is that while the School District is spending more per-pupil in total, there is a larger portion that is going back into the State of Michigan MPSERS pension system. This means there is a flat or declining amount of resources that can be devoted to employee salaries, insurance benefits, supplies, and purchased services.



Reeths-Puffer Schools  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
 For the Fiscal Year Ended June 30, 2021

**Other Governmental Funds - June 30, 2021**

	<b><u>Technology and Security</u></b>	<b><u>Food Service</u></b>	<b><u>Debt Service</u></b>	<b><u>Building and Site</u></b>	<b><u>School Activity Fund</u></b>
Beginning balance	\$ 95,635	\$ 4,573	\$ 189,011	\$ 390,618	\$ 370,059
Revenues	739,789	2,015,031	3,231,407	153,197	330,206
Expenditures	530,436	1,540,252	7,246,280	133,805	347,584
Transfers and other	-	(62,479)	3,994,524	700,000	-
Ending balance	<b>\$ 304,988</b>	<b>\$ 416,873</b>	<b>\$ 168,662</b>	<b>\$ 1,110,010</b>	<b>\$ 352,681</b>

As shown above, the School District accounts for portions of its operations in separate funds from the General Fund. Generally, the classifications shown above are required by law. Each area shown above retains a healthy, appropriate amount of fund balance at June 30, 2021.

The Technology and Security Fund was added as a non-major special revenue fund, effective July 1, 2014. The voters of MAISD approved a 10-year, 1 mill levy to local districts in February 2014 to fund technology and security enhancements. The levy is received countywide and distributed to the eleven districts on a per-pupil basis. The School District began receiving property tax receipts through MAISD starting in July 2014.

The School District’s annual allocation is approximately \$700,000. As the School District enters the seventh year of the ten-year millage, we are proud of the accomplishments of this program. The School District has improved school security at all sites, installed secure entrances at all buildings, implemented a new police liaison program, strengthened the technology infrastructure and backbone, and provided for numerous student and staff technology devices. Future plans include further investments in instructional technology to ensure that all students have technology to learn virtually if needed due to the ongoing pandemic.

More detail on each fund or fund type shown above is available in the other supplemental information section of the Comprehensive Annual Financial Report.

**Currently known facts, decisions, and conditions affecting the 2021-22 School Year**

**2021-22 Initial General Fund Budget (June 2021 Budget Hearing)**

The adopted budget for the 2021-22 fiscal year projects an operational deficit of (\$631,947). This budget will be amended to reflect updated factors such as foundation grant information, actual student counts, and final staffing levels. The main assumptions for the 2021-22 budget are:

- State Aid revenue – this budget is prepared based upon certain assumptions made from the various budget proposals. The Senate and House have offered responses to the Governor’s first budget proposal. That proposal changed after the May CREC which showed a much better position in the State’s General Fund and School Aid Fund. At this time, we do not have a solid timeline for the final passage of the budget. Recommended assumptions include:
  - The per-pupil foundation allowance will increase for minimum foundation districts like the School District, by \$170 per pupil to \$8,281. This with the decline in student enrollment and assumption of the hold harmless disappearing will net a loss of \$151,242.
  - Section 31a At-Risk – we have not included an increase nor decrease in this area. Any changes in this grant fund will occur through budget amendments after the 2021-22 year begins. This grant helps to fund supplemental instructional and student service positions, as well as early elementary literacy and district-wide PBIS initiatives.
  - Section 35 early literacy funding of approximately \$48,000, continued at same level as 2020-21.
  - Section 147 pension funding of nearly \$3 million – more detail below in the “MPSERS” section. All budgets presented call for an increase for the 147a funding to help districts deal with a base pension rate increase from 28.21% to 28.5%.
  - Section 61d CTE pupil incentive funding – approximately \$4,200.

Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

- Special Education expenditure reimbursement – continued at same level as 2021-21. Any adjustments needed after the year begins will be addressed in budget amendments.
- Pupil Count – total pupil count of 3,500 for 2021-22. There are several components to this:
  - Traditional K-12 count – K-12 student count of 3,478 which is a decrease of 22 pupils from the spring 2021 count.
  - Alternative education student count of 21 students which is flat from the 2020-21 count.
  - We have taken away the hold harmless of pupil decline for this initial budget.
- MPSERS pension expenditures and State funding assumptions include:
  - The base pension rate has increased from 28.5% to 29.21%, and defined contribution costs are expected to continue to increase as new employees participate in new plans implemented over the past several years. This base rate increase will increase expenditures by nearly \$60,000.
  - The total projected pension rate of approximately 43.28% which is 2.38% higher than the 2020-21 rate. Section 147c expenditures are projected at 15.05% which is approximately 3% higher than the 2020-21 rate.
  - Section 147e is currently projected at approximately \$41,000. This is the same as the 2020-21 budgeted amount. This will likely change and be reflected in budget amendments.
  - Section 147c funding is projected to continue at approximately \$2.78 million. Although the rate is increased, it is based on previous year's payroll. If amounts change, it will be recognized in budget amendments.
  - Total General Fund pension expenditures are projected at \$7,821,838, compared to \$7,798,354 in the final 2020-21 budget projection. This represents about 19.3% of General Fund expenditures.
- Grant Revenue Assumptions:
  - Title I-A – The projected grant budget for 2021-22 is approximately \$496,000. This is the same amount as 2020-21 as the budget amounts had not been released before preparation of this budget. Any differences will be updated in the next budget amendment. We will continue the plan to use a combination of Title I-A, II-A, Section 31A At-Risk, and Section 35 Early Literacy to fund current interventionist and coaching positions focused on math and literacy.
  - Title II-A – The projected grant budget for 2021-22 is approximately \$116,000. Like Title I, the amounts had not been released before this budget was prepared and will be updated in budget amendments. The district will continue to use a combination of Title I-A, Title II-A, Section 35, and Section 31A to fund math and literacy initiatives in 2021-22.
  - Title III – The expected grant allocation is approximately \$600.
  - Title IV – The 2021-22 grant allocation is approximately \$40,000. Again, the timeline is the same as above and will be updated in future budget amendments.
  - Indian Ed – This grant is expected to continue with an approximate allocation of \$21,000. This grant will continue to provide supplemental tutoring services to students.
  - IDEA – Per-student allocations through MAISD are projected to be very similar to 2020-21. The four-district NSU consortium will continue in 2021-22. The total projected revenue available among the three IDEA grants is approximately \$1,325,000.
  - ESSER/GEER – As of the preparation of this budget, not all ESSER funds have been allocated for the School District's access. During this initial budget, the only amount of ESSER revenue recognized is directly aligned with the approved expenses. These grants will be updated during future budget amendments.
- Staffing and compensation – employee wages and benefits account for 78.2% of the initial 2021-22 budget. The MFS contract is settled for the 2021-22 school year. The R-PEA and OPPA contracts are currently under negotiations.
  - The MFS staff increases of one step and 1% have been included in the budget.
  - Increased health insurance caps at a rate of 3.7% district-wide, as allowed under Public Act 152 of 2011.
  - No other staffing cost increase unless contracts were already settled prior to the preparation of this initial budget.
- Total salaries and wages for the district are projected at about \$31.7 million or about 78.2% of our total general fund expenditures.
- Insurance benefits – insurance costs are projected to increase by 3.7%, or the allowable percentage increase under PA 152. Total insurance benefits are projected at about \$4.0 million, or about 10% of our General Fund expenditures.
- Updated allocations for other major contracts, and district and operational needs, have resulted in changes as compared to the 2020-21 allocations.

Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

This proposed budget factors all assumptions above and includes total revenue of approximately \$39.9 million in revenue and \$40.6 million in expenditures, for a projected spending deficit of \$631,947. The estimated beginning fund balance for 2021-22 is approximately \$4.0 million, or 9.7% of 2020-21 expenditures, and this amended budget will leave a fund balance of approximately \$3.4 million at the conclusion of the year, or 8.3% of projected 2021-22 expenditures.

**Consumers Energy Property Tax Appeal and Effects of Public Act 437 of 2012**

In October 2011, management became aware of significant property tax appeals entered into by Consumers Energy, the School District's largest taxpayer. On June 26, 2012, the City of Muskegon and Consumers Energy entered into a stipulation agreement that resulted in paybacks of over \$4.5 million in property tax refunds to Consumers. Of this total, nearly \$2 million was the responsibility of the School District. Payments were made during 2012-13 to clear the School District of liabilities that were previously accrued. Over \$1.36 million in operating tax refunds was paid in August 2012, with the remainder of approximately \$635,000 paid in January 2013.

Current and future taxable values have been negotiated between the City of Muskegon and Consumers Energy, with the total Consumers value in the School District declining from over \$77 million in 2012, to approximately \$14.9 million as of June 30, 2021. The impact of these declines, along with the implementation of Public Act 437 of 2012, forced the School District to increase tax millage rates for several years.

Public Act 437 of 2012 requires a recalculation of the School District's millage rate since the School District participates in the School Bond Loan Fund. This recalculation is used to gauge compliance with the mandatory loan repayment date (MLRD), which occurs in the year 2033. A significant taxable value loss such as this is very likely to put the School District into MLRD non-compliance, which then requires a millage increase.

The debt millage rate for 2014-15 was increased by 1.0 mills to 9.37 mills, or an 11.49% increase, equal to the loss in taxable values experienced over the past five years. For 2015-16, a slight taxable value increase was experienced by the School District. This increase forced the School District to gain compliance with the MLRD, meaning an even bigger increase to 10.82 mills. For 2016-17, the School District was fortunate to be able to reduce the debt millage rate to 10.39 mills based upon some modest growth and the impact of outstanding bonds being refinanced at lower interest rates. In 2017-18, the same was true, as taxable values grew, and the School District experienced the positive impact of refinancing efforts, the rate was reduced again to 9.75 mills. In 2018-19, the millage rate once again dropped, this time to 9.10 mills. The millage rate dropped in 2019-20 to 8.75 mills and will remain at the same level for 2021-22.

During 2015-16, 2016-17, and 2019-20 the School District refinanced all five possible bond issues at lower interest rates, saving taxpayers money. Administration has seen the positive impacts of these changes in impact to the 2020-21 and 2021-22 levy. We are hopeful that taking advantage of these refinancing opportunities will help mitigate any potential future millage increases, and will help the School District stabilize and reduce the millage rate in the longer term.



Reeths-Puffer Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

**Post-Retirement Benefits**

For several years, the School District has used this space to disclose information about its post-retirement benefit plan, above and beyond what was required. This plan was created as a result of clauses in the collective bargaining agreement with the R-PEA, which guarantees certain insurance payments for up to ten years after retirement from the School District. With the implementation of GASB Statement Number 75, the School District is now required to recognize this liability in the full-accrual financial statements and make certain disclosures within the financial statements and related footnotes.

**Employee Contracts (MEA affiliates)**

As of the report date, the R-PEA, R-P OPPA and R-P MFS are the three organized labor groups under contract for the 2021-22 school year. The R-PEA certified staff contract, covering teachers and non-teaching professional instructional support, was ratified in August, 2021, and expires June 30, 2022. The R-P MFS contract, covering the maintenance and food service, was ratified in November, 2020, and is expiring June 30, 2023. The R-P OPPA contract, covering the secretarial and para-professional group, was ratified in July, 2021, and expires June 30, 2022.

**The COVID-19 Pandemic**

On March 12, 2020, Governor Gretchen Whitmer ordered all school buildings to close for in-person instruction at the end of day March 13, 2020 due to the COVID-19 pandemic. The School District began in-person instruction at the beginning of the 2020-21 school year with an online option for families who chose what was the best. While the School District offered 5 days per week of in-person learning, the days were shortened for both students and some staff. While there were savings recognized due to the shorter day, these savings will no longer be recognized during the 2021-22 school year as the District has returned to a "normal" schedule while still offering an online experience. Offering quality instruction virtually comes at a cost for the School District which is where a large portion of the federal funds were allocated. The School District will continue to monitor all of the expenses related to the COVID-19 pandemic as keeping students and staff safe are the number one goal during this season of virus transmission.

**Requests for Information**

This financial report is designed to provide the School District's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show how the School District accounts for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tracey French, Director of Finance, Reeths-Puffer Schools, 991 W. Giles Road, Muskegon, Michigan 49445, telephone number (231) 719-3110.

Reeths-Puffer Schools  
**STATEMENT OF NET POSITION**  
June 30, 2021

	<b>Governmental activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 9,874,163
Receivables	40
Due from other governmental units	7,208,647
Inventories	48,496
Prepaid items	121,007
Total current assets	17,252,353
Noncurrent assets	
Capital assets, net	
Nondepreciable	934,170
Depreciable	41,279,440
Total noncurrent assets	42,213,610
Total assets	59,465,963
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	343,306
Related to other postemployment benefits	6,932,028
Related to pensions	15,679,679
Total deferred outflows of resources	22,955,013
Total assets and deferred outflows of resources	82,420,976
<b>LIABILITIES</b>	
Current liabilities	
State aid loans	5,000,000
Accounts payable and accrued liabilities	4,728,717
Due to other governmental units	599,995
Unearned revenue	27,820
Bonds and other obligations, due within one year	6,188,308
Total current liabilities	16,544,840
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	60,420,625
Net other postemployment benefits liability	16,288,791
Net pension liability	74,373,077
Total noncurrent liabilities	151,082,493
Total liabilities	167,627,333
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	9,168,073
Related to pensions	3,874,226
Total deferred inflows of resources	13,042,299
Total liabilities and deferred inflows of resources	180,669,632
<b>NET POSITION</b>	
Net investment in capital assets	13,004,772
Restricted	
Debt service	18,768
Food services	416,873
Technology	304,988
Unrestricted	(111,994,057)
Total net position	<b>\$ (98,248,656)</b>

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2021

<i>Functions/Programs</i>	Program Revenue			<b>Net (Expense) Revenue and Changes in Net Position</b>
<i>Expenses</i>	<b>Charges for services</b>	<b>Operating grants and contributions</b>	<b>Governmental activities</b>	
Governmental activities				
Instruction	\$ 27,334,678	\$ -	\$ 7,348,480	\$ (19,986,198)
Support services	16,892,461	25,149	6,094,825	(10,772,487)
Community services	66,712	-	94,769	28,057
Food services	1,600,600	30,267	1,960,015	389,682
Student/school activities	347,584	330,206	-	(17,378)
Athletics	1,101,299	33,647	-	(1,067,652)
Interest on long-term debt	2,222,159	-	-	(2,222,159)
Unallocated depreciation and amortization*	35,093	-	-	(35,093)
Total governmental activities	<b>\$ 49,600,586</b>	<b>\$ 419,269</b>	<b>\$ 15,498,089</b>	(33,683,228)
General revenues				
Property taxes				8,661,576
Grants and contributions not restricted to specific programs				25,562,726
Investment earnings				51,865
Miscellaneous				145,415
Gain on sale of capital assets				111,555
Total general revenues				34,533,137
Change in net position				849,909
Net position at beginning of year, as restated				(99,098,565)
Net position at end of year				<b>\$ (98,248,656)</b>

\* Excludes direct depreciation expenses of the various programs

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2021

	<b>General Fund</b>	<b>2015-B Refunding</b>	<b>Other governmental funds</b>	<b>Total governmental funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,532,822	\$ 93,106	\$ 1,248,235	\$ 9,874,163
Receivables	40	-	-	40
Due from other governmental units	7,081,849	-	126,798	7,208,647
Due from other funds	-	-	1,073,640	1,073,640
Inventories	-	-	48,496	48,496
Prepaid items	91,467	-	29,540	121,007
Total assets	<b>\$ 15,706,178</b>	<b>\$ 93,106</b>	<b>\$ 2,526,709</b>	<b>\$ 18,325,993</b>
<b>LIABILITIES</b>				
State aid loans	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Accounts payable	983,638	-	64,718	1,048,356
Accrued liabilities	3,437,361	-	-	3,437,361
Due to other governmental units	599,995	-	-	599,995
Due to other funds	992,683	-	80,957	1,073,640
Unearned revenue	-	-	27,820	27,820
Total liabilities	11,013,677	-	173,495	11,187,172
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	-	-	48,496	48,496
Prepaid items	91,467	-	29,540	121,007
Restricted				
Debt service	-	93,106	168,662	261,768
Food services	-	-	362,287	362,287
Technology	-	-	281,538	281,538
Committed				
Capital projects	-	-	1,110,010	1,110,010
Student/school activities	-	-	352,681	352,681
Assigned to subsequent year's budget appropriations	631,947	-	-	631,947
Unassigned	3,969,087	-	-	3,969,087
Total fund balances	4,692,501	93,106	2,353,214	7,138,821
Total liabilities and fund balances	<b>\$ 15,706,178</b>	<b>\$ 93,106</b>	<b>\$ 2,526,709</b>	<b>\$ 18,325,993</b>

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2021

Total fund balances—governmental funds \$ 7,138,821

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 are not reported in the governmental funds.

Cost of capital assets	\$ 79,070,659	
Accumulated depreciation	<u>(36,857,049)</u>	42,213,610

Deferred charges on refunding are not capitalized and amortized in the governmental funds.

Deferred charges on refunding	1,072,170	
Accumulated amortization	<u>(728,864)</u>	343,306

Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds.

Deferred outflows of resources - related to other postemployment benefits	6,932,028	
Deferred inflows of resources - related to other postemployment benefits	(9,168,073)	
Deferred outflows of resources - related to pensions	15,679,679	
Deferred inflows of resources - related to pensions	<u>(3,874,226)</u>	9,569,408

Accrued interest in governmental activities is not reported in the governmental funds.

(243,000)

Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.

(157,270,801)

Net position of governmental activities

**\$ (98,248,656)**

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Government Funds  
 For the year ended June 30, 2021

	General Fund	2015-B Refunding	Other governmental funds	Total governmental funds
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 2,714,835	\$ 2,661,072	\$ 3,160,024	\$ 8,535,931
Received from other districts	1,722,580	-	711,931	2,434,511
Investment earnings	43,666	2,699	5,500	51,865
Fees and charges	58,796	-	30,267	89,063
Student/school activities	-	-	330,206	330,206
Other	65,434	-	82,152	147,586
Total local sources	4,605,311	2,663,771	4,320,080	11,589,162
State sources	32,992,465	57,438	281,965	33,331,868
Federal sources	3,895,118	-	1,867,585	5,762,703
Total revenues	41,492,894	2,721,209	6,469,630	50,683,733
<b>EXPENDITURES</b>				
Current				
Instruction	23,582,906	-	-	23,582,906
Support services	16,223,329	-	433,893	16,657,222
Community services	67,751	-	-	67,751
Food services	-	-	1,540,252	1,540,252
Student/school activities	-	-	347,584	347,584
Debt service				
Principal	64,569	5,830,000	3,261,346	9,155,915
Interest and other charges	1,790	150,563	4,081,477	4,233,830
Capital projects	-	-	133,805	133,805
Total expenditures	39,940,345	5,980,563	9,798,357	55,719,265
Excess (deficiency) of revenues over (under) expenditures	1,552,549	(3,259,354)	(3,328,727)	(5,035,532)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	62,479	-	700,000	762,479
Transfers out	(700,000)	-	(62,479)	(762,479)
Loan proceeds	-	3,233,109	3,994,524	7,227,633
Proceeds from sale of capital assets	169,100	-	-	169,100
Other transactions	41,293	-	-	41,293
Total other financing sources	(427,128)	3,233,109	4,632,045	7,438,026
Net change in fund balances	1,125,421	(26,245)	1,303,318	2,402,494
Fund balances at beginning of year, as restated	3,567,080	119,351	1,049,896	4,736,327
Fund balances at end of year	<b>\$ 4,692,501</b>	<b>\$ 93,106</b>	<b>\$ 2,353,214</b>	<b>\$ 7,138,821</b>

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2021

Net change in fund balances—total governmental funds \$ 2,402,494

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.

Depreciation expense	\$ (2,213,616)	
Capital outlay	<u>178,834</u>	(2,034,782)

Governmental funds report the entire proceeds from the sale of capital assets as revenue, but the Statement of Activities reports only the gain or loss on the sale or disposition of capital assets. (57,545)

Governmental funds report outflows for deferred charges on refunding as expenditures; in the Statement of Activities these costs are amortized over the bond period. (91,629)

Debt proceeds are other financing sources in the governmental funds, but debt proceeds and accrued interest added to principal increase long-term debt in the Statement of Net Position. (7,872,744)

Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. 11,862,326

Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid. 42,000

Compensated absences and early retirement obligations reported in the Statement of Activities do not require the use of current financial resources. They are reported as expenditures when financial resources are used in the governmental funds. (140,903)

Some other postemployment benefit related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 1,494,201

Some pension related expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (4,753,509)

Change in net position of governmental activities \$ 849,909

The accompanying notes are an integral part of this statement.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Reeths-Puffer Schools (School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education (Board), which has responsibility and control over all activities related to public school education within the School District. The School District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School District is considered to be financially accountable for other organizations, those organizations should be included as component units in the School District's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**Basis of Presentation—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 School District. All fiduciary activities, if any are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

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

The School District reports the following major governmental funds:

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

The 2015 Bond-Series B Fund accounts for the resources accumulated and payments made for principal and interest on the long-term obligation of the bonds.



Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**

Additionally, the School District reports the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The School District accounts for its food services, technology and security millage, and student/school activities in the special revenue funds.

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

The Building & Site capital projects fund accounts for the financial resources to be used for the acquisition of capital assets or construction of major capital projects.

During the course of operations the School District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting—Continued**

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the school districts. For the current fiscal year, the foundation allowance was based on pupil membership counts taken in October and February.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-PRE property taxes which may be levied at a rate of up to 18 mills. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

The School District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

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

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Cash and Investments***

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the School District are reported at fair value (generally based on quoted market prices). Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the School District intends to hold the investment until maturity.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Cash and Investments—Continued***

State statutes authorize the School District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The School District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The School District's deposits and investments are in accordance with statutory authority.

***Inventories and Prepaid Items***

All inventories are valued at cost using the first-in/first-out method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the School District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment, of the School District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	10-50
Furniture and equipment	5-20
Vehicles	10

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Defined Benefit Plans***

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

***Deferred Outflows/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 will not be recognized as an outflow of resources (expense/expenditures) until that time.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

***Net Position Flow Assumption***

Sometimes the government 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 of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the computation of net investment in capital assets, the 2015 Refunding Bonds Series B, 2019 Refunding Bonds and GO School Loan Revolving Fund debt are not considered to be capital related debt.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Fund Balance Flow Assumptions***

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

***Fund Balance Policies***

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

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

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

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***

Property taxes levied by the School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Compensated Absences***

The liability for compensated absences reported in the government-wide statement consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

For fund financial statements, no compensated absence liability is reported for current employees, and a compensated absence liability is reported for terminated employees only when the termination date is on or before year end.

***Early Retirement Obligations***

For government-wide financial statements, the liability for early retirement obligations is reported when legally enforceable. For fund financial statements, the liability for early retirement obligations is reported either 1) on the due date when there is a specified due date or 2) on the retirement date if it is before year end, when there is not a specified legally enforceable due date.

**NOTE B—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and special revenue funds. All annual appropriations lapse at year end.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the General Fund are noted in the required supplementary information section.
4. The Director of Finance is authorized to transfer budgeted amounts within major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2021.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE C—DEPOSITS AND INVESTMENTS**

As of June 30, 2021, the School District had the no investments.

**Interest rate risk**

In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

**Credit risk**

State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

**Concentration of credit risk**

The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2021, \$10,443,440 of the School District's bank balance of \$10,943,440 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial credit risk - investments**

The School District does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Foreign currency risk**

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

**NOTE D—DUE FROM OTHER GOVERNMENTAL UNITS**

The composition of the due from other governmental units balance as of June 30, 2021 is as follows:

<u>Receivable from</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Other local school districts	\$ 113,058	\$ -
Intermediate School District	312,333	32,306
Townships	1,711	-
State of Michigan	6,604,258	94,492
Federal Government	50,489	-
	<u>\$ 7,081,849</u>	<u>\$ 126,798</u>

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE E—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2021</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 474,150	\$ -	\$ -	\$ 474,150
Land improvements	460,020	-	-	460,020
Total capital assets, not being depreciated	934,170	-	-	934,170
<b>Capital assets, being depreciated:</b>				
Land improvements	60,148	-	-	60,148
Buildings and improvements	74,008,885	48,609	-	74,057,494
Furniture and equipment	3,748,883	122,785	11,985	3,859,683
Vehicles	1,303,514	7,440	1,151,790	159,164
Total capital assets, being depreciated	79,121,430	178,834	1,163,775	78,136,489
<b>Less accumulated depreciation:</b>				
Land improvements	35,186	3,007	-	38,193
Buildings and improvements	31,842,018	1,837,871	-	33,679,889
Furniture and equipment	2,709,429	357,194	7,310	3,059,313
Vehicles	1,163,030	15,544	1,098,920	79,654
Total accumulated depreciation	35,749,663	2,213,616	1,106,230	36,857,049
Total capital assets, being depreciated, net	43,371,767	(2,034,782)	57,545	41,279,440
Capital assets, net	<b>\$ 44,305,937</b>	<b>\$ (2,034,782)</b>	<b>\$ 57,545</b>	<b>\$ 42,213,610</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

Instruction	\$ 1,639,375
Support services	456,346
Food services	1,367
Athletics	81,435
Unallocated	35,093
	<b>\$ 2,213,616</b>



Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2021 is as follows:

**Due to/from other funds:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Other governmental funds	General Fund	\$ 992,683
Other governmental funds	Other governmental funds	<u>80,957</u>
		<b><u>\$ 1,073,640</u></b>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Interfund Transfers**

The General Fund transferred \$700,000 to the Building and Site Fund to help fund future improvements. The Food Service Fund transferred \$62,479 to the General Fund to cover allowable indirect costs.

**NOTE G—SHORT-TERM DEBT**

The School District issues State of Michigan school aid anticipation notes to provide short-term operating funds. The notes are obligations of the General Fund, which received the note proceeds, and are backed by the full faith, credit and resources of the School District. In the event of default, the State of Michigan can withhold future state aid payments. The short-term debt activity for the year ended June 30, 2021 follows:

	<u>Balance</u>		<u>Balance</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>June 30, 2021</u>
State aid anticipation note			
2019-2020 1.3% due August 2020	\$ 4,200,000	\$ -	\$ -
2020-2021 0.84% due August 2021	-	5,000,000	5,000,000
	<b><u>\$ 4,200,000</u></b>	<b><u>\$ 5,000,000</u></b>	<b><u>\$ 5,000,000</u></b>

**NOTE H—LONG-TERM OBLIGATIONS**

The School District issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes from direct borrowing and direct placements include the GO School Loan Revolving Fund and an installment purchase. The School District's debt retirement funds are used as the primary resource to liquidate long-term liabilities. In the event that such resources proved insufficient, the School District's General Fund would be used to pay such obligations.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE H—LONG-TERM OBLIGATIONS—Continued**

The following is a summary of long-term obligations activity for the School District for the year ended June 30, 2021:

	<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
	<b>July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2021</b>	<b>one year</b>
<b>Governmental activities</b>					
Bonds	\$ 60,700,233	\$ 373,068	\$ 11,490,000	\$ 49,583,301	\$ 5,843,301
Premium	1,543,905	-	306,866	1,237,039	-
Discount	(192,564)	-	(89,866)	(102,698)	-
Notes from direct borrowings and direct placements	7,616,041	7,499,676	155,326	14,960,391	90,757
Compensated absences	240,997	106,316	150,163	197,150	80,000
Early retirement obligations	549,000	365,000	180,250	733,750	174,250
Net other postemployment benefits liability	20,183,142	290,541	4,184,892	16,288,791	-
Net pension liability	72,868,641	7,887,833	6,383,397	74,373,077	-
	<b>\$ 163,509,395</b>	<b>\$ 16,522,434</b>	<b>\$ 22,761,028</b>	<b>\$ 157,270,801</b>	<b>\$ 6,188,308</b>

In the previous schedule, the additions for bonds include \$373,068 of accrued interest added to principal on capital appreciation bonds. The additions for notes from direct borrowings and direct placements represent GO School Loan Revolving Fund proceeds of \$7,227,633 and accrued interest added to principal of \$272,043.

In the Statement of Revenues, Expenditures, and Changes in Fund Balance, the loan proceeds total of \$7,227,633 consists of additions for notes from direct borrowings and direct placements related to the GO School Loan Revolving Fund proceeds.

The governmental activities general obligation bonds are secured by future state aid and property tax revenues of the School District. If the School District defaults, the bonds are callable.

The governmental activity notes from direct borrowings and direct placements consist of notes payable to the State of Michigan under the GO School Loan Revolving Fund which are secured by future state aid and property tax revenues of the School District. In the event of default, the State of Michigan can withhold future state aid payments. Additionally, the installment purchase agreement which is secured by the purchased item and if the School District defaults under either agreement all principal and accrued interest at that time are due and payable immediately.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE H—LONG-TERM OBLIGATIONS—Continued**

General obligation bonds and notes from direct borrowings and direct placements consist of the following as of June 30, 2021:

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>	<u>Original Amount Issued</u>
<b>Governmental activities</b>				
General obligation bonds				
1992 School Building and Site Capital Appreciation Bond	6.85%	May 2022	\$ 2,823,301	\$ 11,799,969
2010 School Building and Site Qualified School Construction	2.25%	May 2025	6,270,000	10,835,000
2015 Refunding Bonds Series A	4%	May 2029	4,580,000	5,455,000
2016 Refunding Bonds	2-4%	May 2027	5,135,000	5,135,000
2017 Refunding Bonds	5%	May 2025	9,560,000	15,415,000
2019 Refunding Bonds	2.054-2.598%	May 2029	21,215,000	21,215,000
			<b>\$ 49,583,301</b>	<b>\$ 69,854,969</b>
Notes from direct borrowings and direct placements				
GO School Loan Revolving Fund	3.00%	May 2033	\$ 14,778,878	N/A
Installment purchase	2.55%	November 2022	181,513	453,784
			<b>\$ 14,960,391</b>	<b>\$ 453,784</b>

The annual requirements of principal and interest to amortize the bonds, notes from direct borrowings and direct placements, and early retirement obligations outstanding as of June 30, 2021 follow:

Year ended June 30,	Governmental activities					
	Bonds		Notes from Direct Borrowings and Direct Placements		Other	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 5,923,301	\$ 1,675,980	\$ 90,757	\$ 3,471	\$ 174,250	\$ -
2023	5,720,000	1,351,252	90,756	1,157	104,250	-
2024	5,887,150	1,148,643	-	-	95,250	-
2025	6,095,000	938,155	-	-	86,250	-
2026	6,270,000	711,663	-	-	78,750	-
2027-2031	19,885,000	956,440	-	-	195,000	-
2032-2033	-	-	14,778,878	-	-	-
	<b>\$ 49,780,451</b>	<b>\$ 6,782,133</b>	<b>\$ 14,960,391</b>	<b>\$ 4,628</b>	<b>\$ 733,750</b>	<b>\$ -</b>

**Prior-year Defeasance of Debt**

In prior years, the School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the School Districts financial statements. On June 30, 2021, \$14.9 million of bonds outstanding are considered defeased.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*Michigan Public School Employees' Retirement System Plans*

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members—eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Benefits Provided – Pension**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

***Pension Reform 2010***

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System who became a member after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4 percent of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50 percent (up to 1 percent of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Reeths-Puffer Schools  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

*Michigan Public School Employees' Retirement System Plans—Continued*

**Benefits Provided –Pension—Continued**

***Pension Reform 2012***

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional service or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50 percent after two years of service, 75 percent after three years of service, and 100 percent after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.

***Pension Reform 2017***

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan (Pension Plus 2) with similar plan benefit calculations, but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6 percent. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85 percent for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

***Regular Retirement***

The pension benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

*Michigan Public School Employees' Retirement System Plans—Continued*

**Benefits Provided –Pension—Continued**

*Post-Retirement Adjustments*

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

*Plan Status*

The Basic, MIP, and Pension Plus plans are closed to new entrants. The Pension Plus 2 plan and the DC plan are still open to new entrants.

**Benefits Provided – OPEB**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80 percent beginning January 1, 2013; 90 percent 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 percent contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

*Michigan Public School Employees' Retirement System Plans—Continued*

**Contributions – Pension and OPEB**

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019, and ending September 30, 2038.

The schedules below summarize the contribution rates in effect for the System's fiscal year ended September 30, 2020.

**Pension Contribution Rates**

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0 %	19.41 %
Member Investment Plan	3.0 - 7.0	19.41
Pension Plus Plan	3.0 - 6.4	16.46
Pension Plus 2 Plan	6.2	19.59
Defined Contribution	0.0	13.39

**OPEB Contribution Rates**

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0 %	8.09 %
Personal Healthcare Fund	0.0	7.57

The School District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Pension contributions were approximately \$6,169,479, including Section 147c contributions.

For the year ended June 30, 2021, the School District and employee defined contribution plan contributions were approximately \$95,000 and \$221,000, respectively.

The School District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. OPEB contributions were approximately \$1,463,425.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Michigan Public School Employees’ Retirement System Plans—Continued***

**Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2021, the School District reported a liability of \$74,373,076 for its proportionate share of the net pension liability and a liability of \$11,481,165 for its proportionate share of the net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2020, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation rolled forward from September 30, 2019. The School District’s proportion of the net pension and OPEB liabilities was determined by dividing each employer’s statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required from all applicable employers during the measurement period. At September 30, 2020 and 2019, the School District’s pension proportion was 0.21651 and 0.22004 percent, respectively. At September 30, 2020 and 2019, the School District’s OPEB proportion was 0.21431 and 0.21826 percent, respectively.

For the year ended June 30, 2021, the School District recognized pension expense (benefit) of \$10,535,305 and OPEB expense (benefit) of \$(378,003).

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Pension</u>		<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,136,360	\$ 158,738	\$ -	\$ 8,554,541
Changes of assumptions	8,241,254	-	3,785,568	-
Net difference between projected and actual earnings on plan investments	312,482	-	95,823	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	155,054	933,412	194,574	559,760
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	2,782,076	-	-
School District contributions subsequent to the measurement date	5,834,529	-	1,320,494	-
<b>Total</b>	<b>\$15,679,679</b>	<b>\$ 3,874,226</b>	<b>\$ 5,396,459</b>	<b>\$ 9,114,301</b>



Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

*Michigan Public School Employees’ Retirement System Plans—Continued*

**Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued**

The School District contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB liability, respectively, in the year ended June 30, 2022. The State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in expense as follows:

Year ending June 30,	Pension	OPEB
2022	\$ 4,137,036	\$ (1,329,584)
2023	2,848,001	(1,196,059)
2024	1,374,343	(1,015,187)
2025	393,620	(846,788)
2026	-	(650,718)
	<b>\$ 8,753,000</b>	<b>\$ (5,038,336)</b>

**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 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.

**Summary of Actuarial Assumptions**

Valuation date –	September 30, 2019
Actuarial cost method –	Entry age, Normal
Investment rate of return –	6.8% a year for the MIP and Basic plans 6.8% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 6.95% a year for OPEB
Salary increases –	2.75%-11.55%
Inflation –	2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	7% Year 1 graded to 3.5% Year 15; 3% Year 120

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Michigan Public School Employees’ Retirement System Plans—Continued***

**Actuarial assumptions—Continued**

***Mortality Assumptions***

The healthy life post-retirement mortality tables used in this valuation of the System were the RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82 percent for males and 78 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

***Experience Study***

The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. 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 and OPEB valuations beginning with the September 30, 2017 valuation.

***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on 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 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 plan’s target asset allocation as of September 30, 2020 are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocations</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0 %	5.6 %
Private Equity Pools	16.0	9.3
International Equity Pools	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	0.1
<b>Total</b>	<b><u>100.0 %</u></b>	

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

***Rate of return***

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.37 percent and 5.24 percent on pension plan and OPEB plan investments, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

*Michigan Public School Employees' Retirement System Plans—Continued*

**Actuarial assumptions—Continued**

***Discount rate***

In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), and 6.95 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2020 were 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), and 6.95 percent, respectively. The projection of cash flows used to determine the discount rates 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 and OPEB plans' 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 and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

<b>1% Lower</b> <b>(5.8% / 5.8% / 5%)</b>	<b>Discount Rate</b> <b>(6.8% / 6.8% / 6%)</b>	<b>1% Higher</b> <b>(7.8% / 7.8% / 7%)</b>
\$ 96,263,331	\$ 74,373,076	\$ 56,230,935

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95 percent, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

<b>1% Lower</b> <b>(5.95%)</b>	<b>Discount Rate</b> <b>(6.95%)</b>	<b>1% Higher</b> <b>(7.95%)</b>
\$ 14,748,861	\$ 11,481,165	\$ 8,730,038

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Reeths-Puffer Schools Retiree Medical Benefits Plan—Continued***

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate**

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

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
\$ 8,624,703	\$ 11,481,165	\$ 14,730,038

**Pension and OPEB Plans Fiduciary Net Position**

Detailed information about the pension and OPEB plans’ fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Comprehensive Annual Financial Report available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payable to the pension and OPEB plan**

At year end the School District is current on all required pension and OPEB payments. Accruals for July and August deferred payroll and for July and August Section 147c amounts are not considered payables for this purpose.

**Plan Description**

The School District administers a single-employer defined benefit post-employment health and life insurance plan, the Reeths-Puffer Schools Retiree Medical Benefits Plan (Plan). The Director of Finance is responsible for administration of the Plan in accordance with the employment contracts. This plan does not issue a publicly-available stand-alone financial report and there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Information is available upon request of the School District.

**Plan Membership**

As of June 30, 2021, employees covered by benefit terms of the Plan were as follows:

Inactive plan members receiving benefits and spouses	64
Active plan members	261
	325

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Reeths-Puffer Schools Retiree Medical Benefits Plan—Continued***

**Benefits Provided**

Pursuant to employment contracts, the Plan provides that certain employees electing retirement are eligible to receive post-retirement health and life insurance benefits. Benefit provisions are established and amended by the union contracts through negotiations between the School District and the respective unions or as established by the School District for non-union employees. Benefits terminate the month the person attains eligibility for full social security benefits, or dies, whichever occurs first; however, no more than ten (10) years of payments will be made. The Plan provides the following benefits based on employee group upon retirement:

***Teachers and Administrators—***

<u>Date of Hire</u>	<u>Benefits</u>
Before September 1, 2004 with at least 20 years of service	Health insurance costs not covered by State retirement program for retiree and spouse, up to 20% of the cost of the State plan, for maximum of ten years. Term life insurance premium for a maximum of ten years.
After September 1, 2004 with 10 - 20 years of service	Health insurance costs not covered by State retirement program for retiree and spouse, up to 20% of the cost of the State plan, for maximum of five years. Term life insurance premium for a maximum of five years.
After September 1, 2004 with at least 20 years of service	Term life insurance premium for a maximum of five years.

***Secretaries—***

Health insurance costs not covered by State retirement program for the individual only, with a cap of \$125 per month for a maximum of three years.

**Contributions**

The Plan’s funding policy is that the School District will fund the Plan on a pay-as-you-go basis. That is, benefit payments will be made from general operating assets. There are no long term contracts for contributions to the Plan. The Plan has no legally required reserves. For the fiscal year ended June 30, 2021, the School District paid approximately \$167,700.

**Total OPEB Liability**

The School District’s total OPEB liability of \$4,807,626 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Reeths-Puffer Schools Retiree Medical Benefits Plan—Continued***

**Actuarial Assumptions and Other Inputs**

***Valuation Assumptions***

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Implicit in expected payroll increases
Salary increases	3%
20-year Aa Municipal bond rate	2.18%

***Discount Rate***

The discount rate used to measure the total OPEB liability was 2.18% based on the long-term expected rate above reflecting a 20-year AA/Aa tax-exempt municipal bond yield.

***Mortality***

Mortality rates were based on the Public Teacher and Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale.

***Experience Study***

The annual actuarial valuation report of the Plan used for these statements is dated June 30, 2020. Assumption changes as a result of an experience study for turnover rates based on 2008 data and an experience study for retirement rates for the period 2008 through 2012 have been adopted by the Plan.

**Changes in the Total OPEB Liability**

Balance at June 30, 2019	\$ 4,517,085
Service cost	195,468
Interest	123,123
Difference between expected and actual experience	(1,642)
Change of assumptions	141,268
Contributions/benefit paid	<u>(167,676)</u>
Net change	<u>290,541</u>
Balance at June 30, 2020	<u><u>\$ 4,807,626</u></u>

Changes of assumptions reflect a change in the discount rate from 2.66 percent to 2.18 percent.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Reeths-Puffer Schools Retiree Medical Benefits Plan—Continued***

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following table presents the total OPEB liability of the School District, as well as what the School District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18 percent) or 1-percentage-point higher (3.18 percent) than the current discount rate:

	<b>1% Lower (1.18%)</b>	<b>Discount Rate (2.18%)</b>	<b>1% Higher (3.18%)</b>
Total OPEB liability	\$ 5,110,577	\$ 4,807,626	\$ 4,516,624

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following table presents the total OPEB liability of the School District, as well as what the School District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.25 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.25 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	<b>1% Lower</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Higher</b>
Total OPEB liability	\$ 4,395,191	\$ 4,807,626	\$ 5,273,519

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$512,542. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,198,891	\$ 53,771
Changes of assumptions	336,676	-
<b>Total</b>	<b>\$ 1,535,567</b>	<b>\$ 53,771</b>

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

*Reeths-Puffer Schools Retiree Medical Benefits Plan—Continued*

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—Continued**

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

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u> <u>Recognized</u>
2022	\$ 193,951
2023	193,951
2024	193,951
2025	193,951
2026	193,951
Thereafter	<u>512,041</u>
	<b><u>\$ 1,481,796</u></b>

**NOTE J—COMMITMENTS AND CONTINGENCIES**

**Grant Programs**

The School District participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

**Capitalized Leases**

Included in furniture and equipment are the following assets held under capital leases as of June 30, 2021:

Furniture and equipment	\$ 292,163
Less accumulated amortization	<u>(243,469)</u>
	<b><u>\$ 48,694</u></b>



Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE J—COMMITMENTS AND CONTINGENCIES—Continued**

**Capitalized Leases—Continued**

Future minimum lease payments for assets under capital leases for 2022 through 2027 are as follows:

<b>Year ending June 30,</b>	<b>Amount</b>
2022	\$ 17,709
2023	42,502
2024	42,501
2025	42,502
2026	42,503
2027	<u>24,792</u>
Total minimum lease payments	212,509
Less amount representing interest	<u>(18,769)</u>
Present value of net minimum lease payments	193,740
Less current maturities	<u>(14,360)</u>
Long-term obligation	<u><b>\$ 179,380</b></u>

**NOTE K—RISKS AND UNCERTAINTIES**

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact it will have on the economy and on the School District's operations. As of June 30, 2021, the School District is continuing to implement risk mitigation tactics including all aspects of the School District's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the School District.

**NOTE L—OTHER INFORMATION**

The School 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 School 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 School 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 workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2021 or any of the prior three years.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE M—TAX ABATEMENTS**

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

<u>Municipality</u>	<u>Abatement type</u>	<u>Taxes abated</u>
Muskegon Township	IFT	<u>\$ 30,969</u>

The tax abatements that reduce the general fund operating tax levy are considered by the State of Michigan when calculating the School District’s state aid—section 22 of the State School Aid Act.

There are no significant abatements made by the School District.

**NOTE N—SUBSEQUENT EVENT**

**State Aid Anticipation Note**

In August 2021, the School District received the proceeds of a \$5,000,000 State of Michigan (State) school aid anticipation note payable. The note payable is not subject to redemption prior to its maturity in August 2022 and bears interest at the rate of 0.5 percent per annum. The School District pledged for payment of the note payable the amount of State school aid to be received plus the full faith, credit, and resources of the School District.

**NOTE O—CHANGE IN ACCOUNTING PRINCIPLE**

The net position of the governmental activities and other governmental funds were restated effective July 1, 2020 to reflect the implementation of GASB Statement No. 84, *Fiduciary Activities*.

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and is effective for the District’s 2021 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE O—CHANGE IN ACCOUNTING PRINCIPLE—Continued**

The restatement of the net position at the beginning of the year and fund balance at the beginning of the year is as follows:

	<b>Fund balances</b>	
	<b>Other governmental funds</b>	<b>Total governmental funds</b>
Fund balances at beginning of year, as previously stated	\$ 679,837	\$ 4,366,268
Adoption of GASB Statement 84	370,059	370,059
	<b>\$ 1,049,896</b>	<b>\$ 4,736,327</b>
		<b>Governmental activities</b>
Net position at beginning of year, as previously stated		\$ (99,468,624)
Adoption of GASB Statement 84		370,059
		<b>\$ (99,098,565)</b>

**NOTE P—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the School District’s 2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

Reeths-Puffer Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE P—UPCOMING ACCOUNTING PRONOUNCEMENTS—Continued**

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the School District’s 2023 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

**REQUIRED SUPPLEMENTARY INFORMATION**

Reeths-Puffer Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
 General Fund  
 For the year ended June 30, 2021

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local revenue				
Local sources	\$ 2,811,940	\$ 2,860,593	\$ 2,882,731	\$ 22,138
Received from other districts	1,480,188	1,636,849	1,722,580	85,731
State sources	32,019,061	32,786,297	32,992,465	206,168
Federal sources	2,099,555	4,108,241	3,895,118	(213,123)
Incoming transfers and other transactions	95,000	317,395	272,872	(44,523)
Total revenues	38,505,744	41,709,375	41,765,766	56,391
<b>EXPENDITURES</b>				
Instruction				
Basic programs	18,775,830	18,555,833	18,442,664	113,169
Added needs	5,452,472	5,210,340	5,140,242	70,098
Support services				
Pupil	3,287,081	3,226,884	3,251,439	(24,555)
Instructional staff	1,616,916	2,889,859	3,039,087	(149,228)
General administration	872,121	721,359	692,858	28,501
School administration	2,351,507	2,486,120	2,428,167	57,953
Business services	559,213	601,127	514,862	86,265
Operations and maintenance	2,818,885	3,073,310	2,832,224	241,086
Pupil transportation services	1,798,294	1,996,749	1,886,259	110,490
Central	561,023	703,548	628,770	74,778
Athletics	918,612	965,424	949,663	15,761
Community services	49,995	75,403	67,751	7,652
Outgoing transfers and other transactions	139,186	773,077	766,359	6,718
Total expenditures	39,201,135	41,279,033	40,640,345	638,688
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (695,391)</u>	<u>\$ 430,342</u>	1,125,421	<u>\$ 695,079</u>
Fund balance at beginning of year			3,567,080	
Fund balance at end of year			<u>\$ 4,692,501</u>	

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

Reeths-Puffer Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
School District's proportion of the net pension liability (%)	0.21651%	0.22004%	0.22045%	0.21856%	0.22045%	0.22250%	0.21646%	-	-	-
School District's proportionate share of the net pension liability	\$ 74,373,076	\$ 72,868,641	\$ 66,272,669	\$ 56,638,001	\$ 55,001,235	\$ 54,344,541	\$ 47,678,648	\$ -	\$ -	\$ -
School District's covered payroll	\$ 18,981,214	\$ 18,970,229	\$ 18,979,672	\$ 18,388,819	\$ 18,523,419	\$ 18,523,730	\$ 18,395,418	\$ -	\$ -	\$ -
School District's proportionate share of the net pension liability as a percentage of its covered payroll	391.82%	384.12%	349.18%	308.00%	296.93%	293.38%	259.19%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Reeths-Puffer Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's Pension Contributions**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 3,387,403	\$ 3,538,977	\$ 3,316,188	\$ 3,375,240	\$ 3,423,894	\$ 4,017,159	\$ 3,361,758	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	3,387,403	3,538,977	3,316,188	3,375,240	3,423,894	4,017,159	3,361,758	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$17,448,439	\$19,018,945	\$18,850,973	\$ 19,141,779	\$18,229,286	\$18,516,390	\$18,535,877	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	19.41%	18.61%	17.59%	17.63%	18.78%	21.70%	18.14%	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.



Reeths-Puffer Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
School District's proportion of the net OPEB liability (%)	0.21431%	0.21826%	0.22291%	0.21880%	-	-	-	-	-	-
School District's proportionate share of the net OPEB liability	\$ 11,481,165	\$ 15,666,057	\$ 17,718,790	\$ 19,375,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 18,981,214	\$ 18,970,229	\$ 18,979,672	\$ 18,388,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.49%	82.58%	93.36%	105.37%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%	42.95%	36.39%	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Reeths-Puffer Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's OPEB Contributions**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 1,463,425	\$ 1,519,872	\$ 1,508,752	\$ 1,428,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	1,463,425	1,519,872	1,508,752	1,428,103	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$17,448,439	\$19,018,945	\$18,850,973	\$19,141,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	8.39%	7.99%	8.00%	7.46%	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Reeths-Puffer Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's Total OPEB Liability**  
Reeths-Puffer Schools Retiree Medical Benefits Plan  
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Service cost	\$ 195,468	\$ 119,013	\$ 103,747	\$ 100,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	123,123	79,810	83,565	82,448	-	-	-	-	-	-
Changes of benefit terms	-	-	-	(19,956)	-	-	-	-	-	-
Differences between expected and actual experience	(1,642)	1,485,993	28,105	(92,640)	-	-	-	-	-	-
Changes of assumptions or other inputs	141,268	167,995	4,922	132,658	-	-	-	-	-	-
Contributions/ benefits paid	(167,676)	(154,612)	(166,455)	(171,488)	-	-	-	-	-	-
Net change in total OPEB liability	290,541	1,698,199	53,884	31,747	-	-	-	-	-	-
Total OPEB liability - beginning	4,517,085	2,818,886	2,765,002	2,733,255	-	-	-	-	-	-
<b>Total OPEB liability - ending</b>	<b>\$4,807,626</b>	<b>\$4,517,085</b>	<b>\$2,818,886</b>	<b>\$2,765,002</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
School District's covered payroll	\$ 17,448,439	\$ 19,018,945	\$ 18,850,973	\$ 19,141,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	27.55%	23.75%	14.95%	14.44%	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Reeths-Puffer Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Notes to Required Supplementary Information**  
For the year ended June 30, 2021

***MPERS Plans –***

Pension Information

**Benefit changes** - there were no changes of benefit terms in 2020.

**Changes of assumptions** – there were no changes of assumptions in 2020.

OPEB Information

**Benefit changes** - there were no changes of benefit terms in 2020.

**Changes of assumptions** – there were no changes of assumptions in 2020.

***Reeths-Puffer Schools Retiree Medical Benefits Plan:***

Plan Assets – No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

**OTHER SUPPLEMENTAL INFORMATION**

Reeths-Puffer Schools  
**OTHER SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
 Food Service  
 For the year ended June 30, 2021

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	\$ 419,440	\$ 79,263	\$ 93,047	\$ 13,784
State sources	55,945	82,257	82,257	-
Federal sources	943,500	1,794,331	1,839,727	45,396
Total revenues	1,418,885	1,955,851	2,015,031	59,180
<b>EXPENDITURES</b>				
Support services				
General administration	4,100	-	-	-
Operations	7,700	7,700	6,750	950
Transportation	6,000	-	-	-
Food service	1,369,897	1,626,526	1,533,502	93,024
Outgoing transfers and other transactions	30,000	135,000	62,479	72,521
Total expenditures	1,417,697	1,769,226	1,602,731	166,495
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,188</u>	<u>\$ 186,625</u>	412,300	<u>\$ 225,675</u>
Fund balance at beginning of year			4,573	
Fund balance at end of year			<u>\$ 416,873</u>	

Reeths-Puffer Schools  
**OTHER SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
 Technology and Security  
 For the year ended June 30, 2021

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	\$ 687,000	\$ 687,000	\$ 711,931	\$ 24,931
Federal sources	-	27,857	27,858	1
Total revenues	687,000	714,857	739,789	24,932
<b>EXPENDITURES</b>				
Support services				
Pupil	60,520	58,860	53,406	5,454
Instructional staff	190,000	255,953	217,386	38,567
Operations and security	48,166	115,750	115,696	54
Central	325,000	48,150	47,405	745
Debt service	101,200	96,557	96,543	14
Total expenditures	724,886	575,270	530,436	44,834
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (37,886)</u>	<u>\$ 139,587</u>	209,353	<u>\$ 69,766</u>
Fund balance at beginning of year			95,635	
Fund balance at end of year			<u>\$ 304,988</u>	

Reeths-Puffer Schools  
**OTHER SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
 School Activity Fund  
 For the year ended June 30, 2021

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	\$ 710,000	\$ 120,000	\$ 330,206	\$ 210,206
<b>EXPENDITURES</b>				
Instruction	710,000	150,000	347,584	197,584
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (30,000)</u>	(17,378)	<u>\$ 12,622</u>
Fund balance at beginning of year, as restated			<u>370,059</u>	
Fund balance at end of year			<u><u>\$ 352,681</u></u>	



Reeths-Puffer Schools  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 June 30, 2021

	Total other governmental funds	Special Revenue			Debt Service	Capital Projects Building & Site
		Food Service	Technology and Security	School Activity		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,248,235	\$ 307,030	\$ -	\$ 438,521	\$ 171,312	\$ 331,372
Due from other governmental units	126,798	94,492	32,306	-	-	-
Due from other funds	1,073,640	45,025	249,232	745	-	778,638
Inventories	48,496	48,496	-	-	-	-
Prepaid items	29,540	6,090	23,450	-	-	-
Total assets	<b>\$ 2,526,709</b>	<b>\$ 501,133</b>	<b>\$ 304,988</b>	<b>\$ 439,266</b>	<b>\$ 171,312</b>	<b>\$ 1,110,010</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 64,718	\$ 56,440	\$ -	\$ 8,278	\$ -	\$ -
Due to other funds	80,957	-	-	78,307	2,650	-
Unearned revenue	27,820	27,820	-	-	-	-
Total liabilities	173,495	84,260	-	86,585	2,650	-
<b>FUND BALANCES</b>						
Nonspendable						
Inventories	48,496	48,496	-	-	-	-
Prepaid items	29,540	6,090	23,450	-	-	-
Restricted						
Debt service	168,662	-	-	-	168,662	-
Food services	362,287	362,287	-	-	-	-
Technology and security	281,538	-	281,538	-	-	-
Committed						
Capital projects	1,110,010	-	-	-	-	1,110,010
Student/school activities	352,681	-	-	352,681	-	-
Total fund balances	2,353,214	416,873	304,988	352,681	168,662	1,110,010
Total liabilities and fund balances	<b>\$ 2,526,709</b>	<b>\$ 501,133</b>	<b>\$ 304,988</b>	<b>\$ 439,266</b>	<b>\$ 171,312</b>	<b>\$ 1,110,010</b>

Reeths-Puffer Schools  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended June 30, 2021

	<b>Total other governmental funds</b>	<b>Special Revenue</b>			<b>Debt Service</b>	<b>Capital Projects Building &amp; Site</b>
		<b>Food Service</b>	<b>Technology and Security</b>	<b>School Activity</b>		
<b>REVENUES</b>						
Local sources						
Property taxes	\$ 3,160,024	\$ -	\$ -	\$ -	\$ 3,160,024	\$ -
Received from other districts	711,931	-	711,931	-	-	-
Investment earnings	5,500	1,067	-	-	3,176	1,257
Fees and charges	30,267	30,267	-	-	-	-
Student/school activities	330,206	-	-	330,206	-	-
Other	82,152	61,713	-	-	-	20,439
Total local sources	4,320,080	93,047	711,931	330,206	3,163,200	21,696
State sources	281,965	82,257	-	-	68,207	131,501
Federal sources	1,867,585	1,839,727	27,858	-	-	-
Total revenues	6,469,630	2,015,031	739,789	330,206	3,231,407	153,197
<b>EXPENDITURES</b>						
Current						
Food services	1,540,252	1,540,252	-	-	-	-
Student/school activities	347,584	-	-	347,584	-	-
Technology and security	433,893	-	433,893	-	-	-
Debt service						
Principal	3,261,346	-	90,757	-	3,170,589	-
Interest and other charges	4,081,477	-	5,786	-	4,075,691	-
Capital projects	133,805	-	-	-	-	133,805
Total expenditures	9,798,357	1,540,252	530,436	347,584	7,246,280	133,805
Excess (deficiency) of revenues over (under) expenditures	(3,328,727)	474,779	209,353	(17,378)	(4,014,873)	19,392
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	700,000	-	-	-	-	700,000
Transfers out	(62,479)	(62,479)	-	-	-	-
Loan proceeds	3,994,524	-	-	-	3,994,524	-
Total other financing sources (uses)	4,632,045	(62,479)	-	-	3,994,524	700,000
Net change in fund balances	1,303,318	412,300	209,353	(17,378)	(20,349)	719,392
Fund balances at beginning of year, as restated	1,049,896	4,573	95,635	370,059	189,011	390,618
Fund balances at end of year	<b>\$ 2,353,214</b>	<b>\$ 416,873</b>	<b>\$ 304,988</b>	<b>\$ 352,681</b>	<b>\$ 168,662</b>	<b>\$ 1,110,010</b>

Reeths-Puffer Schools  
**COMBINING BALANCE SHEET**  
 Debt Service Funds – Other Governmental Funds  
 June 30, 2021

	<b>Total Debt Service Funds</b>	<b>1992 Debt</b>	<b>2010-A Qualified School Construction Bonds Debt</b>	<b>2015-A Refunding</b>	<b>2016 Refunding</b>	<b>2017 Refunding</b>	<b>2019 Refunding</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 171,312	\$ 46,641	\$ 23,540	\$ 8,138	\$ 65,011	\$ 23,287	\$ 4,695
Total assets	<b>\$ 171,312</b>	<b>\$ 46,641</b>	<b>\$ 23,540</b>	<b>\$ 8,138</b>	<b>\$ 65,011</b>	<b>\$ 23,287</b>	<b>\$ 4,695</b>
<b>LIABILITIES</b>							
Due to other funds	2,650	400	750	-	500	500	500
<b>FUND BALANCES</b>							
	168,662	46,241	22,790	8,138	64,511	22,787	4,195
Total liabilities and fund balances	<b>\$ 171,312</b>	<b>\$ 46,641</b>	<b>\$ 23,540</b>	<b>\$ 8,138</b>	<b>\$ 65,011</b>	<b>\$ 23,287</b>	<b>\$ 4,695</b>

Reeths-Puffer Schools  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Debt Service Funds – Other Governmental Funds  
For the year ended June 30, 2021

	<b>Total Debt Service Funds</b>	<b>1992 Debt</b>	<b>2010-A Qualified School Construction Bonds Debt</b>	<b>2015-A Re funding</b>	<b>2016 Re funding</b>	<b>2017 Re funding</b>	<b>2019 Re funding</b>
<b>REVENUES</b>							
Local sources							
Property taxes	\$ 3,160,024	\$ 1,330,536	\$ 665,268	\$ 232,843	\$ 133,054	\$ 665,269	\$ 133,054
Investment earnings	3,176	1,345	660	197	172	684	118
Total local sources	3,163,200	1,331,881	665,928	233,040	133,226	665,953	133,172
State sources	68,207	28,719	14,359	5,026	2,872	14,359	2,872
Total revenues	3,231,407	1,360,600	680,287	238,066	136,098	680,312	136,044
<b>EXPENDITURES</b>							
Debt service							
Principal	3,170,589	415,589	1,180,000	145,000	-	1,430,000	-
Interest and other charges	4,075,691	2,489,812	168,375	189,499	153,350	550,000	524,655
Total expenditures	7,246,280	2,905,401	1,348,375	334,499	153,350	1,980,000	524,655
Excess (deficiency) of revenues over (under) expenditures	(4,014,873)	(1,544,801)	(668,088)	(96,433)	(17,252)	(1,299,688)	(388,611)
<b>OTHER FINANCING SOURCES</b>							
Loan proceeds	3,994,524	1,528,800	658,818	94,103	27,448	1,292,553	392,802
Net change in fund balances	(20,349)	(16,001)	(9,270)	(2,330)	10,196	(7,135)	4,191
Fund balances at beginning of year	189,011	62,242	32,060	10,468	54,315	29,922	4
Fund balances at end of year	<b>\$ 168,662</b>	<b>\$ 46,241</b>	<b>\$ 22,790</b>	<b>\$ 8,138</b>	<b>\$ 64,511</b>	<b>\$ 22,787</b>	<b>\$ 4,195</b>

Reeths-Puffer Schools  
**CONTENTS OF THE STATISTICAL SECTION (UNAUDITED)**

This part of the Reeths-Puffer Schools' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement. The following information has not been audited.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b><i>Financial Trends</i></b>	82-85
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b>	86-89
These schedules contain information to help the reader assess locally levied taxes.	
<b><i>Debt Capacity</i></b>	90-94
These schedules present information to help the reader assess the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b><i>Demographic and Economic Information</i></b>	95-96
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b><i>Operating Information</i></b>	97-102
These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Reeths-Puffer Schools completed a Comprehensive Annual Financial Report (CAFR) for the first time following the fiscal year ended June 30, 2014. Certain information presented in these schedules is derived from previous CAFR's, previous years' audit reports, and the corresponding statistical sections. Sources of data pulled from local, state, and federal sources have been noted by schedule.

Reeths-Puffer Schools  
**NET POSITION BY COMPONENT**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

<u>Year Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position by Component										
Governmental Activities										
Net investment in capital assets	\$ 13,004,772	\$ 9,544,123	\$ 6,021,646	\$ 3,223,706	\$ 594,530	\$ (2,772,535)	\$ (5,142,029)	\$ (7,334,766)	\$ (9,052,648)	\$ (9,899,733)
Restricted for:										
Food services	416,873	-	-	-	-	-	-	325,991	355,166	-
Debt service	18,768	23,362	6,051	-	405,608	108,879	-	-	-	-
Technology and security	304,988	95,635	55,624	-	-	-	-	-	-	-
Unrestricted	(111,994,057)	(109,131,744)	(102,723,981)	(98,722,925)	(76,239,567)	(75,087,193)	(71,992,460)	(22,771,445)	(19,523,254)	(15,676,941)
<b>Total Governmental Net Position</b>	<b>\$ (98,248,656)</b>	<b>\$ (99,468,624)</b>	<b>\$ (96,640,660)</b>	<b>\$ (95,499,219)</b>	<b>\$ (75,239,429)</b>	<b>\$ (77,750,849)</b>	<b>\$ (77,134,489)</b>	<b>\$ (29,780,220)</b>	<b>\$ (28,220,736)</b>	<b>\$ (25,576,674)</b>

Source: District audited financial statements.

Reeths-Puffer Schools  
**CHANGES IN NET POSITION**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

<u>Year Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Expenses</b>										
Governmental Activities										
Instruction	\$ 27,334,678	\$ 28,814,805	\$ 27,294,327	\$ 26,437,642	\$ 24,639,207	\$ 24,847,153	\$ 24,119,501	\$ 24,181,513	\$ 22,968,670	\$ 23,032,735
Support Services	16,892,461	15,509,493	15,289,627	14,762,592	13,815,211	13,688,040	13,085,912	12,320,667	12,150,567	13,517,984
Community Services	66,712	41,444	37,744	35,311	42,200	39,190	35,886	34,757	156,811	373,689
Food Services	1,600,600	1,706,754	1,297,941	1,282,961	1,269,012	1,330,804	1,344,246	1,341,406	1,357,069	1,335,695
Student/school activities	347,584	-	-	-	-	-	-	-	-	-
Athletics	1,101,299	1,152,252	983,681	898,313	896,777	870,495	828,341	816,805	665,547	698,173
Interest on long-term debt	2,222,159	2,519,391	2,462,172	2,824,320	2,390,222	3,360,850	3,777,208	3,863,485	4,014,075	4,106,619
Unallocated depreciation and amortization	35,093	39,715	40,887	40,887	40,887	40,887	40,887	40,887	120,878	109,468
<b>Total Expenses</b>	<b>49,600,586</b>	<b>49,783,854</b>	<b>47,406,379</b>	<b>46,282,026</b>	<b>43,093,516</b>	<b>44,177,419</b>	<b>43,231,981</b>	<b>42,599,520</b>	<b>41,433,617</b>	<b>43,174,363</b>
<b>Program Revenues</b>										
Governmental Activities										
Charge for services:										
Support services	25,149	26,377	17,517	32,832	15,063	35,021	67,851	73,878	76,986	71,153
Community services	-	-	-	-	11,013	-	-	-	133,617	150,531
Food services	30,267	301,037	349,850	373,074	388,485	401,362	418,619	384,717	383,486	411,163
Student/school activities	330,206	-	-	-	-	-	-	-	-	-
Athletics	33,647	115,529	140,691	139,700	150,897	137,955	147,264	132,883	126,433	123,226
Operating grants and contributions	15,498,089	12,074,426	11,461,581	11,888,903	10,570,351	9,401,533	10,379,218	8,617,345	8,171,746	8,000,200
<b>Total Program Revenues</b>	<b>15,917,358</b>	<b>12,517,369</b>	<b>11,969,639</b>	<b>12,434,509</b>	<b>11,135,809</b>	<b>9,975,871</b>	<b>11,012,952</b>	<b>9,208,823</b>	<b>8,892,268</b>	<b>8,756,273</b>
<b>Net Expenses</b>	<b>(33,683,228)</b>	<b>(37,266,485)</b>	<b>(35,436,740)</b>	<b>(33,847,517)</b>	<b>(31,957,707)</b>	<b>(34,201,548)</b>	<b>(32,219,029)</b>	<b>(33,390,697)</b>	<b>(32,541,349)</b>	<b>(34,418,090)</b>
<b>General Revenues</b>										
Governmental Activities										
Property Taxes	8,661,576	8,401,656	8,603,531	8,614,100	9,005,078	9,233,408	8,246,936	7,940,154	8,093,732	8,364,053
Grants and contributions not restricted to specific programs	25,562,726	25,634,216	25,473,724	25,668,248	25,318,240	24,199,630	24,187,326	23,759,009	22,513,544	22,677,225
Unrestricted investment earnings	51,865	57,490	93,730	55,615	31,678	19,703	10,398	10,970	23,548	31,448
Gain on sale of assets	111,555	5,821	5,404	7,440	-	12,210	4,649	-	7,088	-
Miscellaneous	145,415	339,338	118,910	137,003	114,131	120,237	99,407	121,080	160,584	222,926
<b>Total General Revenues</b>	<b>34,533,137</b>	<b>34,438,521</b>	<b>34,295,299</b>	<b>34,482,406</b>	<b>34,469,127</b>	<b>33,585,188</b>	<b>32,548,716</b>	<b>31,831,213</b>	<b>30,798,496</b>	<b>31,295,652</b>
<b>Change in Net Position</b>	<b>849,909</b>	<b>(2,827,964)</b>	<b>(1,141,441)</b>	<b>634,889</b>	<b>2,511,420</b>	<b>(616,360)</b>	<b>329,687</b>	<b>(1,559,484)</b>	<b>(1,742,853)</b>	<b>(3,122,438)</b>
<b>Net Position, Beginning</b>	<b>(99,098,565)</b>	<b>(96,640,660)</b>	<b>(95,499,219)</b>	<b>(96,134,108)</b>	<b>(77,750,849)</b>	<b>(77,134,489)</b>	<b>(77,464,176)</b>	<b>(28,220,736)</b>	<b>(26,477,883)</b>	<b>(22,454,235)</b>
<b>Net Position, Ending</b>	<b>\$ (98,248,656)</b>	<b>\$ (99,468,624)</b>	<b>\$ (96,640,660)</b>	<b>\$ (95,499,219)</b>	<b>\$ (75,239,429)</b>	<b>\$ (77,750,849)</b>	<b>\$ (77,134,489)</b>	<b>\$ (29,780,220)</b>	<b>\$ (28,220,736)</b>	<b>\$ (25,576,673)</b>

Source: District audited financial statements.

Note:

Beginning net position for 2012-13 has been restated to reflect financial statement changes due to GASB statement 65.

Beginning net position for 2014-15 has been restated to reflect financial statement changes due to GASB statement 68.

Beginning net position for 2017-18 has been restated to reflect financial statement changes due to GASB statement 75.

Beginning net position for 2020-21 has been restated to reflect financial statement changes due to GASB statement 84.

Reeths-Puffer Schools  
**FUND BALANCES—GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

<u>June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>General Fund</b>										
Nonspendable	\$ 91,467	\$ 11,289	\$ 57,876	\$ 55,270	\$ 390,541	\$ 36,982	\$ 40,060	\$ 49,969	\$ 64,468	\$ 55,607
Assigned	631,947	695,391	55,489	-	-	48,333	182,095	-	422,303	1,073,706
Unassigned	3,969,087	2,860,400	3,439,730	3,676,607	3,285,875	2,682,654	2,678,337	2,723,661	2,600,103	2,553,152
<b>Total General Fund</b>	<b>4,692,501</b>	<b>3,567,080</b>	<b>3,553,095</b>	<b>3,731,877</b>	<b>3,676,416</b>	<b>2,767,969</b>	<b>2,900,492</b>	<b>2,773,630</b>	<b>3,086,874</b>	<b>3,682,465</b>
<b>All Other Governmental Funds</b>										
Nonspendable, Reported in Special Revenue Funds	78,036	51,430	23,084	32,427	42,045	11,711	10,102	11,021	10,098	13,900
Restricted, Reported in:										
Debt Service funds	261,768	308,362	276,990	243,051	733,608	477,255	285,748	260,775	151,703	-
Special Revenue funds	643,825	72,185	202,069	499,397	454,632	322,442	408,890	314,970	355,166	442,397
Committed, Reported in:										
Capital Projects funds	1,110,010	390,618	331,440	301,482	185,331	318,342	508,741	470,341	627,678	1,092,112
Student/school activities	352,681	-	-	-	-	-	-	-	-	-
Unassigned	-	(23,407)	-	-	-	(36,376)	(4,903)	(5,247)	-	(458,310)
<b>Total All Other Governmental Funds</b>	<b>2,446,320</b>	<b>799,188</b>	<b>833,583</b>	<b>1,076,357</b>	<b>1,415,616</b>	<b>1,093,374</b>	<b>1,208,578</b>	<b>1,051,860</b>	<b>1,144,645</b>	<b>1,090,099</b>
<b>Total All Governmental Funds</b>	<b>\$ 7,138,821</b>	<b>\$ 4,366,268</b>	<b>\$ 4,386,678</b>	<b>\$ 4,808,234</b>	<b>\$ 5,092,032</b>	<b>\$ 3,861,343</b>	<b>\$ 4,109,070</b>	<b>\$ 3,825,490</b>	<b>\$ 4,231,519</b>	<b>\$ 4,772,564</b>

Source: District audited financial statements.

The District does not have a restricted food service fund balance at June 30, 2020 as the fund balance deficit is classified as unassigned.



Reeths-Puffer Schools  
**CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

<u>Year Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>										
<b>Local Sources</b>										
Property taxes	\$ 8,535,931	\$ 8,277,326	\$ 8,480,221	\$ 8,484,003	\$ 8,899,903	\$ 9,233,408	\$ 8,246,936	\$ 7,940,154	\$ 8,093,732	\$ 8,485,214
Investment Earnings	51,865	57,490	93,730	55,615	31,678	19,703	10,398	10,970	23,548	31,448
Food sales and athletic admissions	89,063	442,943	508,058	545,606	565,458	574,338	633,734	591,478	720,522	756,073
Student/school activities	330,206	-	-	-	-	-	-	-	-	-
Transfers from Other Districts and Other	2,582,097	3,138,992	2,472,031	2,533,203	2,430,652	2,567,097	2,751,877	1,979,823	1,830,045	1,927,245
State Sources	33,331,868	31,632,002	32,000,527	32,317,929	30,808,575	29,379,334	28,584,872	27,388,560	26,038,672	25,371,217
Federal Sources	5,762,703	3,161,499	2,920,218	2,902,232	3,078,259	3,252,563	3,329,202	3,118,865	2,961,018	3,204,933
<b>Total Revenues</b>	<b>50,683,733</b>	<b>46,710,252</b>	<b>46,474,785</b>	<b>46,838,588</b>	<b>45,814,525</b>	<b>45,026,443</b>	<b>43,557,019</b>	<b>41,029,850</b>	<b>39,667,537</b>	<b>39,776,130</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Basic Programs	18,442,664	18,656,586	19,065,276	19,102,538	17,665,254	18,142,949	17,677,180	17,250,630	17,011,007	17,365,931
Added Needs	5,140,242	5,539,973	5,446,769	5,509,164	5,166,678	5,004,762	4,753,357	4,853,886	4,414,630	4,621,279
Adult Education	-	-	-	-	-	-	324,177	316,947	-	-
<b>Support Services</b>										
Pupil Support	3,251,439	3,346,994	3,186,495	3,192,918	3,191,760	3,193,547	2,875,734	2,712,694	2,759,550	2,856,188
Instructional Support	3,039,087	1,524,713	1,521,575	1,497,429	1,400,012	1,355,265	1,718,443	1,154,768	1,212,234	1,260,846
General Administration	692,858	709,539	720,668	760,323	873,046	654,263	688,875	425,923	448,258	414,827
School Administration	2,428,167	2,362,070	2,324,551	2,177,678	2,357,952	2,273,019	2,371,590	2,271,646	2,293,638	2,099,857
Business Services	514,862	588,916	631,231	619,464	577,581	530,092	495,100	476,034	430,020	482,296
Operations and Maintenance	2,832,224	2,755,486	2,941,905	2,767,678	2,638,828	2,665,527	2,626,945	2,617,284	2,426,036	2,385,779
Pupil Transportation	1,886,259	1,539,408	1,616,116	1,741,811	1,585,797	1,557,082	1,400,916	1,394,042	1,315,586	1,193,361
Central	628,770	559,836	466,206	509,562	535,493	431,305	535,797	662,963	612,155	687,594
Athletics	949,663	962,153	865,680	812,867	802,909	791,817	797,210	737,768	678,629	706,126
Community Services	67,751	40,886	39,210	35,148	42,200	39,346	35,966	34,757	156,811	373,689
Food Services	1,540,252	1,612,011	1,258,956	1,275,443	1,253,016	1,330,659	1,349,006	1,338,035	1,352,790	1,330,507
Student/school activities	347,584	-	-	-	-	-	-	-	-	-
Technology and security	433,893	696,527	974,323	1,029,965	464,757	674,015	-	-	-	-
<b>Debt service</b>										
Principal	9,155,915	30,067,618	8,928,610	8,743,097	8,963,467	31,054,381	3,502,304	3,491,991	3,562,030	5,003,593
Interest and Other Charges	4,233,830	4,074,727	3,923,241	4,143,666	3,673,326	3,749,569	3,660,106	3,657,177	3,663,965	2,244,653
Bond Issuance Costs	-	175,417	-	-	100,619	229,505	-	-	-	-
Capital Projects	133,805	152,025	80,247	14,780	259,973	272,473	40,412	233,905	565,351	5,817,776
<b>Total Expenditures</b>	<b>55,719,265</b>	<b>75,364,885</b>	<b>53,991,059</b>	<b>53,933,531</b>	<b>51,552,668</b>	<b>73,949,576</b>	<b>44,853,118</b>	<b>43,630,450</b>	<b>42,902,690</b>	<b>48,844,302</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(5,035,532)</b>	<b>(28,654,633)</b>	<b>(7,516,274)</b>	<b>(7,094,943)</b>	<b>(5,738,143)</b>	<b>(28,923,133)</b>	<b>(1,296,099)</b>	<b>(2,600,600)</b>	<b>(3,235,153)</b>	<b>(9,068,172)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers from other governmental units and other transactions	169,100	5,821	5,404	7,440	-	14,130	-	10,186	83,080	440,548
Transfers to other governmental units	-	-	-	-	-	-	-	-	(20,376)	(283,028)
Loan Proceeds	7,227,633	7,227,889	7,089,314	5,708,569	6,575,809	756,774	1,579,679	2,184,385	2,631,404	1,288,826
Transfers from other funds	762,479	133,186	149,275	141,224	147,900	163,578	146,720	200,834	241,717	164,807
Transfers to other funds	(762,479)	(133,186)	(149,275)	(141,224)	(147,900)	(163,578)	(146,720)	(200,834)	(241,717)	(164,807)
Payments to refund bond escrow agent and discounts on debt issuance or refunding	-	-	-	-	(17,131,465)	(11,410,703)	-	-	-	-
Discount on refunding bonds	-	-	-	-	(64,743)	-	-	-	-	-
Proceeds from issuance of bonds and refunding bonds, premium proceeds of refunding	-	21,215,000	-	1,095,136	17,589,232	39,315,205	-	-	-	-
Other transactions	41,293	185,513	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>7,438,026</b>	<b>28,634,223</b>	<b>7,094,718</b>	<b>6,811,145</b>	<b>6,968,833</b>	<b>28,675,406</b>	<b>1,579,679</b>	<b>2,194,571</b>	<b>2,694,108</b>	<b>1,446,346</b>
<b>Net Change in Fund Balance</b>	<b>\$ 2,402,494</b>	<b>\$ (20,410)</b>	<b>\$ (421,556)</b>	<b>\$ (283,798)</b>	<b>\$ 1,230,690</b>	<b>\$ (247,727)</b>	<b>\$ 283,580</b>	<b>\$ (406,029)</b>	<b>\$ (541,045)</b>	<b>\$ (7,621,826)</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	<b>24.09%</b>	<b>45.63%</b>	<b>23.84%</b>	<b>23.90%</b>	<b>24.83%</b>	<b>47.55%</b>	<b>15.98%</b>	<b>16.47%</b>	<b>17.07%</b>	<b>16.85%</b>

Source: District audited financial statements.

Reeths-Puffer Schools  
**TAXABLE VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
 Last Ten Fiscal Years  
 (rate per \$1,000 of assessed value)

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Estimated Market Value</u>	<u>State Equalized Value</u>	<u>Non-Homestead Property</u>	<u>Homestead Property</u>	<u>Taxable Value</u>		<u>Total</u>	<u>Direct Tax Rate</u>		
						<u>Commercial Personal Property</u>	<u>Industrial Personal Property</u>		<u>Operating</u>	<u>Debt</u>	<u>Total</u>
2011	2011-2012	\$ 1,457,631,400	\$ 728,815,700	\$ 203,719,579	\$ 426,127,332	\$ 15,017,434	\$ 15,466,200	\$ 660,330,545	18.00	8.37	26.37
2012	2012-2013	1,379,976,800	689,988,400	162,361,562	410,029,355	16,014,400	16,390,800	604,796,117	18.00	8.37	26.37
2013	2013-2014	1,276,364,300	638,182,150	158,351,000	407,609,000	15,379,100	16,296,300	597,635,400	18.00	8.37	26.37
2014	2014-2015	1,293,545,160	646,772,580	145,202,288	413,022,058	13,599,300	15,746,900	587,570,546	18.00	9.37	27.37
2015	2015-2016	1,324,135,500	662,067,750	145,592,271	421,376,401	13,901,400	16,782,700	597,652,772	18.00	10.82	28.82
2016	2016-2017	1,355,653,400	677,826,700	145,549,554	426,034,105	13,441,800	6,235,100	591,260,559	18.00	10.39	28.39
2017	2017-2018	1,426,022,542	713,011,271	141,332,048	438,735,808	13,582,500	4,035,600	597,685,956	18.00	9.75	27.75
2018	2018-2019	1,465,258,400	732,629,200	148,399,082	454,758,208	13,904,600	3,795,100	620,856,990	18.00	9.10	27.10
2019	2019-2020	1,535,851,740	767,925,870	142,111,204	480,289,756	14,129,200	4,675,570	641,205,730	18.00	8.75	26.75
2020	2020-2021	1,651,284,000	825,642,000	145,993,023	500,587,494	15,249,300	3,438,300	665,268,117	18.00	8.75	26.75

Source: Muskegon County Annual Equalization Report and Michigan Department of Education Taxable Value Management System. Values assessed as of June 30 of the corresponding fiscal year are presented as of the date retrieved from the website and may potentially be adjusted by the taxing authorities.

Reeths-Puffer Schools  
**PROPERTY TAX RATES—DIRECT AND OVERLAPPING GOVERNMENTS**  
 Last Ten Fiscal Years  
 (rate per \$1,000 of assessed value)

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Direct Tax Rates</u>			<u>Overlapping Rates - Local Units</u>					
		<u>Operating</u>	<u>Debt</u>	<u>Total</u>	<u>Cedar Creek Township</u>	<u>Dalton Township</u>	<u>Fruitland Township</u>	<u>Laketon Township</u>	<u>Muskegon Township</u>	<u>City of Muskegon</u>
2011	2011-2012	18.00	8.37	26.37	2.4253	2.2284	2.9044	2.8976	7.7624	12.0749
2012	2012-2013	18.00	8.37	26.37	2.4253	2.2284	2.9044	2.8976	7.7624	12.0749
2013	2013-2014	18.00	8.37	26.37	2.4253	2.2284	2.9044	2.8976	7.7624	12.0865
2014	2014-2015	18.00	9.37	27.37	2.4220	2.2284	0.9095	2.8976	7.7624	13.0875
2015	2015-2016	18.00	10.82	28.82	2.4215	2.2284	0.9090	2.8976	7.6124	13.0869
2016	2016-2017	18.00	10.39	28.39	2.4055	2.2261	0.9040	2.8856	7.6124	13.0905
2017	2017-2018	18.00	9.75	27.75	2.3976	2.9624	0.9001	2.8665	9.1124	13.0908
2018	2018-2019	18.00	9.10	27.10	2.3976	2.9517	0.8945	2.4213	9.1124	13.0899
2019	2019-2020	18.00	8.75	26.75	2.3865	2.9400	0.8932	2.3668	9.2624	13.0865
2020	2020-2021	18.00	8.75	26.75	2.3625	2.9204	0.8865	2.3607	9.1124	13.0733

Source: Muskegon County Equalization Department, Annual Certified Tax Rate Apportionment Report.

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Overlapping Rates - County Units</u>			
		<u>Muskegon County</u>	<u>MAISD</u>	<u>Muskegon Community College</u>	<u>Muskegon District Library</u>
2011	2011-2012	6.6957	3.7580	2.2037	0.7490
2012	2012-2013	6.6957	3.7580	2.2037	0.7490
2013	2013-2014	6.6957	3.7580	2.2037	0.7490
2014	2014-2015	6.6557	4.7580	2.5437	0.7490
2015	2015-2016	6.6357	4.7580	2.5437	0.7490
2016	2016-2017	6.8957	4.7580	2.5437	1.2490
2017	2017-2018	6.8957	4.7850	2.5437	1.2490
2018	2018-2019	6.8957	4.7580	2.5437	1.2490
2019	2019-2020	6.8957	4.7850	2.5437	1.2490
2020	2020-2021	7.1647	4.7541	2.5434	1.2448

Source: Muskegon County Settlement Data.

Reeths-Puffer Schools  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

	<u>Year Ended June 30,</u>	<u>2021</u>			<u>2012</u>		
		<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
<u>Taxpayer</u>	<u>Product/service</u>						
Consumers Energy	Utility	\$ 15,390,100	1	2.31%	\$ 77,159,689	1	12.43%
DTE Energy Company	Utility	11,032,700	2	1.66%	10,249,348	3	1.65%
Cedar Fair	Amusement park	10,235,500	3	1.54%			
Bayer Cropscience	Chemical plant	6,415,700	4	0.96%	13,243,630	2	2.13%
Meijer, Inc.	Retail	5,576,100	5	0.84%	5,831,500	4	0.94%
Bolema Lumber & Supply	Rental real estate	3,644,300	6	0.55%	2,991,600	8	0.48%
Muskegon Investments I LLC	Industrial real estate	3,585,600	7	0.54%			
Eagle Alloy, Inc.	Foundry	3,025,700	8	0.45%			
Michigan Electric Transmission Co.	Production	2,583,700	9	0.39%	3,950,318	6	0.64%
Nugent Sand Co. Inc.	Sand mining	1,891,000	10	0.28%	2,001,180	7	0.32%
Michigan Consolidated Gas Company	Utility				5,011,217	5	0.81%
Land Management LLC	Rental real estate				1,909,840	9	0.31%
B Park Meadows LLC	Mobile home park				1,750,700	10	0.28%
Total Principal taxpayers		63,380,400		9.53%	124,099,022		19.99%
Balance of valuations		601,887,717		90.47%	496,828,368		80.01%
<b>Total Taxable Valuation</b>		<b>\$ 665,268,117</b>		<b>100.00%</b>	<b>\$ 620,927,390</b>		<b>100.00%</b>

Source: Muskegon County Equalization Department.

Reeths-Puffer Schools  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections (Refunds) in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percent of levy</u>		<u>Amount</u>	<u>Percent of levy</u>
2011	2011-2012	\$ 8,485,214	\$ 8,474,234	99.87%	\$ (55,687)	\$ 8,418,548	99.21%
2012	2012-2013	8,080,744	8,083,830	100.04%	(36,941)	8,046,889	99.58%
2013	2013-2014	7,944,813	7,940,154	99.94%	(38,694)	7,901,460	99.45%
2014	2014-2015	8,200,773	8,209,931	100.11%	4,755	8,214,686	100.17%
2015	2015-2016	9,168,339	9,164,073	99.95%	(15,126)	9,148,947	99.79%
2016	2016-2017	8,843,740	8,844,293	100.01%	(43,185)	8,801,109	99.52%
2017	2017-2018	8,452,910	8,452,909	100.00%	27,233	8,480,142	100.32%
2018	2018-2019	8,377,310	8,375,499	99.98%	-	8,375,499	99.98%
2019	2019-2020	8,253,327	8,253,327	100.00%	-	8,253,327	100.00%
2020	2020-2021	8,540,466	8,540,470	100.00%	-	8,540,470	100.00%

Source: Reeths-Puffer Schools District records.

Reeths-Puffer Schools  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>General obligation bonds</u>	<u>Bond Premium</u>	<u>Bond Discount</u>	<u>School Loan Revenue Refunding Bonds</u>	<u>School Bond Loan Fund/School Loan Revolving Fund</u>	<u>Capital Lease Obligations</u>	<u>Installment Purchase Agreement</u>	<u>Total Outstanding Debt</u>	<u>Debt Service Funds Available</u>	<u>Net Debt Outstanding (1)</u>	<u>Total Taxable Value</u>	<u>Estimated Population (1)</u>	<u>Outstanding Debt Per Capita</u>	<u>Taxable Value Per Capita</u>
2011	2011-2012	\$ 70,987,012	\$ -	\$ -	\$ 45,667	\$ 17,936,062	\$ -	\$ -	\$ 88,968,741	\$ -	\$ 88,968,741	\$ 660,330,545	\$ 21,373	\$ 4,163	\$ 30,896
2012	2012-2013	67,611,286	-	-	-	21,327,826	-	-	88,939,112	151,703	88,787,409	604,796,117	21,234	4,181	28,482
2013	2013-2014	62,927,003	-	-	-	24,291,256	-	-	87,218,259	260,775	86,957,484	597,635,400	21,337	4,075	28,009
2014	2014-2015	58,711,049	-	-	-	26,731,054	-	-	85,442,103	285,748	85,156,355	587,570,546	21,503	3,960	27,325
2015	2015-2016	81,966,729	-	-	-	122,902	-	-	82,089,631	477,255	81,612,376	597,652,772	21,559	3,786	27,722
2016	2016-2017	70,581,695	-	-	-	6,749,853	239,753	-	77,571,301	733,608	76,837,693	591,260,559	21,636	3,551	27,328
2017	2017-2018	60,557,828	-	-	-	13,356,082	184,160	453,784	74,551,854	243,051	74,308,803	597,685,956	21,675	3,428	27,575
2018	2018-2019	50,204,130	-	-	-	20,782,432	125,815	363,027	71,475,404	276,990	71,198,414	620,856,990	21,660	3,287	28,664
2019	2019-2020	60,700,233	-	-	-	7,279,202	64,569	272,270	68,316,274	308,362	68,007,912	641,205,730	21,660	3,140	29,603
2020	2020-2021	49,583,301	1,237,039	(102,698)	-	14,778,878	-	181,513	65,678,033	72,185	65,605,848	665,268,117	21,656	3,029	30,720

Sources: Reeths-Puffer Schools financial records and audited financial statements.

(1) Census figure for 2020 not yet released. The 2019 population figure was used as estimate.

Reeths-Puffer Schools  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
 Last Ten Fiscal Years

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Debt Service Funds Available</u>	<u>Net Debt Outstanding</u>	<u>Total Taxable Value</u>	<u>Outstanding Debt as a % of Taxable Value</u>	<u>Estimated Population (2)</u>	<u>Outstanding Debt Per Capita</u>	<u>Taxable Value Per Capita</u>	<u>Ratio - debt to personal income</u>
2011	2011-2012	70,987,012	-	70,987,012	660,330,545	10.75%	21,373	3,321	30,896	11.61%
2012	2012-2013	67,611,286	151,703	67,459,583	604,796,117	11.15%	21,234	3,177	28,482	10.49%
2013	2013-2014	62,927,003	260,775	62,666,228	597,635,400	10.49%	21,337	2,937	28,009	9.40%
2014	2014-2015	58,711,049	285,748	58,425,301	587,570,546	9.94%	21,503	2,717	27,325	8.25%
2015	2015-2016	81,966,729	477,255	81,489,474	597,652,772	13.63%	21,559	3,780	27,722	10.93%
2016	2016-2017	70,581,695	733,608	69,848,087	591,260,559	11.81%	21,636	3,228	27,328	9.06%
2017	2017-2018	60,557,828	243,051	60,314,777	597,685,956	10.09%	21,675	2,783	27,575	7.49%
2018	2018-2019	50,204,130	276,990	49,927,140	620,856,990	8.04%	21,660	2,305	28,664	5.90%
2019	2019-2020	60,700,233	308,362	60,391,871	641,205,730	9.42%	21,656	2,788	29,603	7.04%
2020	2020-2021	50,717,642	72,185	50,645,457	665,268,117	7.61%	21,656	2,339	30,720	N/A

Sources and notes:

(1) Presented net of discounts and premiums

(2) Census figure for 2020 not yet released. The 2019 population figure was used as estimate.

Reeths-Puffer Schools  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 June 30, 2021

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u> <u>(1)</u>	<u>Estimated Share of</u> <u>Direct and</u> <u>Overlapping Debt</u>
Cedar Creek Township	\$ -	9.19%	\$ -
Dalton Township	4,228,179	84.29%	3,563,932
Fruitland Township	2,310,150	19.23%	444,242
Laketon Township	5,258,471	100.00%	5,258,471
Muskegon Township	22,508,280	33.61%	7,565,033
City of Muskegon	33,152,830	0.75%	248,646
Muskegon County	113,756,041	13.85%	15,755,212
Muskegon Area Intermediate School District	-	13.80%	-
Muskegon Community College	30,230,000	13.85%	4,186,855
Subtotal, overlapping debt			37,022,391
<b>District Direct Debt</b>			65,678,033
<b>Total Direct and Overlapping Debt</b>			<b>\$ 102,700,424</b>

Source: Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account; however, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.



Reeths-Puffer Schools  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years

**Legal Debt Margin Calculation For Fiscal Year 2020-2021:**

State Equalized Valuation (SEV), July 1, 2020	\$ 767,925,870
Statutory Debt Limit (15% of SEV)	115,188,881
Debt applicable to Debt Limit	50,717,642
Legal Debt Margin	<b>\$ 64,471,239</b>

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>State Equalized Value (SEV)</u>	<u>Statutory Debt Limit (15% of SEV)</u>	<u>Debt Applicable to Debt Limit</u>	<u>Legal Debt Margin</u>	<u>Debt as a Percentage of Debt Limit</u>
2011	2011-2012	\$ 728,815,700	\$ 109,322,355	\$ 70,987,012	\$ 38,335,343	64.93%
2012	2012-2013	689,988,400	103,498,260	67,611,286	35,886,974	65.33%
2013	2013-2014	638,182,150	95,727,323	62,927,003	32,800,320	65.74%
2014	2014-2015	646,772,580	97,015,887	58,711,049	38,304,838	60.52%
2015	2015-2016	662,067,750	99,310,163	81,966,729	17,343,434	82.54%
2016	2016-2017	677,826,700	101,674,005	70,581,695	31,092,310	69.42%
2017	2017-2018	713,011,271	106,951,691	60,557,828	46,393,863	56.62%
2018	2018-2019	732,629,200	109,894,380	50,204,130	59,690,250	45.68%
2019	2019-2020	767,925,870	115,188,881	60,700,233	54,488,648	52.70%
2020	2020-2021	825,642,000	123,846,300	49,583,301	74,262,999	40.04%

Source: Muskegon County, Annual Equalization report.

Reeths-Puffer Schools  
**SCHOOL BOND LOAN FUND AND SCHOOL LOAN REVOLVING FUND PROGRAMS**  
Year ended June 30, 2021

As of June 30, 2021, the School District has a School Bond Loan Fund balance of \$0, a School Loan Revolving Fund balance of \$0, a School Bond Loan Fund Balance of \$0 and a GO School Loan Revolving Fund balance of \$14,778,878, for a total balance of \$14,778,878.

The Bonds are fully qualified as of the date of delivery pursuant to Act 108 of the Public Acts of Michigan, 1961, as amended, enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason, the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow, and the State of Michigan (State) shall lend to it from the School Bond Loan Fund or School Loan Revolving Fund established by the State, an amount sufficient to enable the School District to make payment. Article IX, Section 16 of the Michigan Constitution, as implemented by Act 112 of the Public Acts of Michigan, 1961, as amended, authorizes the State, without approval of its electors, to borrow from time to time such amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefore, for the purpose of making loans to school districts as provided amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefore, for the purpose of making loans to school districts as provided under such section. Loans to school districts for such purposes are made from the proceeds of such State borrowing.

Complete financial statements of all of the State's funds as included in the State's Comprehensive Annual Financial Report (CAFR) prepared by the State's Department of Management and Budget are available upon request from the Department of Management and Budget, Office of Financial Management, P.O. Box 30026, Lansing, Michigan 48909, telephone (517) 373-1011. The State has agreed to file its CAFR with the Nationally Recognized Securities Information Repositories and the State Information Depository (as described in Rule 15c2-12(b)(5) of the Securities Exchange Commission) annually, so long as any bonds qualified for participation in the School Bond Loan Fund remain outstanding.

Reeths-Puffer Schools  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Calendar Years

<u>Calendar Year</u>	<u>Estimated Population</u> (1)	<u>Unemployment Rate</u>		<u>Inflation Rate</u> (4)	<u>Personal Income (5)</u>	
		<u>Muskegon County</u> (2)	<u>State of Michigan</u> (3)		<u>Total (in thousands)</u>	<u>Per Capita</u>
2011	21,373	10.2%	10.4%	3.0%	5,148,421	28,605
2012	21,234	8.8%	9.1%	1.7%	5,313,721	30,289
2013	21,337	8.1%	8.4%	1.5%	5,398,085	31,234
2014	21,503	7.4%	7.3%	0.8%	5,674,297	32,936
2015	21,559	5.6%	5.4%	0.7%	5,969,540	34,567
2016	21,636	4.8%	4.0%	2.1%	6,180,403	35,641
2017	21,675	5.1%	4.3%	2.1%	6,452,555	37,149
2018	21,660	4.6%	4.4%	1.7%	6,782,353	39,072
2019	21,656	12.8%	8.7%	1.3%	6,879,677	39,637
2020	21,656	7.9%	4.8%	5.4%	N/A	N/A

Sources and notes:

- (1) US Census Bureau School District estimates. 2020 information not yet available; 2019 used as estimate.
- (2) State of Michigan Department of Technology, Management and Budget (DTMB). Annual County jobless rate, not seasonally-adjusted.
- (3) State of Michigan DTMB. Annual State of MI jobless rate, not seasonally-adjusted.
- (4) U.S. Department of Labor, Bureau of Labor Statistics (BLS). National CPI, July 2021, not seasonally-adjusted.
- (5) US Bureau of Economic Analysis. Income, population, and per-capita income by year for Muskegon County, MI. Retrieved August 2021. Information for 2020 not yet available.

Reeths-Puffer Schools  
**PRINCIPAL EMPLOYERS IN MUSKEGON COUNTY**  
 Current Year and Nine Years Ago

Year Ended June 30,  <u>Employer</u>	<u>2021 (1)</u>			<u>2012 (2)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Mercy Health Partners	4,003	1	5.3%	3,657	1	4.7%
Howmet (4)	1,900	2	2.5%	2,100	2	2.7%
ADAC Automotive	1,168	3	1.5%	500	6	0.6%
County of Muskegon	990	4	1.3%	1,108	3	1.4%
Meijer Inc.	850	5	1.1%	866	5	1.1%
G.E. Aviation	624	6	0.8%	553	7	0.7%
Wesco	512	7	0.7%	395	10	0.5%
Structural Concepts	500	8	0.7%			
McDonald's Lion Inc.	480	9	0.6%			
Port City Group	421	10	0.6%	493	8	0.6%
Muskegon Public Schools				915	4	1.2%
Knoll Furniture				573	9	0.7%
<b>Total Principal Employees</b>	<b>11,448</b>		<b>15.1%</b>	<b>11,160</b>		<b>14.2%</b>
<b>Total Employment Base (3)</b>	<b>75,855</b>			<b>78,576</b>		

Sources and notes:

- 1) Muskegon Area First. 2021 largest employers report, retrieved September, 2021.
- 2) Muskegon County Comprehensive Annual Financial Report, for Fiscal Year Ended September 30, 2012.
- 3) Total Muskegon County labor force as of June of the corresponding fiscal year presented. Source: Michigan DTMB.
- 4) Howmet was formerly known as Arconic Power & Propulsion and Alcoa Howmet. Prior amounts shown on same line.

Reeths-Puffer Schools  
**DISTRICT EMPLOYEES BY TYPE**  
 Last Ten Fiscal Years

<b>Employee Category</b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Administrators	23	23	23	23	23	23	23	24	24	24
Admin. Office Personnel/Technology	6	6	6	6	6	6	6	6	6	6
Teachers	202	221	223	224	219	221	230	230	238	240
Secretarial/Clerical	27	23	23	23	24	25	25	26	26	25
Aides/Paraprofessionals	50	71	69	62	58	60	66	52	53	56
Maintenance/Custodial	7	7	7	6	7	7	6	6	6	6
Transportation	-	1	1	5	5	5	4	4	4	4
Food Service	23	28	29	29	28	31	29	29	28	28
<b>Total</b>	<b>338</b>	<b>380</b>	<b>381</b>	<b>378</b>	<b>370</b>	<b>378</b>	<b>389</b>	<b>377</b>	<b>385</b>	<b>389</b>

Source: District payroll records.

Reeths-Puffer Schools  
**SCHOOL ENROLLMENT**  
 Last Ten Fiscal Years

Historical enrollment for the School District is as follows:

<u>School year</u>	<u>Enrollment</u>	<u>School year</u>	<u>Enrollment</u>
2020-2021	3,522	2015-2016	3,790
2019-2020	3,572	2014-2015	3,853
2018-2019	3,702	2013-2014	3,874
2017-2018	3,828	2012-2013	3,870
2016-2017	3,803	2011-2012	3,843

Enrollment by grades for school year 2020-2021 is as follows:

Kindergarten	321	Seventh	280
First	201	Eighth	296
Second	245	Ninth	304
Third	252	Tenth	289
Fourth	242	Eleventh	263
Fifth	264	Twelfth	263
Sixth	269	Special Ed.	<u>33</u>
		<b>TOTAL</b>	<b><u><u>3,522</u></u></b>

Source: District fall student count records.

Reeths-Puffer Schools  
**OPERATING STATISTICS**  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Percentage Change</u>	<u>Operating Expenditures</u>	<u>Percentage Change</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
2011-2012	3,843	-4.33%	\$ 34,447,773	-0.06%	8,964	4.46%	49.43%
2012-2013	3,870	0.70%	33,758,554	-2.00%	8,723	-2.68%	44.34%
2013-2014	3,874	0.10%	34,909,342	3.41%	9,011	3.30%	46.19%
2014-2015	3,853	-0.54%	35,808,983	2.58%	9,294	3.14%	50.50%
2015-2016	3,790	-1.64%	36,638,974	2.32%	9,667	4.02%	49.55%
2016-2017	3,803	0.34%	36,918,708	0.76%	9,708	0.42%	48.40%
2017-2018	3,828	0.66%	38,866,117	5.27%	10,153	4.59%	51.18%
2018-2019	3,702	-3.29%	38,965,228	0.26%	10,525	3.67%	45.64%
2019-2020	3,572	-3.51%	38,726,105	-0.61%	10,842	3.00%	51.29%
2020-2021	3,522	-1.40%	40,640,345	4.94%	11,539	6.43%	54.60%

Source: District enrollment and financial records. Free and reduced rates retrieved from MI School Data.

The operating expenditures include amounts classified as Transfers out on the Statement of Revenues, Expenditures and Changes in Fund Balance.

Reeths-Puffer Schools  
**STATE AID SUMMARY—FUNDS FROM STATE SOURCES**  
**(INCLUDING CATEGORICALS)**  
Last Ten Fiscal Years

<u>Year ended</u> <u>June 30</u>	<u>Amount</u>
2012	\$ 25,141,272
2013	25,983,244
2014	27,352,472
2015	28,543,207
2016	29,346,038
2017	30,405,694
2018	32,059,289
2019	31,922,962
2020	32,665,510
2021	32,818,550

Source: State of Michigan August State Aid Status Report



Reeths-Puffer Schools  
**PENSION FUND**  
 Last Ten Fiscal Years

The School District will pay a base rate equal to a percent of its employees' wages to the Michigan Public School Employees Retirement System (MPSERS) which is administered by the State of Michigan. The following were the applicable contribution rates required by law for the periods:

October 1, 2011—September 30, 2012	24.46	%
October 1, 2012—January 31, 2013	25.13 - 26.20	
February 1, 2013—September 30, 2013	25.92 - 28.56	
October 1, 2013 - September 30, 2014	29.35 - 31.52	
October 1, 2014 - September 30, 2015	28.59 - 33.41	
October 1, 2015 - September 30, 2016	31.49 - 36.31	
October 1, 2016 - September 30, 2017	32.66 - 36.64	
October 1, 2017 - September 30, 2018	32.28 - 36.88	
October 1, 2018 - September 30, 2019	33.17 - 39.37	
October 1, 2019 - September 30, 2020	33.37 - 39.91	
October 1, 2020 - September 30, 2021	35.47 - 42.72	

These contributions are required by law. The School District's contributions for the past ten years are shown below. The School District does not have an unfunded accrued liability under MPSERS.

<b><u>Year ending</u></b> <b><u>June 30</u></b>	<b><u>Paid to</u></b> <b><u>pension funds</u></b>
2012	\$ 4,527,762
2013	4,841,396
2014	5,433,868
2015	6,317,722
2016	6,922,535
2017	6,908,997
2018	7,580,822
2019	7,474,811
2020	7,660,038
2021	7,795,356

Effective January 1, 1987, members of MPSERS may irrevocably elect to contribute a percentage of their gross wages on a tax deferred basis to a member investment plan (MIP) which qualifies them for additional benefits. All employees hired after January 1, 1990 will contribute to the plan at a graduated rate of their gross wages. If a member leaves MPSERS service before a retirement benefit has vested, the member's accumulated contributions to MIP, plus interest, if any, are refundable.

Reeths-Puffer Schools  
**SCHOOL BUILDING INFORMATION**

<u>Site</u>	<u>Grade Configuration</u>	<u>Acreage</u>	<u>Date Originally Constructed</u>	<u>Additions and Renovations</u>	<u>Square feet</u>
McMillan Early Childhood Center	Pre-K	10	1955	1969, 2004, 2005	43,000
Pennsylvania Elementary	Pre-K - K	5.8	1962	1996, 2004	10,602
Central Elementary	K-4	27	1951	1990, 2004, 2005, 2011	55,361
Reeths-Puffer Elementary	K-4	15	1948	1960, 1996, 2004, 2011	66,000
Twin Lake Elementary	K-4	12.6	1953	1972, 1991, 1996, 2004, 2005, 2011	39,691
Reeths-Puffer Intermediate School	5-6	21	1954	1957, 1996, 2004, 2005	95,000
Reeths-Puffer Middle School	7-8	52	1945	1971, 1998, 2004, 2005, 2010	131,000
Reeths-Puffer High School	9-12	61.5	1994	1998	288,000
Duck Creek Learning Center Alternative Ed	9-12	5	1956	1958, 1961, 2004	12,371
Educational Services Building	N/A	2	1962	1970, 1978, 2004	10,602
Transportation	N/A	5.2	2004		8,075
River Road Property 2475 S. River Rd., Muskegon Township	N/A	56			
Gun Club Property Duff Rd., Dalton Township	N/A	160			
Staple Road Property Staple Rd., Dalton Township	N/A	40			
Buel Playground Russell Rd., Muskegon Township	N/A	2			

Source: District records.