
Van Dyke Public Schools

**Financial Report
with Supplemental Information
June 30, 2021**

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Independent Auditor's Report

To the Board of Education
Van Dyke Public Schools

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 Van Dyke Public 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 Van Dyke Public Schools' 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 Van Dyke Public Schools as of June 30, 2021 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
Van Dyke Public Schools

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, 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, which 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 supplemental 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 Van Dyke Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 on our consideration of Van Dyke Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Van Dyke Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Dyke Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 18, 2021

This section of the annual financial report for Van Dyke Public Schools (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Van Dyke Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the Bond Debt Service Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplemental Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Assets		
Current and other assets	\$ 12.1	\$ 10.5
Capital assets	71.5	70.6
Total assets	83.6	81.1
Deferred Outflows of Resources	15.9	19.2
Liabilities		
Current liabilities	4.4	3.4
Noncurrent liabilities	55.5	58.2
Net pension liability	54.9	54.7
Net OPEB liability	8.4	11.7
Total liabilities	123.2	128.0
Deferred Inflows of Resources	12.4	12.0
Net Position (Deficit)		
Net investment in capital assets	18.0	14.5
Restricted	0.4	0.5
Unrestricted	(54.5)	(54.7)
Total net position (deficit)	\$ (36.1)	\$ (39.7)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(36.1) million at June 30, 2021. Net investment in capital assets totaling \$18.0 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(54.5) million) was unrestricted.

The \$(54.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position from year to year.

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Revenue		
Program revenue - Operating grants	\$ 13.2	\$ 10.3
General revenue:		
Taxes	9.5	9.1
State aid not restricted to specific purposes	15.1	15.8
Other	0.3	0.3
Total revenue	38.1	35.5
Expenses		
Instruction	16.3	17.3
Support services	12.3	12.5
Athletics	0.3	0.4
Food services	0.9	1.6
Community services	0.3	0.1
Debt service	2.0	2.1
Depreciation expense (unallocated)	2.4	2.2
Total expenses	34.5	36.2
Change in Net Position	3.6	(0.7)
Net Position (Deficit) - Beginning of year	(39.7)	(39.0)
Net Position (Deficit) - End of year	<u><u>\$ (36.1)</u></u>	<u><u>\$ (39.7)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$34.5 million. Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions (\$13.2 million). We paid for the remaining public benefit portion of our governmental activities with \$9.5 million in taxes, \$15.1 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$3.6 million.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$7.7 million, which is an increase of \$0.4 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased by \$0.8 million. The change is due mainly to an increase in revenue from both federal grants and state aid. There was an increase in state aid, and the School District received CARES and ESSER grants from the federal government.

There was a decrease in the Food Service Fund of \$0.3 million dollars. The decrease in the Food Service Fund is due to the School District's decision to continue virtual learning for the 2020/2021 school year. By continuing in a virtual learning environment, students and community members could pick up free breakfast and lunches weekly. The amount of free breakfast and lunches given out and claimed was significantly lower than if students were physically in school; therefore, the revenue was reduced.

Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The State announced beginning July 1, 2020 that there was no change to the foundation allowance, there was a one-time increase equal to \$65 per pupil, and a new super blend count for students' enrollment was to be used for the 2020-2021 school year. By changing to the super blend rate, the School District received an additional 67.31 FTEs, hence, the increase in state aid. The super blend rate will not be used for the 2021-2022 school year. We received \$1.5 million more in federal funds through the CARES Act than was originally projected. When the State held its Revenue Consensus Estimating Conference in May 2021, the General Fund had increased by over \$1.0 billion over the January 2021 Revenue Consensus Estimating Conference estimates. For both the General Fund and the School Aid Fund, the increase is over \$2.0 billion dollars, for a combined total of \$26 billion. The outcomes of the increase are limitless, but we do know that the per pupil foundation allowance for 2021-2022 is \$8,700.00.

The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information section to these financial statements

There were significant revisions made to the 2020-2021 original budget. The 2020-2021 original budget assumed the school year would start with in-person learning and continue with in-person learning. The School District did not start the 2020-2021 school year with in-person learning and continued the 2020-2021 school year with distance learning; therefore, many expense projections changed, with a decrease in contract substitute costs, transportation costs, and contract janitorial costs.

Capital Assets and Debt Administration**Capital Assets**

As of June 30, 2021 and 2020, the School District had \$71.5 million and \$70.6 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$0.8 million from 2020 to 2021.

	2021	2020
Land	\$ 263,562	\$ 263,562
Buildings and improvements	64,679,555	66,166,173
Furniture and equipment	5,700,088	3,219,428
Buses and other vehicles	188,745	196,894
Land improvements	635,513	774,907
Total capital assets - Net of accumulated depreciation	\$ 71,467,463	\$ 70,620,964

This year's additions of \$3.3 million included technology, building renovations, and classroom equipment. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$46.5 million in bonds outstanding versus \$48.6 million in the previous year.

The School District's general obligation bond rating continues to be A- with a stable outlook. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt is significantly below this statutorily imposed limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2020-2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Approximately 51.0 percent of total General Fund revenue is from the foundation allowance per pupil. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. The School District is projecting a blended enrollment of 2,049 for the 2021-022 school year, approximately 7.0 percent less than the current year. This number is an estimate based on historical information and projections prepared by an outside consultant.

The 2021-2022 budget assumes a foundation allowance of \$8,611 in 2021-2022. There are no changes in the 2020-2021 state grants. Included in the 2021-2022 budget is the ESSER II grant in the amount of \$ 6.681 million. The ESSER III grant will be available in the 2021-2022 school year, but it is not part of the 2021-2022 budget projections, it is part of the 2022-2023 internal district projections. Once the State's school aid budget is final and student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

The School District has five union groups as part of its workforce and has successfully negotiated contracts with each group. The three groups that expired on June 30, 2021 received step and wage increases. For the two groups that were set to expire on June 30, 2022, the School District did wage reopeners and negotiated step increases with these groups as well.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at 23500 MacArthur Blvd, Warren, MI 48089.

Statement of Net Position
June 30, 2021
**Governmental
Activities**
Assets

Cash and investments (Note 4)	\$ 6,481,985
Receivables:	
Property taxes receivable	330,852
Other receivables - Net	963
Due from other governments	4,559,166
Inventory	11,581
Prepaid expenses	219,708
Restricted assets	521,250
Capital assets - Net (Note 6)	71,467,463
Total assets	83,592,968

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 8)	901,544
Deferred pension costs (Note 10)	11,218,767
Deferred OPEB costs (Note 10)	3,738,753
Total deferred outflows of resources	15,859,064

Liabilities

Accounts payable	947,943
Due to other governmental units	3,461
Accrued liabilities and other	3,308,658
Unearned revenue (Note 5)	102,679
Noncurrent liabilities:	
Due within one year (Note 8)	2,709,537
Due in more than one year (Note 8)	52,761,283
Net pension liability (Note 10)	54,859,584
Net OPEB liability (Note 10)	8,442,336
Total liabilities	123,135,481

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	2,037,315
Deferred pension cost reductions (Note 10)	2,963,067
Deferred OPEB cost reductions (Note 10)	7,444,440
Total deferred inflows of resources	12,444,822

Net Position (Deficit)

Net investment in capital assets	17,953,108
Restricted:	
Debt service	142,913
Capital projects	312,860
Unrestricted	(54,537,152)
Total net position (deficit)	\$ (36,128,271)

Statement of Activities

Year Ended June 30, 2021

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 16,255,940	\$ -	\$ 9,502,519	\$ (6,753,421)
Support services	12,332,755	-	3,045,803	(9,286,952)
Athletics	251,082	-	-	(251,082)
Food services	939,559	357	637,935	(301,267)
Community services	269,520	-	24,613	(244,907)
Interest	2,022,587	-	-	(2,022,587)
Other debt costs	3,120	-	-	(3,120)
Depreciation expense (unallocated)	2,432,922	-	-	(2,432,922)
Total primary government	\$ 34,507,485	\$ 357	\$ 13,210,870	(21,296,258)
General revenue:				
Taxes:				
Property taxes levied for general purposes				5,021,572
Property taxes levied for debt service				4,068,096
Property taxes, levied for capital projects				412,747
State aid not restricted to specific purposes				15,135,729
Interest and investment earnings				1,703
Penalties, interest, and other taxes				24,896
Other				207,190
Total general revenue				24,871,933
Change in Net Position				3,575,675
Net Position (Deficit) - Beginning of year				(39,703,946)
Net Position (Deficit) - End of year				\$ (36,128,271)

**Governmental Funds
Balance Sheet**

June 30, 2021

	General Fund	Bond Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 6,111,559	\$ -	\$ 370,426	\$ 6,481,985
Receivables:				
Property taxes receivable	125,666	190,814	14,372	330,852
Other receivables - Net	963	-	-	963
Due from other governments	4,559,166	-	-	4,559,166
Due from other funds (Note 7)	92,408	281,313	46,063	419,784
Inventory	-	-	11,581	11,581
Prepaid expenses	219,708	-	-	219,708
Restricted assets	-	118,970	402,280	521,250
	<u>\$ 11,109,470</u>	<u>\$ 591,097</u>	<u>\$ 844,722</u>	<u>\$ 12,545,289</u>
Total assets				
Liabilities				
Accounts payable	\$ 947,943	\$ -	\$ -	\$ 947,943
Due to other governmental units	-	3,461	-	3,461
Due to other funds (Note 7)	327,376	-	92,408	419,784
Accrued liabilities and other	3,054,648	-	101	3,054,749
Unearned revenue (Note 5)	102,679	-	-	102,679
	<u>4,432,646</u>	<u>3,461</u>	<u>92,509</u>	<u>4,528,616</u>
Total liabilities				
Deferred Inflows of Resources - Unavailable revenue (Note 5)	125,666	190,814	14,372	330,852
Fund Balances				
Nonspendable:				
Inventory	-	-	11,581	11,581
Prepays	219,708	-	-	219,708
Restricted:				
Debt service	-	396,822	-	396,822
Capital projects	-	-	312,860	312,860
Food service	-	-	220,686	220,686
Encumbrances	9,000	-	-	9,000
Committed - Student activities	-	-	192,714	192,714
Assigned:				
Subsequent year budget shortfall	1,441,097	-	-	1,441,097
Working capital	4,069,324	-	-	4,069,324
Unassigned	812,029	-	-	812,029
	<u>6,551,158</u>	<u>396,822</u>	<u>737,841</u>	<u>7,685,821</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,109,470</u>	<u>\$ 591,097</u>	<u>\$ 844,722</u>	<u>\$ 12,545,289</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 7,685,821
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	121,980,527
Accumulated depreciation	<u>(50,513,064)</u>
Net capital assets used in governmental activities	71,467,463
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	330,852
Deferred outflows related to bond refundings are not reported in the funds	901,544
Bonds payable and the associated premium are not due and payable in the current period and are not reported in the funds	(52,127,899)
Accrued interest is not due and payable in the current period and is not reported in the funds	(253,909)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(492,921)
Self-insurance	(562,000)
Net pension liability and related deferred inflows and outflows	(46,603,884)
Net OPEB liability and related deferred inflows and outflows	(12,148,023)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(2,037,315)
Other long-term liabilities, such as installment purchase agreements, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(2,288,000)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (36,128,271)</u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	Bond Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 5,302,754	\$ 4,078,478	\$ 470,983	\$ 9,852,215
State sources	19,830,035	266,136	59,512	20,155,683
Federal sources	5,709,973	-	578,423	6,288,396
Interdistrict sources	1,822,218	-	-	1,822,218
Total revenue	32,664,980	4,344,614	1,108,918	38,118,512
Expenditures				
Current:				
Instruction	15,948,921	-	-	15,948,921
Support services	12,256,476	-	255,387	12,511,863
Athletics	246,400	-	-	246,400
Food services	-	-	926,783	926,783
Community services	264,569	-	-	264,569
Debt service:				
Principal	252,000	2,070,000	-	2,322,000
Interest	69,356	2,261,090	-	2,330,446
Other debt costs	-	3,120	-	3,120
Capital outlay	2,789,831	-	344,392	3,134,223
Total expenditures	31,827,553	4,334,210	1,526,562	37,688,325
Net Change in Fund Balances	837,427	10,404	(417,644)	430,187
Fund Balances - Beginning of year	5,713,731	386,418	1,155,485	7,255,634
Fund Balances - End of year	<u><u>\$ 6,551,158</u></u>	<u><u>\$ 396,822</u></u>	<u><u>\$ 737,841</u></u>	<u><u>\$ 7,685,821</u></u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ 430,187
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	3,279,421
Depreciation expense	(2,432,922)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	215,198
Revenue in support of pension contributions made subsequent to the measurement date	(250,550)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	2,368,019
Interest expense is recognized in the government-wide statements as it accrues	9,840
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(295,518)
Repayment of installment purchase agreement is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	252,000
Change in Net Position of Governmental Activities	<u>\$ 3,575,675</u>

June 30, 2021**Note 1 - Nature of Business**

Van Dyke Public Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies***Accounting and Reporting Principles***

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)*****Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Bond Debt Service Fund is used to record tax, interest, and other revenue for payment of bond interest, principal, and other expenditures.

Additionally, the School District reports the following nonmajor governmental fund types:

- The sinking funds report capital project activities funded with the sinking fund millage. The 2001 Sinking Fund levy has expired, and there is no continued source of revenue to the fund. The 2018 Sinking Fund started collecting revenue in 2019 and will continue to do so.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District has two special revenue funds: the Food Service Fund and Student Activities Fund. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from federal sources. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by this activity is the responsibility of the General Fund.

Interfund Activity

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, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, 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, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)**

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Service Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Service Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets are reported in the applicable governmental activities column 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 15
Buses and other vehicles	8
Land improvements	20

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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses.

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 represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB plan costs.

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 represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), 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.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Flow Assumptions**

The School District will sometimes 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. Furthermore, 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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the 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 passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the finance director to assign fund balance. 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.

The fund balance policy prescribes no minimum fund balance of budgeted annual expenditures in the General Fund, with the goal to increase the annual minimum fund balance to 15 percent of budgeted annual expenditures by 2022. This is deemed by the School District to be the prudent amount to maintain the ability to meet obligations as they come due throughout the year.

Property Tax Revenue

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)****Grants and Contributions**

The School District receives federal, state, and local grants as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, 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. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires 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. The School District does not believe this standard will have a significant impact on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

June 30, 2021**Note 3 - Stewardship, Compliance, and Accountability*****Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner to increase the budgeted state revenue by approximately \$1,707,000, increase federal revenue by approximately \$3,000,000, and increase instructional expenditures (basic program) by approximately \$1,329,000. The budget statements contain expenditure classification differences from the basic financial statements due to capital outlay expense being presented on a functional basis for budget purposes.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Sinking Fund Compliance

The 2001 and 2018 Sinking funds record capital project activities funded with the sinking fund millage. For the both of these funds, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated four banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 14-day redemption limitation on MILAF MAX Class funds.

June 30, 2021

Note 4 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District had \$6,461,976 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk 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. The School District's investment policy for custodial credit risk states custodial credit risk will be minimized by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2021, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk 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 to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
MILAF+ MAX Class funds	\$ 521,248	AAAm	S&P

June 30, 2021

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2021, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 330,852	\$ -
Grant and categorical aid payments received prior to meeting all eligibility requirements	-	102,679
Total	<u>\$ 330,852</u>	<u>\$ 102,679</u>

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2020	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated - Land	\$ 263,562	\$ -	\$ -	\$ -	\$ 263,562
Capital assets being depreciated:					
Buildings and improvements	97,977,573	-	85,480	-	98,063,053
Furniture and equipment	13,131,863	-	3,193,941	-	16,325,804
Buses and other vehicles	1,683,716	-	-	-	1,683,716
Land improvements	5,644,392	-	-	-	5,644,392
Subtotal	118,437,544	-	3,279,421	-	121,716,965
Accumulated depreciation:					
Buildings and improvements	31,811,400	-	1,572,098	-	33,383,498
Furniture and equipment	9,912,435	-	713,281	-	10,625,716
Buses and other vehicles	1,486,822	-	8,149	-	1,494,971
Land improvements	4,869,485	-	139,394	-	5,008,879
Subtotal	48,080,142	-	2,432,922	-	50,513,064
Net capital assets being depreciated	70,357,402	-	846,499	-	71,203,901
Net governmental activities capital assets	<u>\$ 70,620,964</u>	<u>\$ -</u>	<u>\$ 846,499</u>	<u>\$ -</u>	<u>\$ 71,467,463</u>

Depreciation expense was not charged to activities, as the School District considers its assets to benefit multiple activities, and allocation is not practical.

June 30, 2021

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			
	General Fund	Bond Debt Service Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ -	\$ 92,408	\$ 92,408
Bond Debt Service Fund	281,313	-	-	281,313
Nonmajor governmental funds	46,063	-	-	46,063
Total	<u>\$ 327,376</u>	<u>\$ -</u>	<u>\$ 92,408</u>	<u>\$ 419,784</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

During the year ended June 30, 2021, there were no interfund transfers.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligations	\$ 48,585,000	\$ -	\$ (2,070,000)	\$ 46,515,000	\$ 2,100,000
Unamortized bond premiums	5,964,436	-	(351,537)	5,612,899	351,537
Total bonds payable	54,549,436	-	(2,421,537)	52,127,899	2,451,537
Compensated absences	485,806	46,715	(39,600)	492,921	-
Self-insurance	752,350	2,497,018	(2,687,368)	562,000	-
Installment purchase agreement	2,540,000	-	(252,000)	2,288,000	258,000
Total long-term debt	<u>\$ 58,327,592</u>	<u>\$ 2,543,733</u>	<u>\$ (5,400,505)</u>	<u>\$ 55,470,820</u>	<u>\$ 2,709,537</u>

The School District had deferred outflows of \$901,544 related to deferred charges on bond refundings at June 30, 2021.

June 30, 2021

Note 8 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2021 are as follows:

	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$27,010,000 refunding bonds (2017 Refunding, Series A)	\$500,000 - \$2,255,000	3.0 - 5.0%	May 1, 2038	\$ 25,560,000
\$5,155,000 refunding bonds (2017 Refunding, Series B)	\$1,000,000	1.7 - 2.7%	May 1, 2023	2,000,000
\$12,350,000 refunding bonds (2017 Refunding, Series C)	\$600,000 - \$1,130,000	4.0 - 5.0%	May 1, 2035	11,780,000
\$7,175,000 refunding bonds (2019 Refunding)	\$1,245,000 - \$1,650,000	4.0%	May 1, 2040	7,175,000
Total governmental activities				<u>\$ 46,515,000</u>

Other Long-term Liabilities

The employee compensated absences obligation as of June 30, 2021 in the amount of \$492,921 will be liquidated primarily by the General Fund. The liability for compensated absences reported in the government-wide statements consists of earned but not used accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. 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.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and installment purchase agreement obligations are as follows:

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2022	\$ 2,358,000	\$ 2,257,548	\$ 4,615,548
2023	2,396,000	2,181,268	4,577,268
2024	2,069,000	2,089,974	4,158,974
2025	2,167,000	1,992,496	4,159,496
2026	2,280,000	1,890,294	4,170,294
2027-2031	12,448,000	7,743,180	20,191,180
2032-2036	14,755,000	4,514,000	19,269,000
2037-2040	10,330,000	953,550	11,283,550
Total	<u>\$ 48,803,000</u>	<u>\$ 23,622,310</u>	<u>\$ 72,425,310</u>

June 30, 2021

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property loss claims and participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to workers' compensation and general liability. The School District's maximum loss is limited to an aggregate loss amount based on a stop-loss formula outlined in the insurance agreement. All claims filed on a calendar-year basis in excess of the loss funded are paid by an excess insurer. The School District is partially insured for health claims and dental claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District estimates the liability for health and dental claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	Health and Dental	
	2021	2020
Estimated liability - Beginning of year	\$ 752,350	\$ 646,500
Estimated claims incurred, including changes in estimates	2,497,018	2,392,013
Claim payments	(2,687,368)	(2,286,163)
Estimated liability - End of year	<u>\$ 562,000</u>	<u>\$ 752,350</u>

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

June 30, 2021**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care 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 health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to the retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$4,808,737, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$2,037,315 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$1,206,623, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2021, the School District reported a liability of \$54,859,584 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.16 and 0.17 percent, representing a change of (3.24).

Net OPEB Liability

At June 30, 2021, the School District reported a liability of \$8,442,336 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.157 percent and 0.162 percent, respectively, representing a change of (2.96).

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For 2021, the School District recognized pension expense of \$6,826,812 inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 838,209	\$ (117,090)
Changes in assumptions	6,078,971	-
Net difference between projected and actual earnings on pension plan investments	230,495	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(2,845,977)
The School District's contributions to the plan subsequent to the measurement date	4,071,092	-
Total	<u>\$ 11,218,767</u>	<u>\$ (2,963,067)</u>

The \$2,037,315 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 2,009,465
2023	1,323,695
2024	645,019
2025	206,429
Total	<u>\$ 4,184,608</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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 recovery of \$568,401.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (6,290,330)
Changes in assumptions	2,783,606	-
Net difference between projected and actual earnings on OPEB plan investments	70,461	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	12,110	(1,154,110)
Employer contributions to the plan subsequent to the measurement date	872,576	-
Total	<u>\$ 3,738,753</u>	<u>\$ (7,444,440)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2022	\$ (1,268,118)
2023	(1,170,444)
2024	(951,252)
2025	(682,993)
2026	(505,456)
Total	<u>\$ (4,578,263)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.0%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuity Mortality tables, scaled 100% (retirees: 82% male and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2014 valuation.

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points and the actual per person health benefit cost being lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 71,006,425	\$ 54,859,584	\$ 41,477,451

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 10,845,141	\$ 8,442,336	\$ 6,419,377

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 6,341,921	\$ 8,442,336	\$ 10,831,300

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2021, the School District reported a payable of \$729,081 and \$164,915 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. 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.

For the fiscal year ended June 30, 2021, the School District's property tax revenue was reduced by approximately \$42,800 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$27,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 5,386,775	\$ 5,218,271	\$ 5,302,754	\$ 84,483
State sources	18,227,923	19,934,695	19,830,035	(104,660)
Federal sources	3,947,467	6,957,871	5,709,973	(1,247,898)
Interdistrict sources	1,856,132	1,915,081	1,822,218	(92,863)
Total revenue	29,418,297	34,025,918	32,664,980	(1,360,938)
Expenditures				
Current:				
Instruction:				
Basic programs	11,975,217	13,304,133	13,182,205	(121,928)
Added needs	5,694,564	5,905,400	5,407,877	(497,523)
Total instruction	17,669,781	19,209,533	18,590,082	(619,451)
Support services:				
Pupil	3,269,017	3,201,959	3,044,871	(157,088)
Instructional staff	1,207,616	1,565,306	1,451,824	(113,482)
General administration	690,350	692,602	652,217	(40,385)
School administration	1,605,983	1,678,505	1,646,844	(31,661)
Business	526,244	652,741	665,559	12,818
Operations and maintenance	2,953,862	3,281,178	2,885,894	(395,284)
Pupil transportation services	1,041,469	907,120	683,589	(223,531)
Central	1,165,953	1,402,310	1,367,402	(34,908)
Total support services	12,460,494	13,381,721	12,398,200	(983,521)
Athletics	397,639	373,411	253,346	(120,065)
Community services	81,537	277,033	264,569	(12,464)
Debt service	321,356	321,356	321,356	-
Total expenditures	30,930,807	33,563,054	31,827,553	(1,735,501)
Excess of Revenue (Under) Over Expenditures	(1,512,510)	462,864	837,427	374,563
Other Financing Sources - Transfers in	104,528	100,000	-	(100,000)
Net Change in Fund Balance	(1,407,982)	562,864	837,427	274,563
Fund Balance - Beginning of year	5,713,731	5,713,731	5,713,731	-
Fund Balance - End of year	<u><u>\$ 4,305,749</u></u>	<u><u>\$ 6,276,595</u></u>	<u><u>\$ 6,551,158</u></u>	<u><u>\$ 274,563</u></u>

Required Supplemental Information

Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

	Last Seven Plan Years						
	Plan Years Ended September 30						
	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.15970 %	0.16505 %	0.17251 %	0.17852 %	0.18281 %	0.17852 %	0.16989 %
School District's proportionate share of the net pension liability	\$ 54,859,584	\$ 54,659,322	\$ 51,859,996	\$ 46,261,556	\$ 45,610,325	\$ 43,602,529	\$ 37,420,500
School District's covered payroll	\$ 13,942,790	\$ 14,178,418	\$ 14,363,972	\$ 14,719,994	\$ 15,012,556	\$ 14,891,104	\$ 14,448,508
School District's proportionate share of the net pension liability as a percentage of its covered payroll	393.46 %	385.51 %	361.04 %	314.28 %	303.81 %	292.81 %	258.99 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Van Dyke Public Schools

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Seven Fiscal Years						
	Years Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 4,736,597	\$ 4,434,670	\$ 4,441,349	\$ 4,432,256	\$ 4,163,132	\$ 4,181,473	\$ 3,238,521
Contributions in relation to the statutorily required contribution	4,736,597	4,434,670	4,441,349	4,432,256	4,163,132	4,181,473	3,238,521
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 13,843,483	\$ 13,974,516	\$ 14,304,236	\$ 14,537,362	\$ 14,506,103	\$ 15,072,727	\$ 14,796,212
Contributions as a Percentage of Covered Payroll	34.22 %	31.73 %	31.05 %	30.49 %	28.70 %	27.74 %	21.89 %

Required Supplemental Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement System

	Last Four Plan Years			
	Plan Years Ended September 30			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.15759 %	0.16239 %	0.16879 %	0.17911 %
School District's proportionate share of the net OPEB liability	\$ 8,442,336	\$ 11,655,702	\$ 13,417,316	\$ 15,860,675
School District's covered payroll	\$ 13,942,790	\$ 14,178,418	\$ 14,363,972	\$ 14,719,994
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.55 %	82.21 %	93.41 %	107.75 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

Required Supplemental Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

	Last Four Fiscal Years			
	Years Ended June 30			
	2021	2020	2019	2018
Statutorily required contribution	\$ 1,152,020	\$ 1,122,936	\$ 1,123,601	\$ 1,049,994
Contributions in relation to the statutorily required contribution	1,152,020	1,122,936	1,123,601	1,049,994
Contribution Excess	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 13,843,483	\$ 13,974,516	\$ 14,304,236	\$ 14,537,362
Contributions as a Percentage of Covered Payroll	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2021***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to the actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds		Capital Projects Funds		
	Food Service Fund	Student Activities Fund	2001 Sinking Fund	2018 Sinking Fund	Total
Assets					
Cash and investments	\$ 174,724	\$ 195,702	\$ -	\$ -	\$ 370,426
Receivables - Other receivables - Net	-	-	-	14,372	14,372
Due from other funds	46,063	-	-	-	46,063
Inventory	11,581	-	-	-	11,581
Restricted assets	-	-	-	402,280	402,280
Total assets	\$ 232,368	\$ 195,702	\$ -	\$ 416,652	\$ 844,722
Liabilities					
Due to other funds	\$ -	\$ 2,988	\$ -	\$ 89,420	\$ 92,408
Accrued liabilities and other	101	-	-	-	101
Total liabilities	101	2,988	-	89,420	92,509
Deferred Inflows of Resources - Unavailable revenue	-	-	-	14,372	14,372
Total liabilities and deferred inflows of resources	101	2,988	-	103,792	106,881
Fund Balances					
Nonspendable - Inventory	11,581	-	-	-	11,581
Restricted:					
Capital projects	-	-	-	312,860	312,860
Food service	220,686	-	-	-	220,686
Committed - Student activities	-	192,714	-	-	192,714
Total fund balances	232,267	192,714	-	312,860	737,841
Total liabilities, deferred inflows of resources, and fund balances	\$ 232,368	\$ 195,702	\$ -	\$ 416,652	\$ 844,722

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2021

	Special Revenue Funds		Capital Projects Funds		
	Food Service Fund	Student Activities Fund	2001 Sinking Fund	2018 Sinking Fund	Total
Revenue					
Local sources	\$ 412	\$ 57,406	\$ -	\$ 413,165	\$ 470,983
State sources	59,512	-	-	-	59,512
Federal sources	578,423	-	-	-	578,423
Total revenue	638,347	57,406	-	413,165	1,108,918
Expenditures					
Current:					
Support services:					
Business	-	-	-	20	20
Operations and maintenance	-	-	10,546	192,248	202,794
Other	-	52,573	-	-	52,573
Food services	926,783	-	-	-	926,783
Capital outlay	15,642	-	26,523	302,227	344,392
Total expenditures	942,425	52,573	37,069	494,495	1,526,562
Net Change in Fund Balances	(304,078)	4,833	(37,069)	(81,330)	(417,644)
Fund Balances - Beginning of year	536,345	187,881	37,069	394,190	1,155,485
Fund Balances - End of year	<u>\$ 232,267</u>	<u>\$ 192,714</u>	<u>\$ -</u>	<u>\$ 312,860</u>	<u>\$ 737,841</u>

**Other Supplemental Information
Schedule of Bonded Indebtedness**

June 30, 2021

Years Ending June 30	2017 Refunding Bonds, Series A Principal	2017 Refunding Bonds, Series B Principal	2017 Refunding Bonds, Series C Principal	2019 Refunding Bonds Principal	Total
2022	\$ 500,000	\$ 1,000,000	\$ 600,000	\$ -	\$ 2,100,000
2023	500,000	1,000,000	630,000	-	2,130,000
2024	1,135,000	-	660,000	-	1,795,000
2025	1,195,000	-	690,000	-	1,885,000
2026	1,260,000	-	730,000	-	1,990,000
2027	1,320,000	-	770,000	-	2,090,000
2028	1,385,000	-	805,000	-	2,190,000
2029	1,450,000	-	850,000	-	2,300,000
2030	1,525,000	-	890,000	-	2,415,000
2031	1,600,000	-	935,000	-	2,535,000
2032	1,680,000	-	980,000	-	2,660,000
2033	1,765,000	-	1,030,000	-	2,795,000
2034	1,855,000	-	1,080,000	-	2,935,000
2035	1,945,000	-	1,130,000	-	3,075,000
2036	2,045,000	-	-	1,245,000	3,290,000
2037	2,145,000	-	-	1,290,000	3,435,000
2038	2,255,000	-	-	1,340,000	3,595,000
2039	-	-	-	1,650,000	1,650,000
2040	-	-	-	1,650,000	1,650,000
Total remaining payments	\$ 25,560,000	\$ 2,000,000	\$ 11,780,000	\$ 7,175,000	\$ 46,515,000
Principal payments due	May 1	May 1	May 1	May 1	
Interest payments due	November 1	November 1	November 1	November 1	
Interest rate	3.0% to 5.0%	1.7% to 2.7%	4.0% to 5.0%	4.0%	
Original issue	\$ 27,010,000	\$ 5,155,000	\$ 12,350,000	\$ 7,175,000	