
Hudsonville Public Schools

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

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Independent Auditor's Report

To the Board of Directors
Hudsonville 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 Hudsonville 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 Hudsonville 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 Hudsonville 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 Directors
Hudsonville Public Schools

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the 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 Hudsonville 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 5, 2021 on our consideration of Hudsonville 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 Hudsonville 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 Hudsonville Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 5, 2021

This section of the annual financial report for Hudsonville 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 Hudsonville 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, the 2020 Capital Projects Fund, and the Debt 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.

Hudsonville Public Schools

Management's Discussion and Analysis (Continued)

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	\$ 117.6	\$ 119.5
Capital assets	164.9	159.0
Total assets	282.5	278.5
Deferred Outflows of Resources	56.9	62.8
Liabilities		
Current liabilities	17.6	11.4
Noncurrent liabilities	242.4	246.6
Net pension liability	157.9	148.3
Net OPEB liability	25.0	32.4
Total liabilities	442.9	438.7
Deferred Inflows of Resources	25.4	23.3
Net Position (Deficit)		
Net investment in capital assets	12.0	13.9
Restricted	1.9	1.5
Unrestricted	(142.8)	(136.1)
Total net position (deficit)	\$ (128.9)	\$ (120.7)

Hudsonville Public Schools

Management's Discussion and Analysis (Continued)

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 \$(128.9) million at June 30, 2021. Net investment in capital assets totaling \$12.0 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 (\$(142.8) million) was unrestricted.

The \$(142.8) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables 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 will have a significant impact on the change in unrestricted net position from year to year. Regardless of the negative net position in the statement of net position, the School District will be able to meet future obligations it will face when educating students due to an increasing fund balance in the School District's General Fund.

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:		
Charges for services	\$ 2.2	\$ 2.3
Operating grants	26.6	22.4
General revenue:		
Taxes	19.7	18.4
State aid not restricted to specific purposes	50.9	49.9
Other	1.4	1.6
Total revenue	100.8	94.6
Expenses		
Instruction	58.7	57.3
Support services	32.4	28.5
Athletics	1.5	1.4
Food services	0.2	0.2
Community services	2.5	2.8
Payments to other public schools	0.2	0.1
Debt service	8.7	7.1
Depreciation expense (unallocated)	4.8	4.7
Total expenses	109.0	102.1
Change in Net Position	(8.2)	(7.5)
Net Position (Deficit) - Beginning of year	(120.7)	(113.2)
Net Position (Deficit) - End of year	<u><u>\$ (128.9)</u></u>	<u><u>\$ (120.7)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$109.0 million. Certain activities were partially funded from those who benefited from the programs (\$2.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$26.6 million). We paid for the remaining public benefit portion of our governmental activities with \$19.7 million in taxes, \$50.9 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

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 experienced a decrease in net position of \$8.2 million. The key reason for the change in net position was a result of the increase in the School District's proportionate share of the pension and OPEB liabilities through the Michigan Public School Employees' Retirement System (MPERS) multiemployer defined benefit public employee retirement system covering substantially all employees of the School District.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for effective management. 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 \$102.0 million, which is a decrease of \$7.9 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased by \$3.3 million to \$16.7 million. The change is mainly due to less spending on classroom supplies, curriculum, transportation, and athletics, combined with an increase in state aid.

Fund balance of our special revenue funds, the Food Service Fund, Community Education Fund, and Student Activities Fund, increased from \$1.1 million last year to \$1.6 million this year as a result of new federal grant revenue related to COVID-19 and a decrease in the amount the Community Education Fund paid to the General Fund for support decreasing this year.

The fund balance of our Debt Fund decreased from \$0.2 million to \$0.1 million. Debt Fund fund balance is restricted since it can only be used to pay debt service obligations.

The fund balance of our 2020 Capital Projects Fund decreased by \$11.9 million. The change is primarily due to the use of bond proceeds to build a new 5/6 building and additions to the high school building.

The fund balance of our Capital Projects Sinking Fund increased by \$0.3 million. This is primarily due to the School District focusing on starting major projects in the 2020 Capital Projects Fund.

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 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 of these financial statements. The COVID-19 pandemic had an extraordinary impact on the assumptions used for the original budget, and, coupled with the response of the federal government's CARES Act funding, the School District needed to process a midyear budget revision in January 2021.

There were significant revisions made to the 2020-2021 original budget. Original budgeted revenue decreased by \$3.5 million due to an expected \$500 per student reduction of state aid projected during the May 2020 Revenue Estimating Conference. The State actually increased all schools by \$65 per student in September 2020 after the School District was required to adopt the 2020-2021 original budget. The removal of the actual proration, along with the increase from the State, is the reason actual revenue from state sources was \$3.6 million higher than the original budget amount.

Budgeted expenditures also increased \$3.2 million to account for the increase in salaries and purchased professional services resulting from the School District's revised operating plan in response to the COVID-19 pandemic.

Hudsonville Public Schools

Management's Discussion and Analysis (Continued)

There were no significant variances between the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021 and 2020, the School District had \$164.9 million and \$159.0 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 \$5.9 million from 2020 to 2021.

	2021	2020
Land	\$ 8,168,366	\$ 7,183,559
Construction in progress	10,020,386	1,378,989
Buildings and improvements	143,070,821	146,894,472
Furniture and equipment	1,297,432	1,449,467
Buses and other vehicles	2,345,403	2,120,489
Total capital assets - Net of accumulated depreciation	\$ 164,902,408	\$ 159,026,976

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 \$201.8 million in bonds outstanding versus \$211.6 million in the previous year. The decrease was due to the scheduled principal payments.

Other obligations include accrued vacation pay, sick leave, employee retirement incentives, and the School Loan Revolving Fund. 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 2021-2022 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. The 2021-2022 budget was adopted in June 2021 based on an estimate of students who would enroll in September 2021. Approximately 60.7 percent of total General Fund revenue is from the state-funded portion of the foundation allowance. 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. Based on early enrollment data at the start of the 2021-2022 school year, we anticipate that the fall student count will exceed the estimates used in creating the 2021-2022 original budget.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. Based on tax collections through August 2021, the State estimates funds are sufficient to fund the appropriation, including a one-time increase of \$500 per pupil. The long-term impact on the Michigan economy of COVID-19 is unknown. Over the past year, the economy has rebounded quicker than expected from COVID-19 shutdowns. The stability of the global supply chain is certainly critical to the Michigan economy that is heavily centered on automotive manufacturing. The global shortage of microchips is a concern that could have a negative impact on the overall employment level of the state.

All of the labor contracts are settled for the 2021-2022 school year. During the year, the School District will begin conversations with the bus driver union in preparation for its next bargained contracts.

June 30, 2021

Governmental
Activities

Assets

Cash and cash equivalents (Note 4)	\$ 16,292,169
Receivables:	
Accounts receivable	7,124
Other receivables	62,344
Due from other governments	13,101,970
Prepaid costs	1,545,585
Restricted assets (Note 8)	86,605,455
Capital assets: (Note 6)	
Assets not subject to depreciation	18,188,752
Assets subject to depreciation - Net	146,713,656
Total assets	282,517,055

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 9)	5,845,665
Deferred pension costs (Note 12)	37,816,252
Deferred OPEB costs (Note 12)	13,246,277
Total deferred outflows of resources	56,908,194

Liabilities

Accounts payable	3,018,136
Due to other governmental units	2,693
Accrued liabilities and other	10,627,547
State aid anticipation note (Note 11)	900,000
Unearned revenue (Note 5)	3,086,419
Noncurrent liabilities:	
Due within one year (Note 9)	13,290,310
Due in more than one year (Note 9)	229,105,048
Net pension liability (Note 12)	157,894,246
Net OPEB liability (Note 12)	25,032,022
Total liabilities	442,956,421

Deferred Inflows of Resources

Other deferred inflows (Note 12)	6,073,900
Deferred pension cost reductions (Note 12)	560,018
Deferred OPEB cost reductions (Note 12)	18,750,697
Total deferred inflows of resources	25,384,615

Net Position (Deficit)

Net investment in capital assets	11,950,264
Restricted - Capital projects	1,918,809
Unrestricted	(142,784,860)
Total net position (deficit)	\$ (128,915,787)

Hudsonville Public Schools

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	\$ 58,709,205	\$ -	\$ 23,855,734	\$ (34,853,471)
Support services	32,454,425	-	2,150,282	(30,304,143)
Athletics	1,500,754	27,814	804	(1,472,136)
Food services	181,702	2,214	168,853	(10,635)
Community services	2,483,418	2,161,230	470,243	148,055
Payments to other public schools	247,357	-	-	(247,357)
Interest	8,660,365	-	-	(8,660,365)
Other debt costs	14,636	-	-	(14,636)
Depreciation expense (unallocated) (Note 6)	4,786,522	-	-	(4,786,522)
Total primary government	\$ 109,038,384	\$ 2,191,258	\$ 26,645,916	(80,201,210)
General revenue:				
Taxes:				
Property taxes levied for general purposes				5,489,809
Property taxes levied for debt service				12,490,371
Property taxes levied for sinking fund				1,748,614
State aid not restricted to specific purposes				50,918,675
Interest and investment earnings				132,432
Gain on disposal of capital assets				9,225
Student activities				491,211
Other				703,548
Total general revenue				71,983,885
Change in Net Position				(8,217,325)
Net Position (Deficit) - Beginning of year				(120,698,462)
Net Position (Deficit) - End of year				\$ (128,915,787)

Hudsonville Public Schools

Governmental Funds Balance Sheet

June 30, 2021

	General Fund	Debt Fund	2020 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 4)	\$ 14,629,838	\$ -	\$ -	\$ 1,662,331	\$ 16,292,169
Receivables:					
Accounts receivable	6,840	284	-	-	7,124
Other receivables	-	-	-	62,344	62,344
Due from other governments	13,101,850	-	-	120	13,101,970
Due from other funds (Note 7)	75,923	-	-	-	75,923
Prepaid costs	1,545,585	-	-	-	1,545,585
Restricted assets (Note 8)	-	50,933	84,992,114	1,562,408	86,605,455
Total assets	<u>\$ 29,360,036</u>	<u>\$ 51,217</u>	<u>\$ 84,992,114</u>	<u>\$ 3,287,203</u>	<u>\$ 117,690,570</u>
Liabilities					
Accounts payable	\$ 156,167	\$ 298	\$ 2,859,562	\$ 2,109	\$ 3,018,136
Due to other governmental units	2,693	-	-	-	2,693
Due to other funds (Note 7)	-	-	-	75,923	75,923
Accrued liabilities and other	8,633,396	-	-	-	8,633,396
State aid anticipation note	900,000	-	-	-	900,000
Unearned revenue (Note 5)	3,008,602	-	-	77,817	3,086,419
Total liabilities	12,700,858	298	2,859,562	155,849	15,716,567
Fund Balances					
Nonspendable - Prepaids	1,545,585	-	-	-	1,545,585
Restricted:					
Debt service	-	50,919	-	-	50,919
Capital projects	-	-	82,132,552	1,562,366	83,694,918
Food service	-	-	-	9,272	9,272
Committed:					
Community service	-	-	-	647,843	647,843
Student activities	-	-	-	911,873	911,873
Assigned:					
Budgeted use of fund balance	767,272	-	-	-	767,272
Employee retirement incentive	244,526	-	-	-	244,526
West Community Education Television	413,954	-	-	-	413,954
Unassigned	13,687,841	-	-	-	13,687,841
Total fund balances	<u>16,659,178</u>	<u>50,919</u>	<u>82,132,552</u>	<u>3,131,354</u>	<u>101,974,003</u>
Total liabilities and fund balances	<u>\$ 29,360,036</u>	<u>\$ 51,217</u>	<u>\$ 84,992,114</u>	<u>\$ 3,287,203</u>	<u>\$ 117,690,570</u>

See notes to financial statements.

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 101,974,003
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	249,568,066
Accumulated depreciation	<u>(84,665,658)</u>
Net capital assets used in governmental activities	164,902,408
Deferred inflows and outflows related to bond refundings are not reported in the funds	5,845,665
Bonds payable, related unamortized bond premiums, and school loan revolving funds are not due and payable in the current period and are not reported in the funds	(240,750,401)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,994,151)
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	(1,400,431)
Early retirement incentive obligations	(244,526)
Net pension liability and related deferred inflows and outflows	(120,638,012)
Net OPEB liability and related deferred inflows and outflows	(30,536,442)
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	<u>(6,073,900)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (128,915,787)</u>

Hudsonville Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	Debt Fund	2020 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 6,077,787	\$ 12,505,630	\$ 465,626	\$ 4,198,200	\$ 23,247,243
State sources	64,897,357	28,011	-	10,664	64,936,032
Federal sources	4,740,301	-	-	610,726	5,351,027
Interdistrict sources	8,380,452	-	-	-	8,380,452
Total revenue	84,095,897	12,533,641	465,626	4,819,590	101,914,754
Expenditures					
Current:					
Instruction	52,112,405	-	-	-	52,112,405
Support services	24,854,798	-	174,995	554,473	25,584,266
Athletics	1,338,309	-	-	-	1,338,309
Food services	-	-	-	166,691	166,691
Community services	342,119	-	-	1,897,383	2,239,502
Debt service:					
Principal	-	9,820,000	-	-	9,820,000
Interest	-	9,703,637	-	-	9,703,637
Other debt costs	10,331	4,305	-	-	14,636
Capital outlay	1,865,173	-	12,144,422	1,431,373	15,440,968
Payments to other public schools	247,357	-	-	-	247,357
Total expenditures	80,770,492	19,527,942	12,319,417	4,049,920	116,667,771
Excess of Revenue Over (Under) Expenditures	3,325,405	(6,994,301)	(11,853,791)	769,670	(14,753,017)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	9,225	-	-	-	9,225
School Bond Loan Revolving Fund proceeds	-	6,855,002	-	-	6,855,002
Transfers in (Note 7)	9,000	-	-	15	9,015
Transfers out (Note 7)	(15)	-	-	(9,000)	(9,015)
Total other financing sources (uses)	18,210	6,855,002	-	(8,985)	6,864,227
Net Change in Fund Balances	3,343,615	(139,299)	(11,853,791)	760,685	(7,888,790)
Fund Balances - Beginning of year	13,315,563	190,218	93,986,343	2,370,669	109,862,793
Fund Balances - End of year	<u><u>\$ 16,659,178</u></u>	<u><u>\$ 50,919</u></u>	<u><u>\$ 82,132,552</u></u>	<u><u>\$ 3,131,354</u></u>	<u><u>\$ 101,974,003</u></u>

Hudsonville Public Schools

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	\$ (7,888,790)
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	10,661,954
Depreciation expense	(4,786,522)
Revenue in support of pension contributions made subsequent to the measurement date	(1,102,920)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(6,855,002)
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	10,870,383
Interest expense is recognized in the government-wide statements as it accrues	(7,111)
Some employee costs (pension, OPEB, compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(9,109,317)
Change in Net Position of Governmental Activities	<u><u>\$ (8,217,325)</u></u>

June 30, 2021

Note 1 - Nature of Business

Hudsonville 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. 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. 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. Major individual governmental funds 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 Debt Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt for the outstanding bonds issued from 2011 through 2020.
- The 2020 Capital Projects Fund is used to record bond proceeds and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades and for remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Food Service, Community Education, and Student Activities funds. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from federal sources. Revenue sources for the Community Education Fund include tuition and fees for various community programs, including child care services, preschool, youth enrichment, and adult recreation activities. Lastly, revenue sources for the School Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Capital Projects Sinking Fund is used to record sinking fund property tax collections or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades and for remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

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 are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

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.

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.

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.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. In addition, 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 bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- 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 Capital Projects Sinking Fund required to be set aside for construction or allowable purchases

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)**Capital Assets**

Capital assets, which include land, buildings, equipment, and vehicles, 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 \$10,000 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 the asset life are not capitalized.

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 10
Buses and other vehicles	5 to 10

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives 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. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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) until then.

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

In addition to liabilities, the statement of net position and/or balance sheet 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.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)****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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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 adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption 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 superintendent and director of finance 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 exist only 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.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

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 the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB plans, 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 the 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) and Early Retirement Incentives

It is the School District's policy to permit specific 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. In addition, the School District has offered early retirement incentives to select employees that are accrued when the future payments are granted. All of these liabilities are reported in the government-wide financial statements. A liability for the compensated absences amount is reported in governmental funds only for employee terminations as of year end. The early retirement incentives liability is reported as an assigned fund balance in the governmental funds 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 Governmental Accounting Standards Board 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 is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement that were originally effective for the School District's financial statements for the year ended June 30, 2021 were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date 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 except that, for the General Fund, debt service, capital outlay, and athletic expenses are reported within other function levels. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and combined 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 combined 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. The School District changed budgeted amounts during the year in response to state aid and other funding changes.

The budget and actual information for the General Fund is presented in the same format as the adopted budget, which includes some classification differences from amounts reported in the statement of revenue, expenditures, and changes in fund balances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The 2020 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code. The cumulative expenditures recognized for the construction projects in the 2020 Capital Projects Fund were \$15,455,783 through the year ended June 30, 2021.

The Capital Projects Sinking Fund records capital project activities funded with Capital Projects Sinking Fund millage. For this fund, 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 are in accordance with statutory authority.

The School District has designated four banks for the deposit of its 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 does not have a deposit policy for custodial credit risk. At year end, the School District had \$17,316,877 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 does not have a policy for custodial credit risk. 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.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would 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
Primary Government			
Michigan Liquid Asset Fund - MAX Class	\$ 5,059,343	AAAm	S&P
Michigan Liquid Asset Fund - Cash management	4,381,281	AAAm	S&P
Freddie Mac Federal Agency Note	7,859,898	AA+	S&P
Credit Suisse Commercial Paper	2,687,356	A-1	S&P
Total	<u>\$ 19,987,878</u>		

The Michigan Liquid Asset Fund - MAX Class investment may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. In addition, redemptions made prior to the 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. The Michigan Liquid Asset Fund - Cash management investment has no limitations or restrictions on participant withdrawals except for a one-day minimum investment period.

June 30, 2021

Note 4 - Deposits and Investments (Continued)**Concentration of Credit Risk**

The School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2021, more than 5 percent of the School District's investments are invested in the following and, therefore, are subject to concentration of credit risk:

U.S. Treasury notes	77.00 %
Federal agency bond/note	9.00

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The School District has the following recurring fair value measurements as of June 30, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Investments				
Debt securities:				
U.S. Treasury notes	\$ -	\$ 66,088,427	\$ -	\$ 66,088,427
Federal agency notes	-	7,859,898	-	7,859,898
Commercial paper	-	2,687,356	-	2,687,356
Total investments	\$ -	\$ 76,635,681	\$ -	\$ 76,635,681

The fair value of debt securities at June 30, 2021 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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 School District had no unavailable revenue and \$3,086,419 of unearned revenue, primarily related to grant and categorical aid payment received prior to meeting all eligibility requirements.

June 30, 2021

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 7,183,559	\$ -	\$ 984,807	\$ -	\$ 8,168,366
Construction in progress	1,378,989	(186,812)	8,828,209	-	10,020,386
Subtotal	8,562,548	(186,812)	9,813,016	-	18,188,752
Capital assets being depreciated:					
Buildings and improvements	217,181,953	176,822	179,944	-	217,538,719
Furniture and equipment	7,098,208	9,990	36,581	(20,890)	7,123,889
Buses and other vehicles	6,695,427	-	632,413	(611,134)	6,716,706
Subtotal	230,975,588	186,812	848,938	(632,024)	231,379,314
Accumulated depreciation:					
Buildings and improvements	70,287,481	(9,990)	4,190,407	-	74,467,898
Furniture and equipment	5,648,741	9,990	188,616	(20,890)	5,826,457
Buses and other vehicles	4,574,938	-	407,499	(611,134)	4,371,303
Subtotal	80,511,160	-	4,786,522	(632,024)	84,665,658
Net capital assets being depreciated	150,464,428	186,812	(3,937,584)	-	146,713,656
Net governmental activities capital assets	\$ 159,026,976	\$ -	\$ 5,875,432	\$ -	\$ 164,902,408

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

Construction Commitments

The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2020 Bond Fund	\$ 9,877,277	\$ 106,517,681
Sinking Fund	143,109	19,957
Total	\$ 10,020,386	\$ 106,537,638

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor funds	\$ 75,923

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.

June 30, 2021

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Community Education Fund	General Fund	\$ 9,000
General Fund	Food Service Fund	15

Transfers from the Community Education Fund to the General Fund and from General Fund to the Food Service Fund were to cover general administrative and indirect costs related to community education and food service-related activities.

Note 8 - Restricted Assets

At June 30, 2021, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds	\$ 84,992,114
Unspent debt service funds	50,933
Unspent sinking fund millage	1,562,408
Total	<u>\$ 86,605,455</u>

Note 9 - 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 obligation bonds	\$ 211,610,000	\$ -	\$ (9,820,000)	\$ 201,790,000	\$ 11,655,000
Unamortized bond premiums	29,666,396	-	(1,542,515)	28,123,881	1,542,515
Total	241,276,396	-	(11,362,515)	229,913,881	13,197,515
Direct borrowing - School Loan					
Revolving Fund	3,827,425	7,009,095	-	10,836,520	-
Compensated absences	1,134,902	273,880	(8,351)	1,400,431	-
Early termination obligation	260,512	150,927	(166,913)	244,526	92,795
Total governmental activities long-term debt	<u>\$ 246,499,235</u>	<u>\$ 7,433,902</u>	<u>\$ (11,537,779)</u>	<u>\$ 242,395,358</u>	<u>\$ 13,290,310</u>

The School District had deferred outflows of \$5,845,665 related to deferred charges on bond refundings at June 30, 2021.

June 30, 2021

Note 9 - 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 both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The primary source of any required repayment is from the School District's property tax levy. The bonds issued are qualified bonds are fully guaranteed by the State of Michigan. General obligations outstanding at June 30, 2021 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$22,830,000 general obligation unlimited tax and refunding bonds (2013)	\$1,450,000 - \$1,580,000	3.00 - 5.00%	May 2029	\$ 12,295,000
\$18,915,000 general obligation unlimited tax and refunding bonds (2015)	\$1,815,000 - \$2,035,000	5.00%	May 2027	11,785,000
\$19,560,000 general obligation unlimited tax bonds (2015)	\$700,000 - \$975,000	4.00 - 5.00%	May 2041	17,025,000
\$12,270,000 general obligation unlimited tax and refunding bonds (2016)	\$3,150,000 - \$3,220,000	2.21 - 2.62%	May 2023	6,370,000
\$61,255,000 general obligation unlimited tax and refunding bonds (2017)	\$1,895,000 - \$4,665,000	5.00%	May 2041	61,255,000
\$5,665,000 general obligation unlimited tax and refunding bonds (2018)	\$950,000 - \$960,000	5.00%	May 2024	2,865,000
\$8,400,000 general obligation unlimited tax and refunding bonds (2020)	\$1,000,000 - \$2,100,000	2.43 - 2.67%	May 2030	8,400,000
\$81,795,000 general obligation unlimited tax bonds (2020)	\$1,565,000 - \$4,775,000	4.00%	May 2049	81,795,000
Total governmental activities				<u>\$ 201,790,000</u>

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2022	\$ 11,655,000	\$ 8,820,654	\$ 20,475,654
2023	11,960,000	8,343,152	20,303,152
2024	9,020,000	7,845,026	16,865,026
2025	8,215,000	7,486,100	15,701,100
2026	9,400,000	7,115,800	16,515,800
2027-2031	41,470,000	29,643,022	71,113,022
2032-2036	34,380,000	21,364,450	55,744,450
2037-2041	42,260,000	12,694,250	54,954,250
2042-2046	19,650,000	5,175,800	24,825,800
2047-2049	13,780,000	1,116,800	14,896,800
Total	<u>\$ 201,790,000</u>	<u>\$ 109,605,054</u>	<u>\$ 311,395,054</u>

June 30, 2021**Note 9 - Long-term Debt (Continued)*****School Loan Revolving Fund***

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2021 was 3.00 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2047. If the School District fails to levy the appropriate debt mills in accordance with the agreement or defaults in loan repayment, the School District shall increase its debt levy in the next succeeding year, and a default late charge of 3 percent will apply. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above debt maturity schedule. If the School District is in default of the loan agreement, the State of Michigan may withhold state aid funding until repayment terms satisfactory to the State of Michigan have been made. The School Loan Revolving Fund principal and interest outstanding balances at June 30, 2021 were \$10,660,037 and \$176,483, respectively.

In previous years, the School District advance refunded the 2011 bonds. The proceeds of the advance refunding were submitted to the escrow agent as payment in full. In May 2021, the escrow agent made the final payment on the bonds outstanding in full. There are no bonds remaining that are considered defeased at June 30, 2021.

Note 10 - 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 substantially all claims and participates in the SET-SEG (risk pool) for claims relating to property/casualty 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.

Note 11 - Short-term Debt***State Aid Anticipation Note***

The School District has direct borrowings from the Michigan Finance Authority (the "Lender") to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund.

During the year, the School District issued a state aid anticipation note of \$4,500,000 and, through set-aside payments, repaid \$3,600,000 during 2021, resulting in an outstanding balance of \$900,000 at June 30, 2021. The current note bears interest at 0.7 percent and is due on July 20, 2021. At June 30, 2021, the School District has accrued interest of \$508 on this note.

In the event of default, the notes are fully collateralized by the School District's future state aid funding, and the lender has the authority to intercept state aid payments at its discretion.

The state aid anticipation note was fully repaid in July 2021.

June 30, 2021**Note 12 - 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.

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.

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)***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 plan 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 account 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 plan as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

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 ranges of rates are 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 \$14,397,349, which include 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 \$6,073,900 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS 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 \$3,597,725, which include the School District's contributions required for those members with a defined contribution benefit.

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)***Net Pension Liability***

At June 30, 2021, the School District reported a liability of \$157,894,246 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 0.4597 and 0.4477 percent, respectively, representing a change of 2.68 percent.

Net OPEB Liability

At June 30, 2021, the School District reported a liability of \$25,032,022 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 0.4673 and 0.4516 percent, respectively, representing a change of 3.47 percent.

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

For the year ended June 30, 2021, the School District recognized pension expense of \$26,083,689, 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	\$ 2,412,495	\$ (337,002)
Changes in assumptions	17,496,205	-
Net difference between projected and actual earnings on pension plan investments	663,401	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	5,191,413	(223,016)
The School District's contributions to the plan subsequent to the measurement date	12,052,738	-
Total	<u>\$ 37,816,252</u>	<u>\$ (560,018)</u>

The \$6,073,900 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	\$ 11,352,283
2023	8,001,880
2024	4,426,988
2025	1,422,345
Total	<u>\$ 25,203,496</u>

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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 \$120,083.

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	\$ -	\$ (18,651,196)
Changes in assumptions	8,253,555	-
Net difference between projected and actual earnings on OPEB plan investments	208,920	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,219,378	(99,501)
Employer contributions to the plan subsequent to the measurement date	2,564,424	-
Total	<u>\$ 13,246,277</u>	<u>\$ (18,750,697)</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	\$ (2,194,786)
2023	(1,902,415)
2024	(1,555,285)
2025	(1,332,441)
2026	(1,083,917)
Total	<u>\$ (8,068,844)</u>

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)***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
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	7.00%	Year 1 graded to 3.5% year 15, 3.0% year 120
Mortality basis		RP 2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males 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, 2017 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 costs were 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.

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.

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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 %	5.70 %
Private equity pools	16.00	9.20
International equity pools	15.00	7.20
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	3.90
Absolute return pools	9.00	5.20
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 2.10 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	\$ 204,367,317	\$ 157,894,246	\$ 119,378,429

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	\$ 32,156,478	\$ 25,032,022	\$ 19,033,828

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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 Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 18,804,168	\$ 25,032,022	\$ 32,115,438

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 \$2,008,616 and \$387,644 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Required Supplemental Information

Hudsonville Public Schools

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	\$ 5,919,358	\$ 6,112,685	\$ 6,271,827	\$ 159,142
State sources	61,159,257	64,795,549	64,897,357	101,808
Federal sources	1,962,847	4,734,047	4,740,301	6,254
Interdistrict sources	8,094,494	8,193,599	8,195,637	2,038
Total revenue	77,135,956	83,835,880	84,105,122	269,242
Expenditures				
Current:				
Instruction:				
Basic programs	41,530,928	44,033,594	43,496,176	(537,418)
Added needs	10,393,805	10,034,342	9,807,355	(226,987)
Support services:				
Pupil	4,651,547	4,860,833	4,787,867	(72,966)
Instructional staff	2,382,644	2,727,288	2,658,630	(68,658)
School administration	9,216,181	9,344,041	9,248,967	(95,074)
Operations and maintenance	6,219,100	6,768,270	6,726,264	(42,006)
Pupil transportation services	4,091,791	3,689,378	3,649,571	(39,807)
Community services	201,216	409,608	395,662	(13,946)
Total expenditures	78,687,212	81,867,354	80,770,492	(1,096,862)
Excess of Revenue (Under) Over Expenditures	(1,551,256)	1,968,526	3,334,630	1,366,104
Other Financing Sources (Uses)				
Transfers in	229,912	9,000	9,000	-
Transfers out	-	-	(15)	(15)
Total other financing sources	229,912	9,000	8,985	(15)
Net Change in Fund Balance	(1,321,344)	1,977,526	3,343,615	1,366,089
Fund Balance - Beginning of year	13,315,563	13,315,563	13,315,563	-
Fund Balance - End of year	<u>\$ 11,994,219</u>	<u>\$ 15,293,089</u>	<u>\$ 16,659,178</u>	<u>\$ 1,366,089</u>

Hudsonville Public Schools

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	0.45965 %	0.44767 %	0.43766 %	0.42768 %	0.41329 %	0.39521 %	0.39240 %
School District's proportionate share of the net pension liability	\$ 157,894,246	\$ 148,254,233	\$ 131,567,977	\$ 110,828,957	\$ 103,111,660	\$ 96,529,926	\$ 86,431,831
School District's covered payroll	\$ 41,399,853	\$ 39,446,618	\$ 37,949,513	\$ 36,135,959	\$ 35,583,352	\$ 33,014,151	\$ 34,121,961
School District's proportionate share of the net pension liability as a percentage of its covered payroll	381.39 %	375.84 %	346.69 %	306.70 %	289.78 %	292.39 %	253.30 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	64.21 %	63.27 %	63.17 %	66.20 %

Hudsonville 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	\$	14,030,985	\$ 12,796,179	\$ 11,953,043	\$ 6,630,224	\$ 8,898,423	\$ 8,624,112	\$ 7,413,354
Contributions in relation to the statutorily required contribution		14,030,985	12,796,179	11,953,043	6,630,224	8,898,423	8,624,112	7,413,354
Contribution Excess	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$	41,701,845	\$ 41,298,069	\$ 39,011,522	\$ 37,313,016	\$ 35,950,784	\$ 33,834,973	\$ 33,844,020
Contributions as a Percentage of Covered Payroll		33.65 %	30.98 %	30.64 %	17.77 %	24.75 %	25.49 %	21.90 %

Hudsonville Public Schools

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			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.46725 %	0.45158 %	0.44594 %	0.42806 %
School District's proportionate share of the net OPEB liability	\$ 25,032,022	\$ 32,413,372	\$ 35,447,355	\$ 37,907,128
School District's covered payroll	\$ 41,399,853	\$ 39,446,618	\$ 37,949,513	\$ 36,135,959
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.46 %	82.17 %	93.41 %	104.90 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.39 %

Hudsonville Public Schools

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	\$ 3,395,540	\$ 3,318,548	\$ 3,064,365	\$ 2,736,235
Contributions in relation to the statutorily required contribution	<u>3,395,540</u>	<u>3,318,548</u>	<u>3,064,365</u>	<u>2,736,235</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 41,701,845	\$ 41,298,069	\$ 39,011,522	\$ 37,313,016
Contributions as a Percentage of Covered Payroll	8.14 %	8.04 %	7.86 %	7.33 %

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, and actual per person health benefit costs were lower than projected. The reduced the plan's total OPEB liability by \$18 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 lower than projected per person health benefit costs 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 lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

Hudsonville Public Schools

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds			Capital Project Fund	
	Food Service Fund	Community Education Fund	Student Activities Fund	Capital Projects Sinking Fund	Total
Assets					
Cash and cash equivalents	\$ 10,404	\$ 738,274	\$ 913,653	\$ -	\$ 1,662,331
Accounts receivable	120	62,344	-	-	62,464
Restricted assets	-	-	-	1,562,408	1,562,408
Total assets	<u>\$ 10,524</u>	<u>\$ 800,618</u>	<u>\$ 913,653</u>	<u>\$ 1,562,408</u>	<u>\$ 3,287,203</u>
Liabilities					
Accounts payable	\$ -	\$ 2,067	\$ -	\$ 42	\$ 2,109
Due to other funds	1,252	72,891	1,780	-	75,923
Unearned revenue	-	77,817	-	-	77,817
Total liabilities	1,252	152,775	1,780	42	155,849
Fund Balances					
Restricted:					
Capital projects	-	-	-	1,562,366	1,562,366
Food service	9,272	-	-	-	9,272
Committed:					
Community service	-	647,843	-	-	647,843
Student activities	-	-	911,873	-	911,873
Total fund balances	9,272	647,843	911,873	1,562,366	3,131,354
Total liabilities and fund balances	<u>\$ 10,524</u>	<u>\$ 800,618</u>	<u>\$ 913,653</u>	<u>\$ 1,562,408</u>	<u>\$ 3,287,203</u>

Hudsonville Public Schools

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 Project Fund	
	Food Service Fund	Community Education Fund	Student Activities Fund	Capital Projects Sinking Fund	Total
Revenue					
Local sources	\$ 2,337	\$ 1,954,265	\$ 491,211	\$ 1,750,387	\$ 4,198,200
State sources	-	6,701	-	3,963	10,664
Federal sources	168,854	441,872	-	-	610,726
Total revenue	171,191	2,402,838	491,211	1,754,350	4,819,590
Expenditures					
Current:					
Support services	-	51,117	503,356	-	554,473
Food services	166,691	-	-	-	166,691
Community services	-	1,897,383	-	-	1,897,383
Capital outlay	-	-	-	1,431,373	1,431,373
Total expenditures	166,691	1,948,500	503,356	1,431,373	4,049,920
Excess of Revenue Over (Under) Expenditures	4,500	454,338	(12,145)	322,977	769,670
Other Financing Sources (Uses)					
Transfers in	15	-	-	-	15
Transfers out	-	(9,000)	-	-	(9,000)
Total other financing sources (uses)	15	(9,000)	-	-	(8,985)
Net Change in Fund Balances	4,515	445,338	(12,145)	322,977	760,685
Fund Balances - Beginning of year (as restated)	4,757	202,505	924,018	1,239,389	2,370,669
Fund Balances - End of year	<u>\$ 9,272</u>	<u>\$ 647,843</u>	<u>\$ 911,873</u>	<u>\$ 1,562,366</u>	<u>\$ 3,131,354</u>

Hudsonville Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

Years Ending June 30	2013 Refunding Bond		2015 Refunding Bond		2015 Building and Site Bond		2016 Refunding Bond		2017 Refunding Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,580,000	\$ 478,850	\$ 1,815,000	\$ 588,500	\$ 700,000	\$ 822,750	\$ 3,150,000	\$ 160,028	\$ 1,895,000	\$ 3,010,626
2023	1,580,000	399,850	1,885,000	498,500	700,000	794,750	3,220,000	84,396	1,990,000	2,915,856
2024	1,580,000	320,850	1,985,000	404,250	725,000	766,750	-	-	2,085,000	2,816,376
2025	1,560,000	257,650	2,030,000	305,000	725,000	737,750	-	-	2,140,000	2,764,250
2026	1,540,000	195,250	2,035,000	203,500	750,000	708,750	-	-	2,245,000	2,657,250
2027	1,520,000	133,650	2,035,000	101,750	775,000	671,250	-	-	2,360,000	2,545,000
2028	1,485,000	88,050	-	-	800,000	632,500	-	-	2,475,000	2,427,000
2029	1,450,000	43,500	-	-	800,000	592,500	-	-	2,600,000	2,303,250
2030	-	-	-	-	825,000	550,500	-	-	2,730,000	2,173,250
2031	-	-	-	-	850,000	511,250	-	-	2,865,000	2,036,750
2032	-	-	-	-	850,000	468,750	-	-	3,010,000	1,893,500
2033	-	-	-	-	875,000	426,750	-	-	3,160,000	1,743,000
2034	-	-	-	-	900,000	382,500	-	-	3,320,000	1,585,000
2035	-	-	-	-	925,000	337,500	-	-	3,485,000	1,418,400
2036	-	-	-	-	950,000	291,250	-	-	3,660,000	1,244,750
2037	-	-	-	-	975,000	243,750	-	-	3,845,000	1,061,750
2038	-	-	-	-	975,000	195,000	-	-	4,035,000	869,500
2039	-	-	-	-	975,000	146,250	-	-	4,240,000	667,750
2040	-	-	-	-	975,000	97,500	-	-	4,450,000	455,750
2041	-	-	-	-	975,000	48,750	-	-	4,665,000	233,250
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-
Total remaining payments	<u>\$ 12,295,000</u>	<u>\$ 1,917,650</u>	<u>\$ 11,785,000</u>	<u>\$ 2,101,500</u>	<u>\$ 17,025,000</u>	<u>\$ 9,426,750</u>	<u>\$ 6,370,000</u>	<u>\$ 244,424</u>	<u>\$ 61,255,000</u>	<u>\$ 36,822,258</u>
Principal payments due	May 1		May 1		May 1		May 1		May 1	
Interest payments due	May 1 and November 1		May 1 and November 1		May 1 and November 1		May 1 and November 1		May 1 and November 1	
Interest rate	3.0 - 5.0%		5.0%		4.0 - 5.0%		2.2 - 2.6%		5.0%	
Original issue	<u>\$ 22,830,000</u>		<u>\$ 18,915,000</u>		<u>\$ 19,560,000</u>		<u>\$ 12,270,000</u>		<u>\$ 61,255,000</u>	

Hudsonville Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness (Continued)

June 30, 2021

Years Ending June 30	2018 Refunding Bond		2020 Refunding Bond		2020 Building and Site Bond		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 950,000	\$ 143,250	\$ -	\$ 215,600	\$ 1,565,000	\$ 3,401,050	\$ 20,475,654
2023	960,000	95,750	-	215,600	1,625,000	3,338,450	20,303,152
2024	955,000	47,750	-	215,600	1,690,000	3,273,450	16,865,026
2025	-	-	-	215,600	1,760,000	3,205,850	15,701,100
2026	-	-	1,000,000	215,600	1,830,000	3,135,450	16,515,800
2027	-	-	1,150,000	191,350	1,900,000	3,062,250	16,445,250
2028	-	-	2,050,000	162,588	1,995,000	2,967,250	15,082,388
2029	-	-	2,100,000	110,292	2,095,000	2,867,500	14,962,042
2030	-	-	2,100,000	56,092	2,200,000	2,762,750	13,397,592
2031	-	-	-	-	2,310,000	2,652,750	11,225,750
2032	-	-	-	-	2,425,000	2,537,250	11,184,500
2033	-	-	-	-	2,550,000	2,416,000	11,170,750
2034	-	-	-	-	2,650,000	2,314,000	11,151,500
2035	-	-	-	-	2,755,000	2,208,000	11,128,900
2036	-	-	-	-	2,865,000	2,097,800	11,108,800
2037	-	-	-	-	2,980,000	1,983,200	11,088,700
2038	-	-	-	-	3,100,000	1,864,000	11,038,500
2039	-	-	-	-	3,225,000	1,740,000	10,994,000
2040	-	-	-	-	3,355,000	1,611,000	10,944,250
2041	-	-	-	-	3,490,000	1,476,800	10,888,800
2042	-	-	-	-	3,625,000	1,337,200	4,962,200
2043	-	-	-	-	3,775,000	1,192,200	4,967,200
2044	-	-	-	-	3,925,000	1,041,200	4,966,200
2045	-	-	-	-	4,080,000	884,200	4,964,200
2046	-	-	-	-	4,245,000	721,000	4,966,000
2047	-	-	-	-	4,415,000	551,200	4,966,200
2048	-	-	-	-	4,590,000	374,600	4,964,600
2049	-	-	-	-	4,775,000	191,000	4,966,000
Total remaining payments	<u>\$ 2,865,000</u>	<u>\$ 286,750</u>	<u>\$ 8,400,000</u>	<u>\$ 1,598,322</u>	<u>\$ 81,795,000</u>	<u>\$ 57,207,400</u>	<u>\$ 311,395,054</u>
Principal payments due	May 1		May 1		May 1		
Interest payments due	May 1 and November 1		May 1 and November 1		May 1 and November 1		
Interest rate	5.0%		2.4 - 2.7%		4.0%		
Original issue	<u>\$ 5,665,000</u>		<u>\$ 8,400,000</u>		<u>\$ 81,795,000</u>		