

**GRAND LEDGE PUBLIC SCHOOL**

**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and**  
**additional supplementary information)**

**YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Grand Ledge Public School

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Grand Ledge Public School's basic financial statements as listed in the table of contents.

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 Grand Ledge Public School, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Ledge Public School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Ledge Public School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grand Ledge Public School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Ledge Public School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Ledge Public School's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 additional supplementary information, including the schedule of expenditures of federal awards are 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 September 7, 2022 on our consideration of Grand Ledge Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Ledge Public School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Ledge Public School's internal control over financial reporting and compliance.

*Maney Costeiron PC*

September 7, 2022

## **GRAND LEDGE PUBLIC SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS**

Grand Ledge Public Schools, a K-12 School District is located in Eaton, Clinton and Ionia Counties, Michigan. The Management's Discussion and Analysis is intended to be the Grand Ledge Public School administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2022.

Generally accepted accounting principles (GAAP) require reporting of two types of financial statements: District-wide financial statements and fund financial statements.

### **Fund Financial Statements**

The fund level financial statements are reported on modified accrual basis. Only those assets "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds including the Debt Funds, 2019 and 2021 Bond Capital Projects Funds, Capital Improvement (Sinking and General Capital Projects) Funds, and Special Revenue Funds comprised of Food Service, Community Education, Student/School Activities, and the Student Bookstore.

Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

Some of these funds are established by State law and by bond covenants while others can be established for the District to control and manage money for a particular purpose such as school lunch.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not reported.

**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**District-Wide Financial Statements**

The District-wide financial statements are full accrual-based statements. They report all of the District's assets, deferred outflows, liabilities and deferred inflows, both short and long term, regardless if they are "currently available" or not.

Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the District-wide financial statements.

**Summary of Net Position**

The following is a summary of the District's net position at June 30, 2022 and 2021.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current and other assets	\$ 63,827,409	\$ 91,010,769
Capital assets, net of depreciation	<u>131,525,497</u>	<u>110,158,601</u>
Total assets	<u>195,352,906</u>	<u>201,169,370</u>
Deferred outflows of resources	<u>25,495,731</u>	<u>30,929,814</u>
Other liabilities	16,148,996	17,511,042
Noncurrent liabilities	119,462,413	125,663,389
Net pension liability	73,028,801	103,519,260
Net other postemployment benefits liability	<u>4,787,035</u>	<u>16,228,114</u>
Total liabilities	<u>213,427,245</u>	<u>262,921,805</u>
Deferred inflows of resources	<u>48,184,843</u>	<u>18,309,242</u>
Net position		
Net investment in capital assets	42,735,094	39,765,001
Restricted	3,314,127	3,787,846
Unrestricted	<u>(86,812,672)</u>	<u>(92,684,710)</u>
Total net position	<u>\$ (40,763,451)</u>	<u>\$ (49,131,863)</u>



**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Analysis of Financial Position**

During fiscal year ended June 30, 2022, the District's net position increased by \$8,368,412. A few of the significant factors affecting net position during the year are discussed below:

**A. Governmental Fund Operations**

In the District's governmental funds, expenditures exceeded revenues by \$30,694,695 for the fiscal year ended June 30, 2022. When Other Financing Sources (Uses) are included, expenditures and other financing sources (uses) exceeded revenues and other financing sources by \$25,997,583 due to proceeds from sale of capital assets of \$62,112, and proceeds from sale of telecommunications rights of \$4,635,000. See the section entitled Major Governmental Funds Budgeting and Operating Highlights below for further discussion of governmental fund operations.

**B. Depreciation Expense**

The provisions of GASB Statement No. 34 require the District to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net position. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2022, the depreciation expense was \$5,075,157.

**C. Capital Acquisitions**

Capital outlay for the year ended June 30, 2022 totaled \$26,442,053 primarily due to \$6.0 million in capital outlay expenditures in the 2019 Capital Projects Proposal I Fund, \$13.2 million in capital outlay expenditures in the 2019 Capital Projects Proposal II Fund, \$900 thousand in capital outlay expenditures in the 2021 Capital Projects Proposal I Fund, and \$3.9 million in capital outlay expenditures in the 2021 Capital Projects Proposal II Fund. Capital outlay was offset by current year depreciation expense of \$5,075,157. The result was creating an increase in net position from capital outlays of \$21,366,896.

**D. Debt Repayments and Issuance**

The District repaid existing debt during the fiscal year. This resulted in a net decrease the District's long-term principal obligations thus contributing to a decrease in the net position of the School District. The District repaid \$5,096,689 of long-term debt during the year ended June 30, 2022.

**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Results of Operations**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. As the following table indicates, net position increased for the year ending June 30, 2022. With an increase in taxable values, and federal and state funding, total unrestricted and restricted revenue increased in 2022. On the expense side, the district experienced a slight increase in operating expenses. Capital outlay continues as the District spends on the sinking fund, and the 2019 and 2021 capital project funds.

	<u>2022</u>	<u>2021</u>
Revenue		
General revenue		
Property taxes, levied for general purposes	\$ 10,665,403	\$ 9,481,699
Property taxes, levied for debt service	9,369,733	9,068,810
Property taxes, levied for sinking fund	1,313,202	1,279,210
State of Michigan aid, unrestricted	33,381,663	33,956,085
Interest and investment earnings	(586,456)	249,541
Sale of telecommunication rights	4,635,000	-
Other general revenue	<u>750,478</u>	<u>488,955</u>
Total general revenue	59,529,023	54,524,300
Program revenue		
Charges for services	2,866,688	1,198,496
Operating grants and contributions	<u>18,985,607</u>	<u>17,631,207</u>
Total revenue	<u>81,381,318</u>	<u>73,354,003</u>
Expenses		
Instruction	34,103,850	36,823,089
Supporting services	22,364,335	22,255,286
Community services	2,442,931	1,896,046
Food services	2,112,117	1,419,095
School store	13,128	134
Student/school activities	380,948	123,209
Interest on long-term debt	6,520,440	4,264,870
Depreciation - unallocated	<u>5,075,157</u>	<u>3,629,981</u>
Total expenses	<u>73,012,906</u>	<u>70,411,710</u>
Change in net position	<u>\$ 8,368,412</u>	<u>\$ 2,942,293</u>

The General Fund, and General, 2019 and 2021 Capital Projects Funds are reported separately as major funds in the fund financial statements. Funds reported as "Total Nonmajor Funds" in the fund financial statements include the Special Revenue Funds, Debt Retirement Funds, and Non-Major Capital Project Funds. The annual fund financial statements provide the following insights about the results of this year's operations:

**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Major Funds**

**A. General Fund**

As a percentage of total expenditures, the General Fund experienced a decrease in fund equity of \$4,691,983 or 7.11% of total expenditures for the year ending June 30, 2022. The beginning fund balance was \$11,167,969 as of July 1, 2021 and the ending total fund balance was \$6,475,986 at June 30, 2022, which equates to 9.82% of total expenditures for the year.

**B. 2019 Capital Projects Fund - Proposal I**

Spending on the 2019 Proposal I bond project continued in the current fiscal year which translated to a decrease in fund balance of \$5,925,422. The beginning fund balance was \$5,925,422 as of July 1, 2021 and the ending total fund balance was \$0 at June 30, 2022.

**C. 2019 Capital Projects Fund - Proposal II**

Spending on the 2019 Proposal II bond project continued in the current fiscal year which translated to a decrease in fund balance of \$13,178,652. The beginning fund balance was \$15,205,876 as of July 1, 2021 and the ending total fund balance was \$2,027,224 at June 30, 2022.

**D. 2021 Capital Projects Fund - Proposal I**

Spending on the 2021 Proposal I bond project continued in the current fiscal year which translated to a decrease in fund balance of \$1,518,534. The beginning fund balance was \$30,669,131 as of July 1, 2021 and the ending total fund balance was \$29,150,597 at June 30, 2022.

**E. 2021 Capital Projects Fund - Proposal II**

Spending on the 2021 Proposal II bond project continued in the current fiscal year which translated to a decrease in fund balance of \$3,934,130. The beginning fund balance was \$7,279,285 as of July 1, 2021 and the ending total fund balance was \$3,345,155 at June 30, 2022.

**F. General Capital Projects Fund**

In 2007-08 the District entered into a lease agreement with Nextel/Sprint for use of District owned bandwidth and established a new technology capital projects fund. The initial term of the lease was 10 years renewable every 5 years up to a total of 30 years. The up-front payment for the lease was \$750,000 with initial monthly payments of \$8,295 that are adjusted annually for inflation. The District's original intent was to earmark these funds for technology replacement but due to an increase in unfunded mandates \$550,000 was transferred from this fund into the District's General Fund in 2008-09.

During 2021-2022, the District sold the telecommunications rights from the Nextel/Sprint agreement for \$4.6 million. Additionally, there were \$1.6 million in capital outlay expenses and a \$38,830 transfer to the general fund. This activity combined for an increase in fund balance of \$3,064,101. The beginning fund balance was \$3,816,933 as of July 1, 2021 and the ending total fund balance was \$6,881,034 at June 30, 2022.

**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**G. Other Nonmajor Funds**

Other nonmajor governmental funds experienced an increase in fund balance of \$187,037 during the year. The beginning fund balance on July 1, 2021 was \$5,398,952 and at June 30, 2022 the fund balance was \$5,585,989. The Sinking Fund, approved by voters in September of 2002, finished its nineteenth year with a fund balance of \$2,034,930, up from \$1,530,936 at the end of 2021-2022. Major uses of the sinking fund include the purchase of property and renovations to the existing capital infrastructure. The fund balance in the Food Service Fund increased during 2021-2022 by \$450,981 for a total fund balance at year-end of \$714,849. The District also maintains various debt service funds and other special revenue funds.

**Major Governmental Funds Budgeting and Operating Highlights**

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, based on facts and assumptions known at the time of the initial budget preparation. It is expected that there will be changes between the initial budget and subsequent budgets, as many factors are not known at the time of adoption of the initial budget. Some of these factors include enrollment changes and resultant staffing adjustments, staffing changes that take place during the year, state school aid adjustments, grant allocations, and other unforeseeable events. As a matter of practice, the District amends its budget periodically during the fiscal year to adjust for these changes. The District prepares budgets for the General Fund, Special Revenue Funds, Debt Service Fund, and Sinking Fund.

**General Fund**

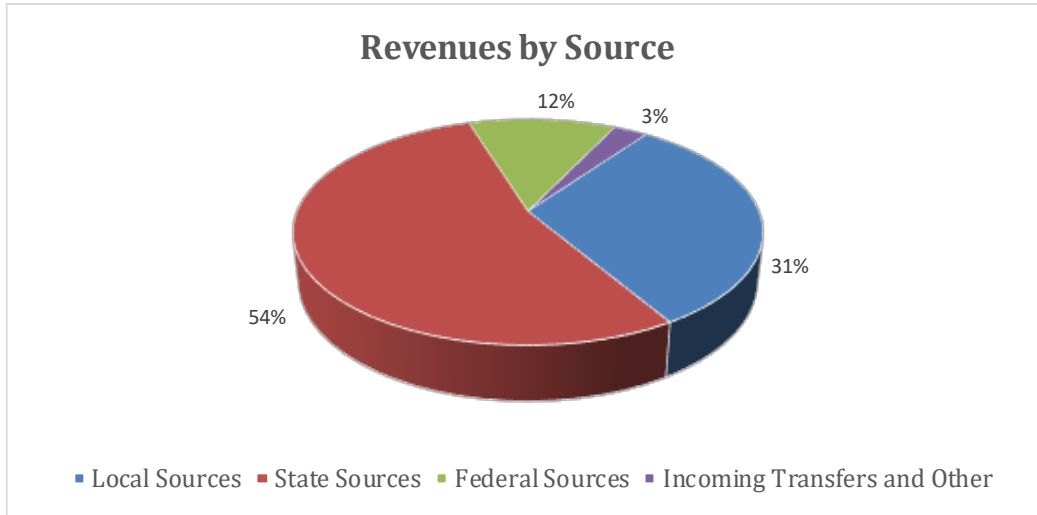
In the General Fund, actual revenue was \$61.2 million. This is above the original budget estimate of \$54.3 million and with the final amended budgeted amount of \$60.6 million. The actual expenditures of the General Fund were \$65.9 million. This is above the original budget estimate of \$57.7 million and below the final amended budgeted amount of \$66.9 million, a variance of \$946,299 or 1.41%.

The General fund expenditures exceeded revenues by \$4,792,925 for the year ending June 30, 2022. After adjusting for net uses of Other Financing Sources and Uses of \$100,942 expenditures and other financing uses exceeded revenues and other financing sources by \$4,691,983. The ending fund balance in the General Fund for the year ending June 30, 2022 was \$6,475,986, which is 9.82% of expenditures of \$65,949,259. For the prior year which ended June 30, 2021, the fund balance was \$11,167,969, which was 19.27% of expenditures of \$57,954,314.

**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Fund Revenues**

Revenues for all governmental funds totaled \$77.5 million for 2021-2022. The following graph illustrates the District's revenues by source as a percentage of total revenue:



**A. Unrestricted State Aid**

Unrestricted state aid is determined by the following three variables: (1) State of Michigan student foundation allowance; (2) student enrollment for the year, blended at 90 percent of the current year's fall student count and 10 percent of the prior year's spring student count; and (3) the District's non-principal residence exempt property tax levy.

Annually, the State of Michigan establishes the per student foundation allowance. For the year ended June 30, 2022, the foundation allowance for Grand Ledge Public Schools was established at \$8,700, resulting in an increase of \$589 from the funding level for 2020-2021. Student enrollment for state aid for the 2021-2022 year was 4,908, a decrease of 381 full time equivalent students over the prior year.

The following schedule summarizes the District's blended student enrollment in full-time equivalencies and per student Foundation Allowance for the 2021-2022 and the previous ten years:

Year	Student Enrollment	Change from Prior Year	Foundation Allowance	Change from Prior Year
2021 / 2022	4,908	(381)	\$ 8,700	589
2020 / 2021	5,289	(92)	8,111	-
2019 / 2020	5,381	41	8,111	240
2018 / 2019	5,340	87	7,871	240
2017 / 2018	5,253	(14)	7,631	120
2016 / 2017	5,267	96	7,511	120
2015 / 2016	5,171	75	7,391	265
2014 / 2015	5,096	(3)	7,126	100
2013 / 2014	5,099	(4)	7,026	60
2012 / 2013	5,103	(2)	6,966	10

**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**Governmental Fund Revenues (continued)**

**B. Property Taxes**

The District levies 18 mills of property taxes on all Non-Principal Residence Exemption (PRE) property and 6 mills on Commercial Property located within the District for General Fund operations. The levy is assessed on the Taxable Value of the property. The increase in taxable value is limited to the lesser of the inflation rate or 5%. When a property is sold, the Taxable Valuation of the sold property is adjusted to the State Equalized Value, which is approximately 50% of market value. This levy is subject to millage reduction fractions. In anticipation of future rollbacks, voters have approved a “Headlee Override” millage authorization of up to 3 mills. For the tax year 2021, the District levied the full 18 mills on non-homestead property that is required to earn per pupil funding.

The District levied 5.63 mills on all classes of property located within the District for retirement of bonded debt proposals approved by the voters in 2015, 2016, 2019, and 2021. This levy is not subject to millage reduction fractions and taxes are used to pay the principal and interest on bond obligations. The total amount collected for debt retirement was \$9.4 million for the year.

The District’s sinking funds are used for the repairs and replacement of buildings and sites.

**Governmental Fund Expenditures**

The chart below illustrates that the General Fund comprises 61% of all expenditures within the governmental funds of the District. As of June 30, 2022, expenditures were \$108.2 million for all District programs. The ending fund equity for all funds was \$53.5 million.

	Expenditures and Other Uses (in millions)	Percent of Total
General fund	\$ 65.9	61%
Other governmental funds	42.3	39%
Total	\$ 108.2	100%

**GRAND LEDGE PUBLIC SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Capital Asset and Debt Administration**

**A. Capital Assets**

At June 30, 2022, the District had \$207.1 million invested in land, buildings, improvements, furniture and equipment, buses and other vehicles. Of this amount, \$75.6 million has been depreciated resulting in a net book value of \$131.5 million. The District's buildings range in years of construction from 1929 (Sawdon Administration Building) to 1996 (Willow Ridge Elementary and the Operations Center). The majority of the buildings were constructed in the 1950's and 1960's. The District is committed to timely repairs and maintenance of its facilities. Equipment purchases, taken in the aggregate, that are above the District's capitalization threshold of \$5,000 are capitalized accordingly.

	<u>2022</u>	<u>2021</u>
Land	\$ 4,963,232	\$ 4,963,232
Construction in progress	7,538,917	39,403,318
Land improvements	13,188,273	7,302,607
Buildings	17,110,024	17,110,024
Building improvements	137,671,628	86,692,119
Equipment, computers and furnishing	21,786,955	22,851,452
Buses and other vehicles	<u>4,887,411</u>	<u>4,853,706</u>
Total	207,146,440	183,176,458
Less accumulated depreciation	<u>75,620,943</u>	<u>73,017,857</u>
Net capital assets	<u>\$ 131,525,497</u>	<u>\$ 110,158,601</u>

**B. Long-Term Obligations**

At June 30, 2022, the District had \$124.5 million in outstanding bonds, installment purchase agreement and other liabilities. The District collects revenues to meet its outstanding debt obligations across total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bonded debt as increased enrollment may require.

For more detailed information regarding capital assets and debt administration, please review the Notes to Financial Statements located in the financial section of this report.

## **GRAND LEDGE PUBLIC SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Conditions that will Significantly Affect Financial Position and Results of Operations in Future Years**

The total funding level for public school districts in Michigan has experienced a gradual increase during the last several years as the state's economy has gradually improved and increases in the per pupil funding have occurred. The anticipated per pupil foundation allowance for fiscal year 2022-23 will increase to a level which will continue to narrow the gap between the lowest funded school districts and the highest funded. This will begin to equalize funding for all Michigan schools.

In terms of expenditures, the cost to sustain the state-managed pension system continues to grow albeit at a much slower rate than in previous years as a result of reform legislation passed in 2012 that has helped control retirement costs. Additionally, the District has made spending adjustments by continuing its "hard caps" (fixed District premium co-pays) on employee health insurance.

In November 2011, local voters approved a request to renew the Sinking Fund levy for ten years at a reduced rate of eight tenths (.8) of a mill. The millage was renewed for an additional three years in November of 2021. The Sinking Fund is restricted in use to the purchase of land and to improvements in buildings and sites. The levy is subject to rollback based on the Headlee tax limitation clause in the State Constitution. The Sinking Fund levy has been permanently reduced to .7921 by Headlee rollbacks.

On November 6, 2018 the voters approved a request to issue \$54.1 million in bonded debt to finance improvements to existing facilities, technology upgrades and the purchase of buses with Series 1 of the bonds nearing completion in fiscal year 2021-22. The bonds will be paid off over a period of 25 years. Work is underway for the projects covered by the Series 2 bond issuance of \$30 million in 2021.

The world-wide Coronavirus (COVID-19) pandemic during fiscal year 2019-2020 continues to effect public schools nationwide. The District has been the recipient of one-time state and federal funds for use in addressing student learning loss and mental health issues arising as a result of the pandemic. The District will be challenged to continue meeting the additional student needs brought about by the pandemic in absence of these one-time funds.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Chief Financial Officer, Grand Ledge Public Schools, 220 Lamson Street, Grand Ledge, Michigan 48837 or by telephone at (517) 925-5422.



## **BASIC FINANCIAL STATEMENTS**

**GRAND LEDGE PUBLIC SCHOOL  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,860,013
Investments	2,548,494
Receivables	
Accounts receivable	251,444
Intergovernmental receivables	8,577,512
Inventories	75,811
Prepays	486,988
Restricted cash - capital projects	237,452
Restricted investments - capital projects	36,789,695
Capital assets not being depreciated	12,502,149
Capital assets net of accumulated depreciation	119,023,348
<b>TOTAL ASSETS</b>	<b>195,352,906</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	777,803
Related to other postemployment benefits	7,099,681
Related to pensions	17,618,247
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>25,495,731</b>
<b>LIABILITIES</b>	
Accounts payable	3,293,007
Intergovernmental payables	33,416
Accrued salaries and related items	3,689,075
Accrued retirement	1,988,724
Accrued interest	862,183
Unearned revenue	1,217,202
Noncurrent liabilities	
Due within one year	5,065,389
Due in more than one year	119,462,413
Net other postemployment benefits liability	4,787,035
Net pension liability	73,028,801
<b>TOTAL LIABILITIES</b>	<b>213,427,245</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	18,198,429
Related to pensions	25,010,243
Related to state aid funding for pension benefits	4,976,171
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>48,184,843</b>
<b>NET POSITION</b>	
Net investment in capital assets	42,735,094
Restricted for capital projects (sinking fund)	2,034,930
Restricted for debt service	1,279,197
Unrestricted	(86,812,672)
<b>TOTAL NET POSITION</b>	<b>\$ (40,763,451)</b>

See notes to financial statements.

**GRAND LEDGE PUBLIC SCHOOL  
STATEMENT OF ACTIVITIES  
JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 34,103,850	\$ -	\$ 11,409,483	\$ (22,694,367)
Support services	22,364,335	260,883	4,068,742	(18,034,710)
Community services	2,442,931	2,080,971	621,349	259,389
Food services	2,112,117	54,442	2,886,033	828,358
School store	13,128	22,087	-	8,959
Student/school activities	380,948	448,305	-	67,357
Interest on long-term debt	6,520,440	-	-	(6,520,440)
Unallocated depreciation	5,075,157	-	-	(5,075,157)
Total governmental activities	<u>\$ 73,012,906</u>	<u>\$ 2,866,688</u>	<u>\$ 18,985,607</u>	<u>(51,160,611)</u>
General revenues				
Property taxes, levied for general purposes				10,665,403
Property taxes, levied for debt service				9,369,733
Property taxes, levied for sinking fund				1,313,202
Investment earnings (loss), net				(586,456)
State sources - unrestricted				33,381,663
Sale of telecommunication rights				4,635,000
Other				750,478
Total general revenues				<u>59,529,023</u>
CHANGE IN NET POSITION				8,368,412
Net position, beginning of year				<u>(49,131,863)</u>
Net position, end of year				<u>\$ (40,763,451)</u>

See notes to financial statements.

**GRAND LEDGE PUBLIC SCHOOL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,388,627	\$ -	\$ -	\$ -	\$ -	\$ 7,015,483	\$ 5,455,903	\$ 14,860,013
Investments	2,548,494	-	-	-	-	-	-	2,548,494
Receivables								
Accounts receivable	185,406	-	-	66,032	-	-	6	251,444
Intergovernmental receivables	8,556,975	-	-	-	-	-	20,537	8,577,512
Due from other funds	3,513	-	-	8,045	3,508,962	-	1,099,338	4,619,858
Inventories	22,724	-	-	-	-	-	53,087	75,811
Prepays	385,977	-	-	-	-	-	101,011	486,988
Restricted cash and cash equivalents	-	32,870	59,493	12,670	132,419	-	-	237,452
Restricted investments	-	13	6,652,034	29,370,007	767,641	-	-	36,789,695
<b>TOTAL ASSETS</b>	<b>\$ 14,091,716</b>	<b>\$ 32,883</b>	<b>\$ 6,711,527</b>	<b>\$ 29,456,754</b>	<b>\$ 4,409,022</b>	<b>\$ 7,015,483</b>	<b>\$ 6,729,882</b>	<b>\$ 68,447,267</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 491,658	\$ 24,838	\$ 1,175,341	\$ 306,157	\$ 1,063,867	\$ 134,449	\$ 96,697	\$ 3,293,007
Accrued salaries and related items	3,657,954	-	-	-	-	-	31,121	3,689,075
Accrued retirement	1,981,246	-	-	-	-	-	7,478	1,988,724
Intergovernmental payables	-	-	-	-	-	-	33,416	33,416
Due to other funds	1,100,699	8,045	3,508,962	-	-	-	2,152	4,619,858
Unearned revenue	244,173	-	-	-	-	-	973,029	1,217,202
<b>TOTAL LIABILITIES</b>	<b>7,475,730</b>	<b>32,883</b>	<b>4,684,303</b>	<b>306,157</b>	<b>1,063,867</b>	<b>134,449</b>	<b>1,143,893</b>	<b>14,841,282</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	140,000	-	-	-	-	-	-	140,000

See notes to financial statements.

	General Fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (continued)								
FUND BALANCES								
Nonspendable								
Inventories	\$ 22,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,087	\$ 75,811
Prepays	385,977	-	-	-	-	-	101,011	486,988
Restricted for:								
Food service	-	-	-	-	-	-	572,634	572,634
Debt service	-	-	-	-	-	-	2,141,380	2,141,380
Capital projects	-	-	2,027,224	29,150,597	3,345,155	-	2,034,930	36,557,906
Assigned for:								
Capital projects	-	-	-	-	-	6,881,034	-	6,881,034
Severance pay	270,268	-	-	-	-	-	-	270,268
Subsequent year expenditures	961,156	-	-	-	-	-	-	961,156
Committed								
Community service	-	-	-	-	-	-	171,393	171,393
School store	-	-	-	-	-	-	12,534	12,534
Student/school activity	-	-	-	-	-	-	499,020	499,020
Unassigned								
General Fund	4,835,861	-	-	-	-	-	-	4,835,861
TOTAL FUND BALANCES	6,475,986	-	2,027,224	29,150,597	3,345,155	6,881,034	5,585,989	53,465,985
LIABILITIES AND FUND BALANCES	\$ 14,091,716	\$ 32,883	\$ 6,711,527	\$ 29,456,754	\$ 4,409,022	\$ 7,015,483	\$ 6,729,882	\$ 68,447,267

See notes to financial statements.

<b>Total governmental fund balances</b>		\$ 53,465,985
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Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows on refunding		777,803
Deferred outflows of resources - related to pensions	\$ 17,618,247	
Deferred inflows of resources - related to pensions	(25,010,243)	
Deferred outflows of resources - related to other postemployment benefits	7,099,681	
Deferred inflows of resources - related to other postemployment benefits	(18,198,429)	
Deferred inflows of resources - related to state funding for pension benefits	<u>(4,976,171)</u>	
		(23,326,915)

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

The cost of the capital assets is		207,146,440
Accumulated depreciation is	<u>(75,620,943)</u>	
		131,525,497

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

General obligation bonds		(105,610,000)
Bond premium		(18,404,493)
Note from direct borrowing		(76,689)
Compensated absences and termination benefits payable		(436,620)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(862,183)
Net other postemployment benefits liability		(4,787,035)
Net pension liability		<u>(73,028,801)</u>

<b>Net position of governmental activities</b>		<u>\$ (40,763,451)</u>
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**GRAND LEDGE PUBLIC SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	General Fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>								
Local sources								
Property taxes	\$ 10,665,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,682,935	\$ 21,348,338
Investment earnings (loss), net	6,641	462	18,544	(618,066)	5,038	-	925	(586,456)
Food sales and other	-	-	-	-	-	-	1,619,481	1,619,481
Student/school activities	-	-	-	-	-	-	448,305	448,305
Other	750,774	85,173	-	-	-	113,302	538,019	1,487,268
<b>Total local sources</b>	<b>11,422,818</b>	<b>85,635</b>	<b>18,544</b>	<b>(618,066)</b>	<b>5,038</b>	<b>113,302</b>	<b>13,289,665</b>	<b>24,316,936</b>
State sources	41,621,723	-	-	-	-	-	85,999	41,707,722
Federal sources	5,949,380	-	-	-	-	-	3,421,383	9,370,763
Incoming transfers and other	2,162,413	-	-	-	-	-	-	2,162,413
<b>TOTAL REVENUES</b>	<b>61,156,334</b>	<b>85,635</b>	<b>18,544</b>	<b>(618,066)</b>	<b>5,038</b>	<b>113,302</b>	<b>16,797,047</b>	<b>77,557,834</b>
<b>EXPENDITURES</b>								
Current								
Instruction	39,203,355	-	-	-	-	-	-	39,203,355
Supporting services	26,422,923	-	-	-	-	-	-	26,422,923
Food service activities	-	-	-	-	-	-	2,490,327	2,490,327
Community service activities	14,855	-	-	-	-	-	2,582,606	2,597,461
School store	-	-	-	-	-	-	13,128	13,128
Student/school activities	-	-	-	-	-	-	380,948	380,948

See notes to financial statements.

	General Fund	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II	General Capital Projects	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)								
Current (continued)								
Capital outlay	\$ 226,069	\$ 6,011,057	\$ 13,197,196	\$ 900,468	\$ 3,939,168	\$ 1,645,371	\$ 796,287	\$ 26,715,616
Debt service								
Principal repayment	76,689	-	-	-	-	-	5,020,000	5,096,689
Interest expense	5,368	-	-	-	-	-	5,220,081	5,225,449
Other	-	-	-	-	-	-	106,633	106,633
TOTAL EXPENDITURES	65,949,259	6,011,057	13,197,196	900,468	3,939,168	1,645,371	16,610,010	108,252,529
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,792,925)	(5,925,422)	(13,178,652)	(1,518,534)	(3,934,130)	(1,532,069)	187,037	(30,694,695)
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	62,112	-	-	-	-	-	-	62,112
Sale of telecommunications rights	-	-	-	-	-	4,635,000	-	4,635,000
Transfers in	38,830	-	-	-	-	-	-	38,830
Transfers out	-	-	-	-	-	(38,830)	-	(38,830)
TOTAL OTHER FINANCING SOURCES (USES)	100,942	-	-	-	-	4,596,170	-	4,697,112
NET CHANGE IN FUND BALANCES	(4,691,983)	(5,925,422)	(13,178,652)	(1,518,534)	(3,934,130)	3,064,101	187,037	(25,997,583)
FUND BALANCES								
Beginning of year	11,167,969	5,925,422	15,205,876	30,669,131	7,279,285	3,816,933	5,398,952	79,463,568
End of year	\$ 6,475,986	\$ -	\$ 2,027,224	\$ 29,150,597	\$ 3,345,155	\$ 6,881,034	\$ 5,585,989	\$ 53,465,985

See notes to financial statements.



**GRAND LEDGE PUBLIC SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

**Net change in fund balances total governmental funds** \$ (25,997,583)

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	(5,075,157)
Capital outlay	26,442,053

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	848,452
Accrued interest payable, end of the year	(862,183)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Payments on debt	5,096,689
Amortization of deferred charge on refunding	(91,041)
Amortization of bond premium	1,154,287

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred inflows of resources - unavailable revenue, beginning of the year	-
Deferred inflows of resources - unavailable revenue, end of the year	140,000

Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences and termination benefits, beginning of the year	436,620
Accrued compensated absences and termination benefits, end of the year	(436,620)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Pension related items	2,566,118
Other postemployment benefits related items	5,160,405

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:

State aid funding, beginning of year	3,962,543
State aid funding, end of year	(4,976,171)

**Change in net position of governmental activities** \$ 8,368,412

See notes to financial statements.

**GRAND LEDGE PUBLIC SCHOOL  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 4,975</u>
NET POSITION	
Restricted for student organizations	<u><u>\$ 4,975</u></u>

See notes to financial statements.

**GRAND LEDGE PUBLIC SCHOOL  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2022**

	Custodial Funds
ADDITIONS	
Student activity income	\$ 5,000
DEDUCTIONS	
Scholarships awarded	4,000
CHANGE IN NET POSITION	1,000
NET POSITION	
Beginning of year	3,975
End of year	\$ 4,975

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

Grand Ledge Public School (the "District") is governed by the Grand Ledge Public School Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements (GASB).

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter two are excluded from the government-wide financial statements.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *Capital Projects Funds* account for the receipt of debt proceeds or proceeds from the sale of assets, and the acquisition of fixed assets or construction of major capital projects.

The General capital projects fund includes assets assigned for future capital purchases. The 2019 and 2021 capital projects funds include 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 Revised School Code.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation - Fund Financial Statements (continued)

The District issued \$52,145,000 of bonds on March 20, 2019 and \$30,090,000 of bonds on June 3, 2021, at which time all funds were available for the intended purpose of the bond issue. Beginning with the year of bond issuance, the District has reported annual construction activity in the 2019 and 2021 capital projects funds, respectively. The following is a summary of the cumulative revenues, expenditures, and other financing sources and uses for the 2019 and 2021 capital projects funds since inception:

	2019 Capital Projects Proposal I	2019 Capital Projects Proposal II	2021 Capital Projects Proposal I	2021 Capital Projects Proposal II
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues and other financing sources	<u>\$ 39,623,793</u>	<u>\$ 22,330,791</u>	<u>\$ 30,264,479</u>	<u>\$ 7,930,418</u>
Expenditures and other financing uses	<u>\$ 39,623,793</u>	<u>\$ 20,303,567</u>	<u>\$ 1,113,882</u>	<u>\$ 4,585,263</u>

The above revenue figures include the bond proceeds and premium of \$38,534,891, \$21,644,860, \$30,881,677, and \$7,925,158 for 2019 Capital Projects Proposal I, 2019 Capital Projects Proposal II, 2021 Capital Projects Proposal I, and 2021 Capital Projects Proposal II, respectively.

*Other Nonmajor Funds*

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

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

The *sinking capital projects* accounts for the receipt of sinking fund millage proceeds and the acquisition of fixed assets or construction of capital projects. The District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

*Fiduciary funds* account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *custodial fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation - Fund Financial Statements (continued)

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

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

Measurement Focus and Basis of Accounting

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

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

Budgetary Information

*Budgetary Basis of Accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgetary Information (continued)

*Budgetary Basis of Accounting (continued)*

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2022. The District does not consider these amendments to be significant.

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

*Cash and Cash Equivalents*

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



**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Investments*

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

*Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Capital Assets*

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Land improvements	20
Buildings and building improvements	50
Equipment, computers, and furnishing	5 - 20
School buses and other vehicles	8

*Defined Benefit Plans*

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

*Deferred Outflows*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Deferred Inflows*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenue when it is received after 60 days of year-end. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position 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 District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

*Fund Balance Flow Assumptions*

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

*Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Fund Balance Policies (continued)*

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

Revenues and Expenditures/Expenses

*Program Revenues*

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

*Property Taxes*

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

For the year ended June 30, 2022, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General Fund	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	5.63
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	.7921

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues and Expenditures/Expenses (continued)

*Compensated Absences and Termination Benefits*

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

*Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2022 the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, \$15,790,991 of the District's bank balance of \$16,342,213 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$15,102,440, including custodial funds.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Notes	\$ 24,182,500	1.0436
MILAF External Investment Pool - MAX	13,895,811	N/A
MILAF External Investment Pool - CMC	59,939	N/A
Michigan Class Investment Pool	1,199,939	0.0047
 Total fair value	 \$ 39,338,189	
 Portfolio weighted average maturity		 0.9945

One day maturity equals 0.0027, one year equals 1.00

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
U.S. Treasury Notes	\$ 24,182,500	AA+	Standard & Poor's
MILAF External Investment Pool - MAX	13,895,811	AAAm	Standard & Poor's
MILAF External Investment Pool - CMC	59,939	AAAm	Standard & Poor's
Michigan Class Investment Pool	1,199,939	AAAm	Standard & Poor's
 Total	 \$ 39,338,189		

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Foreign Currency Risk

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

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	June 30, 2022
Investments by fair value level				
U.S. Treasury Notes	\$ 24,182,500	\$ -	\$ -	\$ 24,182,500

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - MAX	\$ 13,895,811
MILAF External Investment Pool - CMC	59,939
	\$ 13,955,750

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value Per Share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan Class Investment Pool	\$ 1,199,939	\$ -	No restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2022:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 14,860,013	\$ 4,975	\$ 14,864,988
Investments	2,548,494	-	2,548,494
Restricted cash and cash equivalents	237,452	-	237,452
Restricted investments	36,789,695	-	36,789,695
	<u>\$ 54,435,654</u>	<u>\$ 4,975</u>	<u>\$ 54,440,629</u>



**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,963,232	\$ -	\$ -	\$ 4,963,232
Construction in progress	39,403,318	5,559,520	37,423,921	7,538,917
Total assets not being depreciated	44,366,550	5,559,520	37,423,921	12,502,149
Capital assets, being depreciated				
Land improvements	7,302,607	5,885,666	-	13,188,273
Buildings	17,110,024	-	-	17,110,024
Building improvements	86,692,119	50,979,509	-	137,671,628
Equipment, computers and furnishing	22,851,452	1,407,574	2,472,071	21,786,955
School buses and other vehicles	4,853,706	33,705	-	4,887,411
Total capital assets, being depreciated	138,809,908	58,306,454	2,472,071	194,644,291
Accumulated depreciation				
Land improvements	3,844,930	664,211	-	4,509,141
Buildings	12,036,894	240,000	-	12,276,894
Building improvements	35,150,094	3,272,058	-	38,422,152
Equipment, computers and furnishing	19,407,769	503,269	2,472,071	17,438,967
School buses and other vehicles	2,578,170	395,619	-	2,973,789
Total accumulated depreciation	73,017,857	5,075,157	2,472,071	75,620,943
Net capital assets being depreciated	65,792,051	53,231,297	-	119,023,348
Net governmental capital assets	<u>\$ 110,158,601</u>	<u>\$ 58,790,817</u>	<u>\$ 37,423,921</u>	<u>\$ 131,525,497</u>

Depreciation for the fiscal year ended June 30, 2022 amounted to \$5,075,157. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Receivables at June 30, 2022 consist of the following:

	Government- wide
State aid	\$ 7,523,957
Federal grants and other pass-through agencies	1,053,555
	\$ 8,577,512

No allowance for doubtful accounts is considered necessary.

**NOTE 5 - LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2022:

	General Obligation Bonds	Note from Direct Borrowing	Compensated Absences	Termination Benefits	Total
Balance, July 1, 2021	\$ 130,188,780	\$ 153,378	\$ 270,268	\$ 166,352	\$ 130,778,778
Deletions	6,174,287	76,689	-	-	6,250,976
Balance, June 30, 2022	124,014,493	76,689	270,268	166,352	124,527,802
Due within one year	4,970,000	76,689	5,400	13,300	5,065,389
Due in more than one year	\$ 119,044,493	\$ -	\$ 264,868	\$ 153,052	\$ 119,462,413

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

Long-term obligation debt at June 30, 2022 is comprised of the following:

General Obligations Bonds

Serial bond due in annual installments of \$2,810,000 to \$2,845,000 from May 1, 2022 through May 1, 2024, interest at 5.00%.	\$ 5,655,000
Serial bond due in annual installments of \$1,210,000 to \$1,330,000 from May 1, 2022 through May 1, 2037, interest at 4.00% to 5.00%.	18,770,000
Serial bond due in annual installments of \$150,000 to \$4,430,000 from May 1, 2022 through May 1, 2044, interest at 4.00% to 5.00%.	51,735,000
Serial bond due in annual installments of \$160,000 to \$1,740,000 from May 1, 2022 through May 1, 2047, interest at 4.00% to 5.00%.	29,450,000
Plus premiums on bonds	<u>18,404,493</u>
Total general obligation bonds	<u>124,014,493</u>

Note from Direct Borrowing

Installment purchase note - July 2018 purchase of copiers and printers. Loan due in annual installments of \$76,689 through June 1, 2023 with an interest rate of 3.5%.	<u>76,689</u>
Total general obligation bonds and note from direct borrowing	124,091,182
Compensated absences and termination benefits	<u>436,620</u>
Total general long-term obligations	<u><u>\$ 124,527,802</u></u>

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

The District's outstanding note from direct borrowing related to governmental activities, with an original borrowing amount of \$230,067, contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$37,115,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2022, are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Principal	Interest		
2023	\$ 4,970,000	\$ 5,119,700	\$ 76,689	\$ 2,684	\$ -	\$ 10,169,073
2024	4,930,000	4,892,450	-	-	-	9,822,450
2025	1,975,000	4,667,150	-	-	-	6,642,150
2026	2,260,000	4,583,050	-	-	-	6,843,050
2027	2,480,000	4,485,000	-	-	-	6,965,000
2028 - 2032	16,190,000	20,588,100	-	-	-	36,778,100
2033 - 2037	24,710,000	15,903,500	-	-	-	40,613,500
2038 - 2042	30,535,000	8,997,500	-	-	-	39,532,500
2043 - 2047	17,560,000	1,969,500	-	-	-	19,529,500
	105,610,000	71,205,950	76,689	2,684	-	176,895,323
Premiums on bonds	18,404,493	-	-	-	-	18,404,493
Compensated absences and termination benefits	-	-	-	-	436,620	436,620
	<u>\$ 124,014,493</u>	<u>\$ 71,205,950</u>	<u>\$ 76,689</u>	<u>\$ 2,684</u>	<u>\$ 436,620</u>	<u>\$ 195,736,436</u>

Interest expense (all funds) for the year ended June 30, 2022 was approximately \$5,200,000.

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2022 are as follows:

Receivable Fund		Payable Fund	
General fund	\$ 3,513	General fund	\$ 1,100,699
Other nonmajor fund	1,099,338	Other nonmajor funds	2,152
Capital projects funds		Capital projects funds	
2021 - proposal I	8,045	2019 - proposal I	8,045
2021 - proposal II	3,508,962	2019 - proposal II	3,508,962
	<u>\$ 4,619,858</u>		<u>\$ 4,619,858</u>

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (continued)**

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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

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

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

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

Pension Reform 2012

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

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform 2012 (continued)

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

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

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.



**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2021 were determined as of the September 30, 2018 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2018 are amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately \$11,342,000. Of the total pension contributions approximately \$10,949,000 was contributed to fund the Defined Benefit Plan and approximately \$393,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately \$2,923,000. Of the total OPEB contributions approximately \$2,657,000 was contributed to fund the Defined Benefit Plan and approximately \$266,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

*Pension Liabilities*

The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The 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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Total pension liability	\$ 86,392,473,395	\$ 85,290,583,799
Plan fiduciary net position	\$ 62,717,060,920	\$ 50,939,496,006
Net pension liability	\$ 23,675,412,475	\$ 34,351,087,793
Proportionate share	0.30846%	0.30136%
Net pension liability for the District	\$ 73,028,801	\$ 103,519,260

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

For the year ended June 30, 2022, the District recognized pension expense of \$8,382,973.

At June 30, 2022, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,684,554	\$ 1,101,665
Differences between expected and actual experience	1,131,247	430,053
Changes of assumptions	4,603,475	-
Net difference between projected and actual plan investments earnings	-	23,478,525
Reporting Unit's contributions subsequent to the measurement date	10,198,971	-
	<u>\$ 17,618,247</u>	<u>\$ 25,010,243</u>

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)*

\$10,198,971, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ (2,109,975)
2023	(4,015,291)
2024	(5,323,217)
2025	(6,142,484)

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

*OPEB Liabilities*

The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The 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.

<i>MPERS (Plan)</i> Non-university Employers	September 30, 2021	September 30, 2020
Total Other Postemployment Benefit Liability	\$ 12,046,393,511	\$ 13,206,903,534
Plan fiduciary net position	\$ 10,520,015,621	\$ 7,849,636,555
Net Other Postemployment Benefit Liability	\$ 1,526,377,890	\$ 5,357,266,979
Proportionate share	0.31362%	0.30292%
Net Other Postemployment Benefit liability for the District	\$ 4,787,035	\$ 16,228,114

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

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

For the year ended June 30, 2022, the District recognized OPEB benefit of \$2,503,722.

At June 30, 2022, the Reporting Unit 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
	<u>                    </u>	<u>                    </u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 750,258	\$ 327,295
Differences between expected and actual experience	-	13,664,252
Changes of assumptions	4,001,724	598,807
Net difference between projected and actual plan investments earnings	-	3,608,075
Reporting Unit's contributions subsequent to the measurement date	<u>2,347,699</u>	<u>-</u>
	<u>\$ 7,099,681</u>	<u>\$ 18,198,429</u>

\$2,347,699, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	<u>Amount</u>
2022	\$ (3,563,710)
2023	(3,269,278)
2024	(2,975,147)
2025	(2,683,101)
2026	(844,423)
2027	(110,788)

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions

**Investment Rate of Return for Pension** - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

**Investment Rate of Return for OPEB** - 6.95% a year, compounded annually net of investment and administrative expenses.

**Salary Increases** - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

**Inflation** - 3.0%.

**Mortality Assumptions -**

*Retirees:* RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

*Active:* RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

*Disabled Retirees:* RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**Experience Study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2020. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

**The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments** - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Cost of Living Pension Adjustments** - 3.0% annual non-compounded for MIP members.

**Healthcare Cost Trend Rate for Other Postemployment Benefit** - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**Additional Assumptions for Other Postemployment Benefit Only** - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2021 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.4%
International Equity Pools	15.0%	7.5%
Private Equity Pools	16.0%	9.1%
Real Estate and Infrastructure Pools	10.0%	5.4%
Fixed Income Pools	10.5%	-0.7%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short Term Investment Pools	2.0%	-1.3%
	<u>100.0%</u>	

\* Long term rate of return are net of administrative expenses and 2.0% inflation.

**Rate of Return** - For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Discount Rate** - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**OPEB Discount Rate** - A single discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	<u>\$ 104,411,380</u>	<u>\$ 73,028,801</u>	<u>\$ 47,010,585</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	<u>\$ 8,895,176</u>	<u>\$ 4,787,035</u>	<u>\$ 1,300,691</u>

**Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefits		
	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	<u>\$ 1,165,126</u>	<u>\$ 4,787,035</u>	<u>\$ 8,862,119</u>

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2021 Annual Comprehensive Financial Report.

**Payable to the Pension and OPEB Plan** - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance.

Self-funded dental and vision insurance programs were approved by the Board of Education and implemented for support personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. The District has estimated a liability for any incurred and unreported claims.

**NOTE 9 - TRANSFERS**

The transfer of \$38,830 from the general capital project fund to the general fund was to transfer unrestricted telecommunications revenue to the general fund for use.

**NOTE 10 - LAND OPTION**

Grand Ledge Public Schools holds an option on approximately 92 acres on Grand River Avenue pursuant to an option agreement dated August 10, 2005. The option price is \$1.00 with the stipulation that the option must be exercised on or before August 31, 2025. Additionally, the option agreement stipulates that the land must be used for the purpose of building one or more schools including playgrounds and athletic facilities.



**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - TAX ABATEMENTS**

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

Municipality	Taxes Abated
Delta Township	\$ 145,273
City of Grand Ledge	49,001
City of Lansing	80,647
Oneida Township	107,004
	\$ 381,925

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no abatements made by the District.

**NOTE 12 - CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In June 2020, the Superintendent of the District was placed on paid administrative leave and subsequently terminated. In response, an action was brought against the District, for which there is a potential legal liability of up to \$900,000. Additionally, there were two separate actions against the District during 2021. For these matters, there is potential legal liability of which the amount is unknown.

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENT**

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

**Summary:**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the District's financial statement after the adoption of GASB Statement 87.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GRAND LEDGE PUBLIC SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Local sources	\$ 10,265,041	\$ 10,624,307	\$ 11,422,818	\$ 798,511
State sources	38,001,942	41,392,756	41,621,723	228,967
Federal sources	4,494,526	6,400,881	5,949,380	(451,501)
Incoming transfers and other	1,492,152	2,152,617	2,162,413	9,796
<b>TOTAL REVENUES</b>	<u>54,253,661</u>	<u>60,570,561</u>	<u>61,156,334</u>	<u>585,773</u>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	26,426,320	30,891,090	30,901,488	(10,398)
Added needs	8,202,578	8,584,168	8,301,867	282,301
<b>Total instruction</b>	<u>34,628,898</u>	<u>39,475,258</u>	<u>39,203,355</u>	<u>271,903</u>
Supporting services				
Pupil	4,276,090	4,771,618	4,598,938	172,680
Instructional staff	2,164,044	2,670,536	2,500,035	170,501
General administration	767,659	909,820	836,055	73,765
School administration	2,969,601	3,475,230	3,424,646	50,584
Business services	745,738	1,854,260	1,870,426	(16,166)
Operation/maintenance	5,255,594	5,749,592	5,885,960	(136,368)
Pupil transportation	3,616,142	4,088,568	3,956,203	132,365
Central	2,315,561	2,558,703	2,506,989	51,714
Athletics	883,346	869,486	843,671	25,815
<b>Total supporting services</b>	<u>22,993,775</u>	<u>26,947,813</u>	<u>26,422,923</u>	<u>524,890</u>
Community services	-	22,518	14,855	7,663
Capital outlay	-	367,912	226,069	141,843
Debt service	82,057	82,057	82,057	-
<b>TOTAL EXPENDITURES</b>	<u>57,704,730</u>	<u>66,895,558</u>	<u>65,949,259</u>	<u>946,299</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,451,069)</u>	<u>(6,324,997)</u>	<u>(4,792,925)</u>	<u>1,532,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	38,830	38,830
Proceeds from sale of capital assets	10,000	41,200	62,112	20,912
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>10,000</u>	<u>41,200</u>	<u>100,942</u>	<u>59,742</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (3,441,069)</u>	<u>\$ (6,283,797)</u>	<u>(4,691,983)</u>	<u>\$ 1,591,814</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>11,167,969</u>	
End of year			<u>\$ 6,475,986</u>	

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.30846%	0.30136%	0.30436%	0.31055%	0.30924%	0.29706%	0.29989%	0.29207%
Reporting Unit's proportionate share of net pension liability	\$ 73,028,801	\$ 103,516,260	\$ 100,794,276	\$ 93,356,527	\$ 80,137,878	\$ 74,114,212	\$ 73,248,599	\$ 64,333,440
Reporting Unit's covered-employee payroll	\$ 28,621,618	\$ 26,992,587	\$ 26,623,895	\$ 26,425,708	\$ 26,065,957	\$ 25,411,906	\$ 25,047,090	\$ 24,861,410
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	255.15%	383.50%	378.59%	353.28%	307.44%	291.65%	292.44%	258.77%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten year trend is compiled, the District presents information for those years for which information is available.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 10,949,091	\$ 8,962,829	\$ 8,193,929	\$ 7,982,606	\$ 8,105,353	\$ 7,166,476	\$ 6,508,076	\$ 5,345,104
Contributions in relation to statutorily required contributions	<u>10,949,091</u>	<u>8,962,829</u>	<u>8,193,929</u>	<u>7,982,606</u>	<u>8,105,353</u>	<u>7,166,476</u>	<u>6,508,076</u>	<u>5,345,104</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 31,851,990	\$ 27,495,900	\$ 27,230,502	\$ 26,459,231	\$ 26,368,179	\$ 26,353,064	\$ 24,781,377	\$ 25,311,511
Contributions as a percentage of covered-employee payroll	34.37%	32.60%	30.09%	30.17%	30.74%	27.19%	26.26%	21.12%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten year trend is compiled, the District presents information for those years for which information is available.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.31362%	0.30292%	0.30273%	0.31008%	0.30865%
Reporting Unit's proportionate share of net OPEB liability	\$ 4,787,035	\$ 16,228,114	\$ 21,729,350	\$ 24,648,294	\$ 27,332,217
Reporting Unit's covered-employee payroll	\$ 28,621,618	\$ 26,992,587	\$ 26,623,895	\$ 26,425,708	\$ 26,065,957
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	16.73%	60.12%	81.62%	93.27%	104.86%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	87.33%	59.44%	48.48%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten year trend is compiled, Reporting Units should present information for those years for which information is available.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 2,656,683	\$ 2,374,534	\$ 2,288,907	\$ 2,169,967	\$ 2,249,686
Contributions in relation to statutorily required contributions	<u>2,656,683</u>	<u>2,374,534</u>	<u>2,288,907</u>	<u>2,169,967</u>	<u>2,249,686</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 31,851,990	\$ 27,495,900	\$ 27,230,502	\$ 26,459,231	\$ 26,368,179
Contributions as a percentage of covered-employee payroll	8.34%	8.64%	8.41%	8.20%	8.53%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten year trend is compiled, Reporting Units should present information for those years for which information is available.



**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 - PENSION INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - there were no changes of assumptions in 2021.

**NOTE 2 - OPEB INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - the assumption changes for 2021 were:

Healthcare cost trend rate was broken into two groups, Pre 65 and Post 65. The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as one group with a rate of 7.00% Year 1 graded to 3.50% Year 15.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**GRAND LEDGE PUBLIC SCHOOL  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2022**

	Special Revenue	Debt Service	Capital Projects Sinking Fund	Total Nonmajor Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,279,093	\$ 2,141,880	\$ 2,034,930	\$ 5,455,903
Accounts receivable	6	-	-	6
Intergovernmental receivables	20,537	-	-	20,537
Due from other funds	1,099,338	-	-	1,099,338
Inventories	53,087	-	-	53,087
Prepays	101,011	-	-	101,011
<b>TOTAL ASSETS</b>	<b>\$ 2,553,072</b>	<b>\$ 2,141,880</b>	<b>\$ 2,034,930</b>	<b>\$ 6,729,882</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 96,197	\$ 500	\$ -	\$ 96,697
Accrued salaries and related	31,121	-	-	31,121
Accrued retirement	7,478	-	-	7,478
Intergovernmental payables	33,416	-	-	33,416
Due to other funds	2,152	-	-	2,152
Unearned revenue	973,029	-	-	973,029
<b>TOTAL LIABILITIES</b>	<b>1,143,393</b>	<b>500</b>	<b>-</b>	<b>1,143,893</b>
<b>FUND BALANCES</b>				
<b>Nonspendable</b>				
Inventories	53,087	-	-	53,087
Prepays	101,011	-	-	101,011
<b>Restricted for:</b>				
Food service	572,634	-	-	572,634
Debt service	-	2,141,380	-	2,141,380
Capital projects	-	-	2,034,930	2,034,930
<b>Committed</b>				
Community service	171,393	-	-	171,393
School store	12,534	-	-	12,534
Student/school activities	499,020	-	-	499,020
<b>TOTAL FUND BALANCES</b>	<b>1,409,679</b>	<b>2,141,380</b>	<b>2,034,930</b>	<b>5,585,989</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,553,072</b>	<b>\$ 2,141,880</b>	<b>\$ 2,034,930</b>	<b>\$ 6,729,882</b>

**GRAND LEDGE PUBLIC SCHOOL  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2022**

	Special Revenue	Debt Service	Capital Projects Sinking Fund	Total Nonmajor Funds
<b>REVENUES</b>				
Local sources				
Property taxes	\$ -	\$ 9,369,733	\$ 1,313,202	\$ 10,682,935
Investment earnings	847	78	-	925
Food sales and other	1,619,481	-	-	1,619,481
Student/school activities	448,305	-	-	448,305
Other	538,019	-	-	538,019
Total local sources	2,606,652	9,369,811	1,313,202	13,289,665
State sources	85,999	-	-	85,999
Federal sources	3,421,383	-	-	3,421,383
<b>TOTAL REVENUES</b>	<b>6,114,034</b>	<b>9,369,811</b>	<b>1,313,202</b>	<b>16,797,047</b>
<b>EXPENDITURES</b>				
Current				
Food service activities	2,490,327	-	-	2,490,327
Community service activity	2,582,606	-	-	2,582,606
School store	13,128	-	-	13,128
Student/school activities	380,948	-	-	380,948
Capital outlay	-	-	796,287	796,287
Debt service				
Principal repayment	-	5,020,000	-	5,020,000
Interest expense	-	5,220,081	-	5,220,081
Other	-	93,712	12,921	106,633
<b>TOTAL EXPENDITURES</b>	<b>5,467,009</b>	<b>10,333,793</b>	<b>809,208</b>	<b>16,610,010</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>647,025</b>	<b>(963,982)</b>	<b>503,994</b>	<b>187,037</b>
<b>FUND BALANCES</b>				
Beginning of year	762,654	3,105,362	1,530,936	5,398,952
End of year	<u>\$ 1,409,679</u>	<u>\$ 2,141,380</u>	<u>\$ 2,034,930</u>	<u>\$ 5,585,989</u>

**GRAND LEDGE PUBLIC SCHOOL  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	Food Service	Community Service	School Store	Student/ School Activities	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 766,371	\$ -	\$ 12,534	\$ 500,188	\$ 1,279,093
Accounts receivable	-	-	6	-	6
Intergovernmental receivables	17,434	3,103	-	-	20,537
Due from other funds	-	1,099,338	-	-	1,099,338
Prepays	100,000	1,011	-	-	101,011
Inventories	42,215	-	10,872	-	53,087
<b>TOTAL ASSETS</b>	<b>\$ 926,020</b>	<b>\$ 1,103,452</b>	<b>\$ 23,412</b>	<b>\$ 500,188</b>	<b>\$ 2,553,072</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 56,451	\$ 39,253	\$ -	\$ 493	\$ 96,197
Accrued salaries and related items	2,050	29,071	-	-	31,121
Accrued retirement	562	6,916	-	-	7,478
Intergovernmental payables	33,416	-	-	-	33,416
Due to other funds	150	1,321	6	675	2,152
Unearned revenue	118,542	854,487	-	-	973,029
<b>TOTAL LIABILITIES</b>	<b>211,171</b>	<b>931,048</b>	<b>6</b>	<b>1,168</b>	<b>1,143,393</b>
<b>FUND BALANCES</b>					
<b>Nonspendable</b>					
Inventories	42,215	-	10,872	-	53,087
Prepays	100,000	1,011	-	-	101,011
Restricted for food service	572,634	-	-	-	572,634
<b>Committed for:</b>					
Community service	-	171,393	-	-	171,393
School store	-	-	12,534	-	12,534
Student/school activities	-	-	-	499,020	499,020
<b>TOTAL FUND BALANCES</b>	<b>714,849</b>	<b>172,404</b>	<b>23,406</b>	<b>499,020</b>	<b>1,409,679</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 926,020</b>	<b>\$ 1,103,452</b>	<b>\$ 23,412</b>	<b>\$ 500,188</b>	<b>\$ 2,553,072</b>

**GRAND LEDGE PUBLIC SCHOOL  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	Food Service	Community Service	School Store	Student/ School Activities	Totals
<b>REVENUES</b>					
Sales	\$ 51,912	\$ 1,545,482	\$ 22,087	\$ -	\$ 1,619,481
Student/school activities	-	-	-	448,305	448,305
State sources	85,999	-	-	-	85,999
Federal sources	2,800,034	621,349	-	-	3,421,383
Investment earnings	833	-	5	9	847
Other	2,530	535,489	-	-	538,019
<b>TOTAL REVENUES</b>	<b>2,941,308</b>	<b>2,702,320</b>	<b>22,092</b>	<b>448,314</b>	<b>6,114,034</b>
<b>EXPENDITURES</b>					
Salaries	551,824	1,361,133	-	-	1,912,957
Benefits	271,270	800,574	-	-	1,071,844
Purchased services	287,756	36,698	-	-	324,454
Supplies and materials	1,130,074	215,226	9,016	-	1,354,316
Capital outlay	241,841	-	-	-	241,841
Other	7,562	168,975	4,112	380,948	561,597
<b>TOTAL EXPENDITURES</b>	<b>2,490,327</b>	<b>2,582,606</b>	<b>13,128</b>	<b>380,948</b>	<b>5,467,009</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>450,981</b>	<b>119,714</b>	<b>8,964</b>	<b>67,366</b>	<b>647,025</b>
<b>FUND BALANCES</b>					
Beginning of year	263,868	52,690	14,442	431,654	762,654
End of year	<u>\$ 714,849</u>	<u>\$ 172,404</u>	<u>\$ 23,406</u>	<u>\$ 499,020</u>	<u>\$ 1,409,679</u>

**GRAND LEDGE PUBLIC SCHOOL  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	<u>2015 Refunding</u>	<u>2016 Refunding</u>	<u>2019 Building and Site</u>	<u>2021 Building and Site</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	<u>\$ 705,288</u>	<u>\$ 452,374</u>	<u>\$ 582,295</u>	<u>\$ 401,923</u>	<u>\$ 2,141,880</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>
<b>FUND BALANCES</b>					
Restricted for debt service	<u>705,288</u>	<u>452,374</u>	<u>582,295</u>	<u>401,423</u>	<u>2,141,380</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 705,288</u></u>	<u><u>\$ 452,374</u></u>	<u><u>\$ 582,295</u></u>	<u><u>\$ 401,923</u></u>	<u><u>\$ 2,141,880</u></u>

**GRAND LEDGE PUBLIC SCHOOL  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	2015 Refunding	2016 Refunding	2019 Building and Site	2021 Building and Site	Totals
<b>REVENUES</b>					
Local sources					
Property taxes	\$ 3,112,633	\$ 1,997,062	\$ 1,880,179	\$ 2,379,859	\$ 9,369,733
Investment earnings	73	2	2	1	78
<b>TOTAL REVENUES</b>	<b>3,112,706</b>	<b>1,997,064</b>	<b>1,880,181</b>	<b>2,379,860</b>	<b>9,369,811</b>
<b>EXPENDITURES</b>					
Principal repayment	2,895,000	1,335,000	150,000	640,000	5,020,000
Interest expense	427,500	876,900	2,589,650	1,326,031	5,220,081
Other	34,911	21,597	24,798	12,406	93,712
<b>TOTAL EXPENDITURES</b>	<b>3,357,411</b>	<b>2,233,497</b>	<b>2,764,448</b>	<b>1,978,437</b>	<b>10,333,793</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(244,705)</b>	<b>(236,433)</b>	<b>(884,267)</b>	<b>401,423</b>	<b>(963,982)</b>
Beginning of year	949,993	688,807	1,466,562	-	3,105,362
End of year	<u>\$ 705,288</u>	<u>\$ 452,374</u>	<u>\$ 582,295</u>	<u>\$ 401,423</u>	<u>\$ 2,141,380</u>



**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2015 REFUNDING  
JUNE 30, 2022**

\$23,235,000 Bonds Issued February 12, 2015.

<u>Interest Due</u>		<u>Principal Due May 1</u>	<u>Debt Service Requirement for Fiscal Year</u>	
<u>May 1</u>	<u>November 1</u>		<u>June 30,</u>	<u>Amount</u>
\$ 141,375	\$ 141,375	\$ 2,845,000	2023	\$ 3,127,750
<u>70,250</u>	<u>70,250</u>	<u>2,810,000</u>	2024	<u>2,950,500</u>
<u>\$ 211,625</u>	<u>\$ 211,625</u>	<u>\$ 5,655,000</u>		<u>\$ 6,078,250</u>

The above bonds dated February 15, 2015 have interest rates from 5.00%.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2016 REFUNDING  
JUNE 30, 2022**

\$24,230,000 Bonds Issued March 16, 2016.

Interest Due		Principal Due May 1	Debt Service Requirement for Fiscal Year	
May 1	November 1		June 30,	Amount
\$ 411,750	\$ 411,750	\$ 1,330,000	2023	\$ 2,153,500
385,150	385,150	1,315,000	2024	2,085,300
358,850	358,850	1,305,000	2025	2,022,700
332,750	332,750	1,290,000	2026	1,955,500
306,950	306,950	1,280,000	2027	1,893,900
281,350	281,350	1,265,000	2028	1,827,700
256,050	256,050	1,250,000	2029	1,762,100
231,050	231,050	1,240,000	2030	1,702,100
206,250	206,250	1,225,000	2031	1,637,500
181,750	181,750	1,215,000	2032	1,578,500
151,375	151,375	1,215,000	2033	1,517,750
121,000	121,000	1,210,000	2034	1,452,000
90,750	90,750	1,210,000	2035	1,391,500
60,500	60,500	1,210,000	2036	1,331,000
30,250	30,250	1,210,000	2037	1,270,500
<u>\$ 3,405,775</u>	<u>\$ 3,405,775</u>	<u>\$ 18,770,000</u>		<u>\$ 25,581,550</u>

The above bonds dated March 16, 2016 have interest rates from 4.00% to 5.00%.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2019 BUILDING AND SITE  
JUNE 30, 2022**

\$52,145,000 Bonds Issued March 20, 2019.

Interest Due		Principal Due May 1	Debt Service Requirement for Fiscal Year	
May 1	November 1		June 30,	Amount
\$ 1,291,825	\$ 1,291,825	\$ 150,000	2023	\$ 2,733,650
1,288,825	1,288,825	160,000	2024	2,737,650
1,285,625	1,285,625	510,000	2025	3,081,250
1,272,875	1,272,875	765,000	2026	3,310,750
1,253,750	1,253,750	865,000	2027	3,372,500
1,232,125	1,232,125	975,000	2028	3,439,250
1,207,750	1,207,750	1,185,000	2029	3,600,500
1,178,125	1,178,125	1,385,000	2030	3,741,250
1,143,500	1,143,500	1,580,000	2031	3,867,000
1,104,000	1,104,000	1,780,000	2032	3,988,000
1,059,500	1,059,500	1,985,000	2033	4,104,000
1,009,875	1,009,875	2,150,000	2034	4,169,750
956,125	956,125	2,320,000	2035	4,232,250
898,125	898,125	2,495,000	2036	4,291,250
835,750	835,750	2,680,000	2037	4,351,500
768,750	768,750	4,235,000	2038	5,772,500
662,875	662,875	4,370,000	2039	5,695,750
553,625	553,625	4,425,000	2040	5,532,250
443,000	443,000	4,430,000	2041	5,316,000
332,250	332,250	4,430,000	2042	5,094,500
221,500	221,500	4,430,000	2043	4,873,000
110,750	110,750	4,430,000	2044	4,651,500
<u>\$ 20,110,525</u>	<u>\$ 20,110,525</u>	<u>\$ 51,735,000</u>		<u>\$ 91,956,050</u>

The above bonds dated March 20, 2019 have interest rates from 4.00% to 5.00%.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS - 2021 BUILDING AND SITE  
JUNE 30, 2022**

\$30,090,000 Bonds Issued June 3, 2021.

Interest Due		Principal Due May 1	Debt Service Requirement for Fiscal Year	
May 1	November 1		June 30,	Amount
\$ 714,900	\$ 714,900	\$ 645,000	2023	\$ 2,074,800
702,000	702,000	645,000	2024	2,049,000
689,100	689,100	160,000	2025	1,538,200
685,900	685,900	205,000	2026	1,576,800
681,800	681,800	335,000	2027	1,698,600
675,100	675,100	420,000	2028	1,770,200
666,700	666,700	505,000	2029	1,838,400
656,600	656,600	620,000	2030	1,933,200
644,200	644,200	735,000	2031	2,023,400
629,500	629,500	810,000	2032	2,069,000
609,250	609,250	1,015,000	2033	2,233,500
583,875	583,875	1,250,000	2034	2,417,750
552,625	552,625	1,455,000	2035	2,560,250
516,250	516,250	1,590,000	2036	2,622,500
476,500	476,500	1,715,000	2037	2,668,000
433,625	433,625	1,695,000	2038	2,562,250
391,250	391,250	1,735,000	2039	2,517,500
347,875	347,875	1,735,000	2040	2,430,750
304,500	304,500	1,740,000	2041	2,349,000
261,000	261,000	1,740,000	2042	2,262,000
217,500	217,500	1,740,000	2043	2,175,000
174,000	174,000	1,740,000	2044	2,088,000
130,500	130,500	1,740,000	2045	2,001,000
87,000	87,000	1,740,000	2046	1,914,000
43,500	43,500	1,740,000	2047	1,827,000
<u>\$ 11,875,050</u>	<u>\$ 11,875,050</u>	<u>\$ 29,450,000</u>		<u>\$ 53,200,100</u>

The above bonds dated June 3, 2021 have interest rates from 4.00% to 5.00%.

**GRAND LEDGE PUBLIC SCHOOL  
 SCHEDULE OF DEBT SERVICE REQUIREMENTS -  
 INSTALLMENT PURCHASE AGREEMENT  
 JUNE 30, 2022**

\$383,445.03 Borrowed July 10, 2018.

		Debt Service Requirement for Fiscal Year	
Interest Due	Principal Due	June 1,	Amount
\$ 2,684	\$ 76,689	2023	\$ 79,373

The above direct borrowing dated July 10, 2018, was for the purchase of copiers.  
 The borrowing carries an interest rate of 3.5%

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2022
<b>U.S. Department of Agriculture</b>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program	10.555	N/A	\$ 159,063	\$ -	\$ -	\$ -	\$ 159,063	\$ 159,063	\$ -
Cash Assistance									
COVID-19 National School Lunch Program	10.555	221961	2,032,332	-	-	-	2,032,332	2,032,332	-
COVID-19 National School Lunch Program		211961	191,848	-	-	-	191,848	191,848	-
COVID-19 National School Lunch Program		211965	952	-	-	-	952	952	-
COVID-19 National School Lunch Program		220910	60,138	-	-	-	60,138	91,217	(31,079)
Total ALN 10.555			2,444,333	-	-	-	2,444,333	2,475,412	(31,079)
COVID-19 School Breakfast Program	10.553	221971	213,121	-	-	-	213,121	213,121	-
COVID-19 School Breakfast Program		211971	8,791	-	-	-	8,791	8,791	-
Total ALN 10.553			221,912	-	-	-	221,912	221,912	-
COVID-19 Summer Food Service Program for Children	10.559	210904	109,377	97,554	-	-	109,377	206,931	-
Total cash assistance			2,616,559	97,554	-	-	2,616,559	2,745,192	(31,079)
Total Child Nutrition Cluster			2,775,622	97,554	-	-	2,775,622	2,904,255	(31,079)
COVID-19 Pandemic EBT Administrative Costs	10.649	210980	3,063	-	-	-	3,063	3,063	-
Total U.S. Department of Agriculture			2,778,685	97,554	-	-	2,778,685	2,907,318	(31,079)

The accompanying notes are an integral part of this schedule.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2022
<b>U.S. Department of Education</b>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	221530-2122	\$ 351,575	\$ -	\$ -	\$ -	\$ 340,112	\$ 281,813	\$ 58,299
Title I Grants to Local Educational Agencies		211530-2021	356,047	25,067	356,047	-	-	25,067	-
Total ALN 84.010			707,622	25,067	356,047	-	340,112	306,880	58,299
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	221700-2122	101,329	-	-	-	63,777	37,534	26,243
Title I State Agency Program for Neglected and Delinquent Children and Youth		211700-2021	90,874	6,001	53,512	-	6,902	12,903	-
Total ALN 84.013			192,203	6,001	53,512	-	70,679	50,437	26,243
English Language Acquisition State Grants	84.365	220580-2122	33,647	-	-	-	14,273	11,729	2,544
English Language Acquisition State Grants		210580-2021	21,345	-	14,085	-	63	63	-
Total ALN 84.365			54,992	-	14,085	-	14,336	11,792	2,544
Supporting Effective Instruction State Grants	84.367	220520-2122	104,485	-	-	-	75,464	72,372	3,092
Supporting Effective Instruction State Grants		210520-2021	98,100	700	84,523	-	1,353	2,053	-
		210534-2021	10,000	-	-	-	3,258	3,258	-
Total ALN 84.367			212,585	700	84,523	-	80,075	77,683	3,092
Student Support and Academic Enrichment Program	84.424	220750-2122	25,872	-	-	-	16,651	16,651	-
Student Support and Academic Enrichment Program		210750-2021	38,833	16,610	32,689	-	6,177	22,787	-
Total ALN 84.424			64,705	16,610	32,689	-	22,828	39,438	-

The accompanying notes are an integral part of this schedule.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2022
<b><u>U.S. Department of Education (continued)</u></b>									
Education Stabilization Fund									
COVID-19 Governor's Emergency Education Relief Funds (GEER II Teacher and Support Staff Payments)	84.425C	211202-2122	\$ 147,500	\$ -	\$ -	\$ -	\$ 147,500	\$ 147,500	\$ -
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	330,164	7,171	330,164	-	-	7,171	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Summer Program K-8)	84.425D	213722-2122	553,850	-	-	-	397,095	397,095	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Credit Recovery 9-12)	84.425D	213742-2122	79,200	-	-	-	68,348	68,348	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Benchmark Assessment)	84.425D	213742-2122	40,512	-	-	-	40,512	40,512	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) - Formula	84.425D	213712-2021	1,117,753	434,638	434,638	-	558,595	943,976	49,257
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III) - Formula	84.425U	213713-2122	2,512,100	-	-	-	897,724	501,497	396,227
Total ALN 84.425			<u>4,781,079</u>	<u>441,809</u>	<u>764,802</u>	<u>-</u>	<u>2,109,774</u>	<u>2,106,099</u>	<u>445,484</u>
Passed through Eaton Regional Education Service Agency									
Special Education Cluster									
Special Education Grants to States	84.027	220450-2122	3,227,532	-	-	-	3,227,532	2,849,639	377,893
Special Education Grants to States		210450-2021	3,225,508	761,211	3,225,508	-	-	761,211	-
Total ALN 84.027			<u>6,453,040</u>	<u>761,211</u>	<u>3,225,508</u>	<u>-</u>	<u>3,227,532</u>	<u>3,610,850</u>	<u>377,893</u>
Education for Homeless Children and Youth	84.196	N/A	25	-	-	-	25	25	-
Total U.S. Department of Education			<u>12,466,251</u>	<u>1,251,398</u>	<u>4,531,166</u>	<u>-</u>	<u>5,865,361</u>	<u>6,203,204</u>	<u>913,555</u>
<b><u>U.S. Department of Health and Human Services</u></b>									
Passed through Eaton Regional Education Service Agency									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	6,820	-	-	-	6,820	6,820	-
<b><u>U.S. Federal Communications Commission</u></b>									
Direct program									
COVID -19 Emergency Connectivity Fund Program	32.009	N/A	140,000	-	-	-	140,000	-	140,000
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 15,391,756</u></u>	<u><u>\$ 1,348,952</u></u>	<u><u>\$ 4,531,166</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,790,866</u></u>	<u><u>\$ 9,117,342</u></u>	<u><u>\$ 1,022,476</u></u>

The accompanying notes are an integral part of this schedule.



**GRAND LEDGE PUBLIC SCHOOL  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Grand Ledge Public Schools under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Grand Ledge Public Schools, it is not intended to and does not present the financial position or changes in net position of Grand Ledge Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the Nexsys Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reporting on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are present where available. Grand Ledge Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS**

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 5,949,380
Other nonmajor governmental funds	3,421,383
	9,370,763
Total federal revenue in the fund financial statements	9,370,763
Less: Federal assistance funding not subject to single audit act	(719,897)
Add: Current year unavailable revenue not collected within 60 days	140,000
	\$ 8,790,866
Expenditures per schedule of expenditures of federal awards	\$ 8,790,866



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

To the Board of Education  
Grand Ledge Public School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public School, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Grand Ledge Public School's basic financial statements, and have issued our report thereon dated September 7, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Grand Ledge Public School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grand Ledge Public School's internal control. Accordingly, we do not express an opinion on the effectiveness of Grand Ledge Public School's internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Maner Costeiran PC*

September 7, 2022



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

To the Board of Education  
Grand Ledge Public School

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Grand Ledge Public School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Grand Ledge Public School's major federal programs for the year ended June 30, 2022. Grand Ledge Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Grand Ledge Public School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Grand Ledge Public School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Grand Ledge Public School's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Grand Ledge Public School's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Grand Ledge Public School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Grand Ledge Public School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Grand Ledge Public School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Grand Ledge Public School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Grand Ledge Public School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Maney Costeiran PC*

September 7, 2022

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified ? \_\_\_\_\_ Yes   X   None
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes   X   None

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes   X   None
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? \_\_\_\_\_ Yes   X   None reported

Type of auditor's report issued on compliance for major programs:

*Unmodified*

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

\_\_\_\_\_ Yes   X   No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555, and 10.559	Child Nutrition Cluster
84.425	COVID-19 Education Stabilization Funds

Dollar threshold used to distinguish between type A and type B programs:

\$       750,000      

Auditee qualified as low-risk auditee?

  X   Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

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None noted.

**Section III - Federal Award Findings and Question Costs**

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None noted.

**GRAND LEDGE PUBLIC SCHOOL  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

There were no audit findings in the prior audit period.





2425 E. Grand River Ave.,  
Suite 1, Lansing, MI 48912

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September 7, 2022

To the Board of Education  
Grand Ledge Public School

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Ledge Public School for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Grand Ledge Public School are described in Note 1 to the financial statements. During the 2022 fiscal year, the District implemented Governmental Accounting Standard No. 87, *Leases*. The application of existing policies was not changed during fiscal year 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 7, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

### Restriction on Use

This information is intended solely for the use of the Board of Education and management of Grand Ledge Public School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Manes Costeiran PC*