

**SPRING LAKE PUBLIC SCHOOLS**

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

**YEAR ENDED JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Spring Lake Public Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Lake Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Spring Lake Public Schools' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Lake Public Schools as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spring Lake Public Schools basic financial statements. The 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary 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 additional supplementary 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 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021 on our consideration of Spring Lake Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Spring Lake Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Spring Lake Public Schools' internal control over financial reporting and compliance.

*Manes Costeiran PC*

October 5, 2021

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**District-wide Financial Statements**

The first two statements are District-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The statements are compiled using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, both short- and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the long-term obligations of the District resulting in total net position.

Over time, increases or decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating. To assess the District's overall financial health, one should consider additional factors which may include the State's and/or region's economic condition, changes in the District's property tax base, and age and condition of its capital assets.

**Fund Financial Statements**

For the most part, the fund financial statements are comparable to financial statements for the previous fiscal year. The fund level statements are reported on a modified accrual basis in that only those assets that are deemed "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 formats of the fund statements comply with requirements of the Michigan Department of Education's "Accounting Manual". In the state of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds categorized as Special Revenue, Debt Service, and Capital Projects Funds.

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

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Summary of Net Position**

The following schedule summarizes the net position for the fiscal years ended June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
<b>ASSETS</b>		
Current and other assets	\$ 11,430,941	\$ 9,648,635
Capital assets	71,733,881	73,687,699
<b>TOTAL ASSETS</b>	<b>83,164,822</b>	<b>83,336,334</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>16,140,602</b>	<b>18,703,141</b>
<b>LIABILITIES</b>		
Long-term liabilities outstanding	61,855,621	66,100,424
Net pension liability	53,585,639	51,218,619
Net other postemployment benefits liability	8,357,809	11,139,300
Other liabilities	4,701,907	4,205,164
<b>TOTAL LIABILITIES</b>	<b>128,500,976</b>	<b>132,663,507</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>8,409,163</b>	<b>7,918,590</b>
<b>NET POSITION</b>		
Net investment in capital assets	12,623,760	10,681,903
Restricted for memorial trust	16,646	16,646
Restricted for debt service	73,336	60,432
Unrestricted	(50,318,457)	(49,301,603)
<b>TOTAL NET POSITION</b>	<b>\$ (37,604,715)</b>	<b>\$ (38,542,622)</b>

**Analysis of Financial Position**

During the fiscal year ended June 30, 2021, the District's net position increased by \$937,907. A few of the more significant factors affecting net position during the year are discussed below:

➤ Cash Equivalents, Deposits, and Investments

At June 30, 2021, the District's cash equivalents, deposits, and investments amounted to \$6,824,005. This represented an increase of \$946,158 from the previous year, primarily resulting from increases in Federal funding in response to COVID-19.

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Analysis of Financial Position (continued)**

➤ Capital Outlay Acquisitions

For the fiscal year ended June 30, 2021, \$671,914 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained below.

The net effect of the new capital assets, assets disposed of during the fiscal year, and the current year's depreciation is a net decrease to capital assets in the amount of \$1,953,818 for the fiscal year ended June 30, 2021.

➤ Depreciation Expense

GASB 34 requires school districts to maintain records of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in the net position.

➤ Bonded Debt

For the fiscal year ended June 30, 2021, the District's bonded debt decreased by \$4,168,973 as a result of current year repayments of previously issued bonded debt and current year amortization of premiums on previously issued bonds. At fiscal year-end, approximately \$60.8 million of principal was outstanding with \$4.8 million due within one year.

➤ School Loan Revolving Program

As part of its strategic financing strategy, the District borrowed from the State of Michigan School Loan Revolving Fund Program in the amount of \$14,025,236 while accruing additional interest of \$70,348. However, the District issued refunding bonds which completely paid off the school loan revolving fund with repayments of \$14,026,236 and \$70,349 for principal and interest, respectively.

➤ Accumulated Compensated Absences and Termination Benefits

At June 30, 2021, the District had an obligation to employees for the portion of earned compensated absences and termination benefits that they would be entitled to upon separation in the amount of roughly \$1.1 million.

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Results of Operations**

For the fiscal years ended June 30, 2021 and 2020, the results of operations, on a District-wide basis, were:

	Fiscal Year Ended June 30, 2021		Fiscal Year Ended June 30, 2020	
	Amount	%	Amount	%
<b>REVENUES</b>				
General revenues				
Property taxes	\$ 8,597,362	22.45%	\$ 8,183,126	22.48%
State sources, unrestricted	16,903,092	44.14%	16,643,730	45.73%
Investment earnings	9,540	0.02%	83,366	0.23%
Other	423,668	1.11%	407,753	1.12%
Total general revenues	25,933,662	67.72%	25,317,975	69.57%
Program revenues				
Charges for services	930,941	2.43%	1,476,546	4.06%
Operating grants and contributions	11,432,038	29.85%	9,599,693	26.38%
<b>TOAL REVENUES</b>	<b>38,296,641</b>	<b>100.00%</b>	<b>36,394,214</b>	<b>100.00%</b>
<b>EXPENSES</b>				
Instruction	22,147,716	59.28%	22,390,906	59.17%
Support services	10,940,361	29.28%	10,036,535	26.52%
Community services	929,135	2.49%	1,118,282	2.96%
Student/school activities	310,887	0.83%	605,449	1.60%
Food services	1,123,738	3.01%	1,051,185	2.78%
Interest on long-term debt	1,906,897	5.10%	2,636,217	6.97%
<b>TOTAL EXPENSES</b>	<b>37,358,734</b>	<b>100.00%</b>	<b>37,838,574</b>	<b>100.00%</b>
Change in net position	<u>\$ 937,907</u>		<u>\$ (1,444,360)</u>	

**Analysis of Significant Revenues and Expenses**

Significant revenues and expenditures are discussed in the segments below:

➤ Property Taxes

The District levied 18.00 mills of property taxes for operations on non-principal residence exempt property for the 2020 tax year. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year's Consumer Price Index or 5%, whichever is less. At the time that property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property's market value. At June 30, 2021, there were no material unpaid property taxes.

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Analysis of Significant Revenues and Expenses (continued)**

➤ State Sources

The majority of the unrestricted state sources of revenues is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment that is calculated based on student counts. For the 2020-2021 fiscal year, the District received \$8,111 per student full time equivalent. The student foundation allowance amount remained consistent when compared to the 2019-2020 fiscal year not factoring for the \$175 per pupil reduction in State Funding for the 2019-2020 fiscal year.

➤ Operating Grants

The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2021, federal, state, and other grants and contributions amounted to \$11,432,038. This represents a 19.1% increase over the \$9,599,693 received for the 2019-2020 fiscal year. This increase was primarily due to an increase in State categorical funding as well as increasing in federal funding from the Child Nutrition Cluster and the new Coronavirus Relief and Education Stabilization Funds in response to the pandemic.

**Comparative Expenditures**

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

	<u>2020 - 2021</u>	<u>2019 - 2020</u>	Increase (Decrease)
<b>EXPENDITURES</b>			
Instruction	\$ 18,994,040	\$ 18,129,835	\$ 864,205
Supporting services	10,254,854	9,254,396	1,000,458
Food service activities	1,056,935	969,157	87,778
Student/school activities	294,175	632,592	(338,417)
Community service activities	869,727	1,028,207	(158,480)
Capital outlay	278,711	885,615	(606,904)
Debt service	<u>33,856,600</u>	<u>52,215,953</u>	<u>(18,359,353)</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 65,605,042</u></u>	<u><u>\$ 83,115,755</u></u>	<u><u>\$ (17,510,713)</u></u>

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**General Fund Budgetary Highlights**

The Uniform Budgeting Act of the State of Michigan requires that the local Board of Education approve the annual operating budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30, 2021.

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations for the fiscal year ending June 30, 2021.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance with Budget</u>	<u>% Variance</u>
REVENUES:					
TOTAL REVENUES	\$ 27,271,100	\$ 30,760,900	\$ 30,735,407	\$ (25,493)	-0.08%
EXPENDITURES					
Instruction	\$ 18,900,400	\$ 18,955,800	\$ 18,994,040	\$ (38,240)	-0.20%
Supporting services	9,030,100	10,258,000	10,254,854	3,146	0.03%
Community services	113,000	120,000	120,901	(901)	-0.75%
TOTAL EXPENDITURES	\$ 28,043,500	\$ 29,333,800	\$ 29,369,795	\$ (35,995)	-0.12%
Other financing sources (uses)	\$ (165,000)	\$ (575,000)	\$ (516,861)	\$ 58,139	-10.11%

The original budget, adopted by the Board in June 2020, was amended twice during the year. The amendments, approved in January 2021 and June 2021, reflected necessary changes to both revenues and expenditures based on projections made by the Chief Financial Officer.

**Capital Asset and Debt Administration**

*Capital Assets*

By the end of the 2020-2021 fiscal year, the District had invested approximately \$98.6 million as the original cost in a broad range of capital assets, including land, school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of \$302,710 over the prior fiscal year. Depreciation expense for the year amounted to \$2,625,732, bringing the accumulated depreciation to roughly \$26.9 million as of June 30, 2021.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Land	\$ 748,428	\$ -	\$ 748,428	\$ 748,428
Construction in progress	-	-	-	49,586
Buildings and additions	85,853,220	21,172,063	64,681,157	66,433,887
Furniture and equipment	4,627,816	2,374,215	2,253,601	2,399,524
Transportation equipment	2,264,286	1,340,208	924,078	927,471
Outdoor equipment	5,119,985	1,993,368	3,126,617	3,128,803
	<u>\$ 98,613,735</u>	<u>\$ 26,879,854</u>	<u>\$ 71,733,881</u>	<u>\$ 73,687,699</u>

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Long-term Obligations**

At June 30, 2021, the District had approximately \$61.9 million in long-term obligations which included \$60,795,145 in general obligation bonds. The general obligation bonds decreased during the year by \$4,168,973. This decrease, as explained above, was a result of current year repayments of previously issued bonded debt and current year amortization of premiums on previously issued bonds. This decrease was partially offset by refunding the remainder of the school loan revolving fund debt in the current year. In addition to the general obligation bonds, the District has obligations for compensated absences and termination benefits estimated at roughly \$1.1 million. The District paid off its notes from direct borrowings and direct placements during the current fiscal year.

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- After 28 years since Proposal A of 1994 was passed in Michigan, the State's goal of closing the funding gap was achieved with the 2021-22 State Aid Act, bringing the lowest funded districts up to the base per pupil foundation allowance set at \$8,700 for the 2021-22 school year. As a result of this, the District received an increase of \$589 per pupil over the 2020-21 School year.
- During the ongoing COVID-19 pandemic, the Federal Government passed multiple financial relief acts that provided support to states and school districts for the express purpose of addressing educational needs. These educational needs include the new challenges faced in educating students during the pandemic and the ongoing need to address subsequent learning loss. The District anticipates using funds from the Supplemental Elementary and Secondary School Emergency Relief, the American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund along with the State's Supplemental Per Pupil Equalization Funding over the next three fiscal years as allowed by legislation.
- With relatively flat enrollment and rising costs in many areas including employee wages, employee health insurance, retirement contribution costs, and utilities, District administration continues to be diligent in maintaining a reasonable level of reserves (fund balance). Measures to accomplish this include, but are not limited to, cooperative agreements with Ottawa Area Intermediate School District as well as neighboring public and parochial schools and the continuation of strategic choices in how the District handles its non-instructional support services.
- In September 2012, the Governor signed P.A. 300 of 2012 - MPSERS Reform into law. This bill is the first step by the lawmakers to reform the Michigan Public Schools Employee Retirement System (MPSERS) in order to make it affordable and sustainable into the future. This law requires current school employees to make choices regarding their pension and retiree healthcare which could impact the District's and employee's contributions. It also sets the stage for addressing the ever-growing unfunded liability that MPSERS is facing. To date, these efforts have worked to reduce the unfunded liability on a state-wide basis.
- In the August of 2021, the District and its teacher's union mutually agreed to extend the current collectively bargained agreement through the 2023-24 school year that and provides for annual increases for the teaching staff. Administration believes that this agreement allows financial predictability in its major expenditure component which continues to provide great financial stability.

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Chief Financial Officer at Spring Lake Public Schools, 345 Hammond Street, Spring Lake, MI 49456.

## **BASIC FINANCIAL STATEMENTS**

**SPRING LAKE PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,107,318
Investments	1,008,885
Receivables	
Accounts	76,907
Intergovernmental	4,474,661
Inventories	26,347
Prepays	29,021
Restricted investments - capital projects	707,802
Capital assets not being depreciated	748,428
Capital assets, net of accumulated depreciation	70,985,453
<b>TOTAL ASSETS</b>	<b>83,164,822</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	132,615
Related to pensions	11,881,414
Related to other postemployment benefits	4,126,573
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>16,140,602</b>
<b>LIABILITIES</b>	
Accounts payable	1,178,671
Accrued salaries and related items	1,699,102
Accrued interest - general obligation bonds	168,929
Accrued retirement	693,856
Unearned revenue	961,349
Noncurrent liabilities	
Due within one year	4,818,981
Due in more than one year	57,036,640
Net pension liability	53,585,639
Net other postemployment benefits liability	8,357,809
<b>TOTAL LIABILITIES</b>	<b>128,500,976</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	150,302
Related to other postemployment benefits	6,237,603
Related to state aid funding for pensions	2,021,258
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>8,409,163</b>
<b>NET POSITION</b>	
Net investment in capital assets	12,623,760
Restricted for memorial trust	16,646
Restricted for debt service	73,336
Unrestricted	(50,318,457)
<b>TOTAL NET POSITION</b>	<b>\$ (37,604,715)</b>

See notes to financial statements.

**SPRING LAKE PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 22,147,716	\$ -	\$ 9,108,008	\$ (13,039,708)
Support services	10,940,361	90,440	922,941	(9,926,980)
Community services	929,135	599,190	14,826	(315,119)
Student / school activities	310,887	-	289,881	(21,006)
Food services	1,123,738	241,311	1,096,382	213,955
Interest on long-term debt	1,906,897	-	-	(1,906,897)
Total governmental activities	<u>\$ 37,358,734</u>	<u>\$ 930,941</u>	<u>\$ 11,432,038</u>	<u>(24,995,755)</u>
General revenues				
Property taxes, levied for general purposes				3,197,932
Property taxes, levied for debt service				5,399,430
Investment earnings				9,540
State sources - unrestricted				16,903,092
Other				423,668
Total general revenues				<u>25,933,662</u>
CHANGE IN NET POSITION				937,907
NET POSITION, beginning of year				<u>(38,542,622)</u>
NET POSITION, end of year				<u>\$ (37,604,715)</u>

See notes to financial statements.

**SPRING LAKE PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	Capital Projects Fund	2014 Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,484,101	\$ 1,229,111	\$ 176,808	\$ 1,217,298	\$ 5,107,318
Investments	1,008,885	-	-	-	1,008,885
Receivables					
Accounts	48,327	-	8,435	20,145	76,907
Intergovernmental	4,338,867	-	-	135,794	4,474,661
Inventories	12,579	-	-	13,768	26,347
Prepays	26,342	-	-	2,679	29,021
Restricted investments - capital projects	-	-	-	707,802	707,802
	<u>\$ 7,919,101</u>	<u>\$ 1,229,111</u>	<u>\$ 185,243</u>	<u>\$ 2,097,486</u>	<u>\$ 11,430,941</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,075,922	\$ -	\$ 595	\$ 102,154	\$ 1,178,671
Accrued salaries and related items	1,687,082	-	-	12,020	1,699,102
Accrued retirement	693,791	-	-	65	693,856
Unearned revenue	917,630	-	-	43,719	961,349
<b>TOTAL LIABILITIES</b>	<u>4,374,425</u>	<u>-</u>	<u>595</u>	<u>157,958</u>	<u>4,532,978</u>
<b>FUND BALANCES</b>					
<b>Nonspendable</b>					
Inventories	12,579	-	-	13,768	26,347
Prepays	26,342	-	-	2,679	29,021

See notes to financial statements.

	General Fund	Capital Projects Fund	2014 Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>FUND BALANCES</b>					
Restricted					
Food service	\$ -	\$ -	\$ -	\$ 521,263	\$ 521,263
Memorial trust	-	-	-	16,646	16,646
Debt service	-	-	184,648	57,617	242,265
Capital projects	-	-	-	696,748	696,748
Assigned					
Compensated absences and termination benefits	1,060,476	-	-	-	1,060,476
Capital projects	-	1,229,111	-	-	1,229,111
Committed					
Fitness and aquatic center	-	-	-	159,280	159,280
Student/school activities	-	-	-	471,527	471,527
Unassigned	2,445,279	-	-	-	2,445,279
<b>TOTAL FUND BALANCES</b>	<b>3,544,676</b>	<b>1,229,111</b>	<b>184,648</b>	<b>1,939,528</b>	<b>6,897,963</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,919,101</b>	<b>\$ 1,229,111</b>	<b>\$ 185,243</b>	<b>\$ 2,097,486</b>	<b>\$ 11,430,941</b>

**Total Governmental Fund Balances**

\$ 6,897,963

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

Deferred charge on refunding, net of amortization	132,615
Deferred outflows of resources - related to pensions	11,881,414
Deferred inflows of resources - related to pensions	(150,302)
Deferred outflows of resources - related to other postemployment benefits	4,126,573
Deferred inflows of resources - related to other postemployment benefits	(6,237,603)
Deferred inflows of resources - related to state pension funding	(2,021,258)

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

The cost of the capital assets is	\$ 98,613,735
Accumulated depreciation is	<u>(26,879,854)</u>
	71,733,881

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

General obligation bonds	(60,795,145)
Compensated absences and termination benefits	(1,060,476)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(168,929)
Net pension liability	(53,585,639)
Net other postemployment benefits liability	<u>(8,357,809)</u>

**Net Position of Governmental Activities**

**\$ (37,604,715)**

See notes to financial statements.

**SPRING LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>2014 Debt Service</u>	<u>2021 Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Local sources						
Property taxes	\$ 3,197,932	\$ -	\$ 4,666,386	\$ -	\$ 733,044	\$ 8,597,362
Tuition	76,570	-	-	-	-	76,570
Investment earnings	7,277	-	591	-	1,672	9,540
Food sales	-	-	-	-	130,804	130,804
Student/school activities	-	-	-	-	289,881	289,881
Recreation	-	-	-	-	587,542	587,542
Other	386,698	-	-	-	122,155	508,853
	<u>3,668,477</u>	<u>-</u>	<u>4,666,977</u>	<u>-</u>	<u>1,865,098</u>	<u>10,200,552</u>
Total local sources	3,668,477	-	4,666,977	-	1,865,098	10,200,552
State sources	21,636,985	-	164,151	-	121,596	21,922,732
Federal sources	1,612,400	-	-	-	1,021,562	2,633,962
Incoming transfers and other	3,817,545	-	-	-	-	3,817,545
	<u>30,735,407</u>	<u>-</u>	<u>4,831,128</u>	<u>-</u>	<u>3,008,256</u>	<u>38,574,791</u>
TOTAL REVENUES	30,735,407	-	4,831,128	-	3,008,256	38,574,791
<b>EXPENDITURES</b>						
Current						
Instruction	18,994,040	-	-	-	-	18,994,040
Supporting services	10,254,854	-	-	-	-	10,254,854
Food service activities	-	-	-	-	1,056,935	1,056,935
Community service activities	120,901	-	-	-	748,826	869,727
Student/school activities	-	-	-	-	294,175	294,175
Capital outlay	-	-	-	-	278,711	278,711

See notes to financial statements.

	General Fund	Capital Projects Fund	2014 Debt Service	2021 Debt Service	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)						
Debt service						
Principal repayment	\$ -	\$ -	\$ 13,015,000	\$ -	\$ 4,900,000	\$ 17,915,000
Redemption of school loan revolving fund	-	-	-	14,096,585	-	14,096,585
Interest	-	-	558,450	-	1,136,823	1,695,273
Bond issuance costs	-	-	-	148,415	-	148,415
Other	-	-	327	-	1,000	1,327
<b>TOTAL EXPENDITURES</b>	<b>29,369,795</b>	<b>-</b>	<b>13,573,777</b>	<b>14,245,000</b>	<b>8,416,470</b>	<b>65,605,042</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,365,612	-	(8,742,649)	(14,245,000)	(5,408,214)	(27,030,251)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of refunding bonds	-	-	-	14,245,000	-	14,245,000
Proceeds from school loan revolving fund	-	-	8,772,378	-	5,252,858	14,025,236
Proceeds from sale of capital assets	37,139	-	-	-	-	37,139
Transfers in	66,000	620,000	73,249	-	-	759,249
Transfers out	(620,000)	-	-	-	(139,249)	(759,249)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(516,861)</b>	<b>620,000</b>	<b>8,845,627</b>	<b>14,245,000</b>	<b>5,113,609</b>	<b>28,307,375</b>
NET CHANGE IN FUND BALANCES	848,751	620,000	102,978	-	(294,605)	1,277,124
FUND BALANCES						
Beginning of year	2,695,925	609,111	81,670	-	2,234,133	5,620,839
End of year	\$ 3,544,676	\$ 1,229,111	\$ 184,648	\$ -	\$ 1,939,528	\$ 6,897,963

See notes to financial statements.

**SPRING LAKE PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

**Net Change in Fund Balances Total Governmental Funds** \$ 1,277,124

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	(2,625,732)
Capital outlay	671,914

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

Accrued interest - general obligation bonds, beginning of the year	177,367
Accrued interest - general obligation bonds, end of the year	(168,929)

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, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Payments on general obligation bonds	17,915,000
Payments on school loan revolving fund	14,096,585
Interest on school loan revolving fund	(70,348)
Amortization of deferred charges on refunding	(74,790)
Amortization of general obligation bonds premium	498,973
Proceeds from sale of refunding bonds	(14,245,000)
Proceeds from school loan revolving fund	(14,025,236)

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	1,135,306
Accrued compensated absences and termination benefits, end of the year	(1,060,476)

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	(3,549,586)
Other postemployment benefits related items	1,301,024

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 the year	1,705,969
State aid funding, end of the year	(2,021,258)

**Change in Net Position of Governmental Activities** \$ 937,907

See notes to financial statements.

**SPRING LAKE PUBLIC SCHOOLS  
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 activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Spring Lake Public Schools (the “District”) is governed by the Spring Lake Public Schools 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 (GASB) Statements.

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.

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. 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 fund* accounts for the accumulation and disbursement of funds for construction projects and capital improvements. Financing is provided by enhancement millage transfers from the general fund.

The *2014 debt service fund* accounts for the resources accumulated and payments made for principal and interest on debt related to the General Obligation bonds issued in 2014.

The *2021 debt service fund* account for the resources accumulated and payments made for principal and interest on debt related to the general obligation refunding bonds issued in 2021.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation - Fund Financial Statements (continued)

*Other Nonmajor Funds*

The *special revenue funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, fitness and aquatic center, student/school activities, and memorial trust activities as 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 *2014 capital projects fund* accounts for costs of construction projects and capital improvements. Financing is provided by the General Obligation bonds issued in 2014.

The 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.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2014 capital projects fund.

The following is a summary of the revenue and expenditures for the 2014 capital projects fund bond activity since inception of the funds through the current fiscal year:

	<u>2014 Bond</u>
Revenues and other financing sources	<u>\$ 50,267,615</u>
Expenditures	<u>\$ 49,570,867</u>

The above revenue amount includes net bond proceeds of \$43,380,500.

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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 capital leases are reported as other financing sources.

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.

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 intergovernmental receivables.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

Measurement Focus and Basis of Accounting (continued)

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 funds are 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.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by 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 and the special revenue fund (fitness and aquatic center fund) are noted in the required supplementary information section.
4. 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.
5. The budget was amended during the year with an increase appropriations, the last one approved prior to year ended June 30, 2021. The District does not consider these amendments to be significant.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

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 cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.

*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.

*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.

**SPRING LAKE PUBLIC SCHOOLS  
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 land, construction in progress, buildings and additions, furniture and equipment, transportation equipment, and outdoor equipment, 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 are not depreciated. 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
Building and additions	40 - 50 years
Furniture and equipment	3 - 10 years
Transportation equipment	5 - 10 years
Outdoor equipment	5 - 10 years

*Defined Benefit Plan*

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.

**SPRING LAKE PUBLIC SCHOOLS  
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 three 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 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.

*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.

In the computation of net investment in capital assets, School Loan Revolving Fund (SLRF) principal proceeds are considered to be capital related debt. Accrued interest on the SLRF outstanding is not considered to be capital related debt. As of June 30, 2021, there was no outstanding SLRF principal or accrued interest.

However, during the year ended June 30, 2021 the District issued bonded debt in the amount of \$14,245,000 used to make principal and interest payments related to the school loan revolving fund. 0.5% of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2021 is \$70,349.

Additionally, in a previous period, the District issued bonded debt in the amount of \$34,210,000 used to make principal and interest payments related to the SLRF. 2.3% of these proceeds were not considered capital related debt as that percentage of the proceeds was used to pay off accrued interest. The remaining portion of those proceeds that is not considered to be capital related debt, after factoring for subsequent payments on those proceeds, is \$785,312 at June 30, 2021.

*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.

**SPRING LAKE PUBLIC SCHOOLS  
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*

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.

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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

Revenues and Expenditures/Expenses (continued)

*Property Taxes (continued)*

For the year ended June 30, 2021, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.000
Commercial Personal Property	6.000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.000

*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, 2021 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, 2021, \$4,861,045 of the District’s bank balance of \$5,386,880 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 \$5,107,318.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

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.

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)
MILAF External Investment pool - CMC	\$ 560	N/A
MILAF External Investment pool - MAX	1,716,127	N/A
Total fair value	\$ 1,716,687	

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
MILAF External Investment pool - CMC	\$ 560	AAAm	Standard & Poor's
MILAF External Investment pool - MAX	1,716,127	AAAm	Standard & Poor's
Total	\$ 1,716,687		

Foreign Currency Risk

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

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

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.

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 does not have any investments that are subject to the fair value hierarchy.

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 - CMC	\$ 560
MILAF External Investment pool - MAX	1,716,127
	\$ 1,716,687

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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

Fair Value Measurement (continued)

The following summarizes the categorization of these amounts as of June 30, 2021:

	Primary Government
Cash and cash equivalents	\$ 5,107,318
Investments	1,008,885
Restricted investments - capital projects	707,802
	\$ 6,824,005

**NOTE 3 - CAPITAL ASSETS**

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

	Balance July 1, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2021
Assets not being depreciated				
Land	\$ 748,428	\$ -	\$ -	\$ 748,428
Construction in progress	49,586	-	49,586	-
Subtotal	798,014	-	49,586	748,428
Other capital assets				
Buildings and additions	85,731,210	122,010	-	85,853,220
Furniture and equipment	4,595,681	140,902	108,767	4,627,816
Transportation equipment	2,109,722	201,524	46,960	2,264,286
Outdoor equipment	5,076,398	257,064	213,477	5,119,985
Subtotal	97,513,011	721,500	369,204	97,865,307
Accumulated depreciation				
Buildings and additions	19,297,323	1,874,740	-	21,172,063
Furniture and equipment	2,196,157	286,825	108,767	2,374,215
Transportation equipment	1,182,251	204,917	46,960	1,340,208
Outdoor equipment	1,947,595	259,250	213,477	1,993,368
Total accumulated depreciation	24,623,326	2,625,732	369,204	26,879,854
Net capital assets being depreciated	72,889,685	(1,904,232)	-	70,985,453
Net governmental capital assets	\$ 73,687,699	\$ (1,904,232)	\$ 49,586	\$ 71,733,881

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS (continued)**

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 1,777,815
Support services	768,959
Food service	34,649
Student / school activities	16,712
Community service	<u>27,597</u>
Total governmental activities	<u><u>\$ 2,625,732</u></u>

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Receivables at June 30, 2021 consist of the following:

	<u>Government- wide</u>
Other governmental units	
State aid	\$ 4,044,359
Federal revenue	343,050
ISD and other	<u>87,252</u>
	<u><u>\$ 4,474,661</u></u>

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

**NOTE 5 - LONG-TERM OBLIGATIONS**

The District issues general obligation bonds and used notes from direct borrowings and direct placements to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds and notes from direct borrowings and direct placements are direct obligations and pledge the full faith and credit of the District.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

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

	Accumulated Compensated Absences	Accumulated Termination Benefits	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Total
Balance, July 1, 2020	\$ 631,306	\$ 504,000	\$ 64,964,118	\$ 1,000	\$ 66,100,424
Additions	-	27,000	14,245,000	14,025,236	28,297,236
Deletions	<u>(101,830)</u>	<u>-</u>	<u>(18,413,973)</u>	<u>(14,026,236)</u>	<u>(32,542,039)</u>
Balance, June 30, 2021	529,476	531,000	60,795,145	-	61,855,621
Due within one year	<u>-</u>	<u>18,981</u>	<u>4,800,000</u>	<u>-</u>	<u>4,818,981</u>
Due in more than one year	<u>\$ 529,476</u>	<u>\$ 512,019</u>	<u>\$ 55,995,145</u>	<u>\$ -</u>	<u>\$ 57,036,640</u>

Long-term obligations at June 30, 2021 are comprised of the following issues:

**General Obligation Bonds**

2014 Building and site bonds due in annual installments of \$10,000 through May 1, 2043 with interest from 3.75% to 4.00%.	\$ 220,000
2015 Refunding bonds due in annual installments of \$1,600,000 through May 1, 2023 with interest of 5.00%.	3,200,000
2019 Refunding bonds due in annual installments of \$1,505,000 to \$2,550,000 through May 1, 2032 with interest from 1.84% to 2.55%.	24,475,000
2020 Refunding bonds due in annual installments of \$305,000 to \$1,625,000 through May 1, 2031 with interest from 0.92% to 2.20%.	12,840,000
2021 Refunding bonds due in annual installments of \$805,000 to \$2,520,000 through May 1, 2029 with interest from 0.18% to 1.63%.	14,245,000
Add - issuance premiums	<u>5,815,145</u>
Total general obligation bonds	60,795,145
Accumulated compensated absences	529,476
Accumulated termination benefits	<u>531,000</u>
Total compensated absences and termination benefits	<u>1,060,476</u>
Total long-term obligations	<u>\$ 61,855,621</u>

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

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

The annual requirements to amortize debt outstanding as of June 30, 2021, including interest payments of \$5,839,968 are as follows:

Year Ending June 30,	General Obligation Bonds		Accumulated Compensated Absences and Termination Benefits	Totals
	Principal	Interest		
2022	\$ 4,800,000	\$ 1,016,157	\$ -	\$ 5,816,157
2023	5,065,000	919,087	-	5,984,087
2024	5,365,000	794,834	-	6,159,834
2025	5,615,000	726,504	-	6,341,504
2026	5,880,000	645,132	-	6,525,132
2027 - 2031	25,765,000	1,668,987	-	27,433,987
2032 - 2036	2,420,000	58,068	-	2,478,068
2037 - 2041	50,000	10,000	-	60,000
2042 - 2043	20,000	1,200	-	21,200
	54,980,000	5,839,968	-	60,819,968
Issuance premiums	5,815,145	-	-	5,815,145
Accumulated compensated absences and termination benefits	-	-	1,060,476	1,060,476
	<u>\$ 60,795,145</u>	<u>\$ 5,839,968</u>	<u>\$ 1,060,476</u>	<u>\$ 67,695,589</u>

On June 23, 2021, the District issued general obligation refunding bonds of \$14,245,000 with interest ranging from 0.18% to 1.63% to refund the remainder of the District's outstanding school loan revolving fund debt. The bonds mature at various times through May 2029. After paying issuance costs of \$148,415, the net proceeds were \$14,096,585. The net proceeds from the issuance of the general obligation bonds were used to pay-off the remainder of the District's outstanding school loan revolving fund debt.

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (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. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Plan Description (continued)

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

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 (MPSERS) who became a member of MPSERS 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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional 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

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 transient 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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform 2012 (continued)

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.

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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Retiree Healthcare Reform of 2012 (continued)

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.

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, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions (continued)

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

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately \$4,670,000. Of the total pension contributions approximately \$4,580,000 was contributed to fund the Defined Benefit Plan and approximately \$90,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately \$1,276,000. Of the total OPEB contributions approximately \$1,215,000 was contributed to fund the Defined Benefit Plan and approximately \$61,000 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).

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 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>MPSERS (Plan) Non-University Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total pension liability	\$ 85,290,583,799	\$ 83,442,507,212
Plan fiduciary net position	\$ 50,939,496,006	\$ 50,325,869,388
Net pension liability	\$ 34,351,087,793	\$ 33,116,637,824
Proportionate share	0.15599%	0.15466%
Net pension liability for the District	\$ 53,585,639	\$ 51,218,619

For the year ended June 30, 2021, the District recognized pension expense of \$8,130,069.

At June 30, 2021, 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>
Net difference between projected and actual plan investment earnings	\$ 225,143	\$ -
Differences between expected and actual experience	818,745	114,371
Changes in proportion and differences between employer contributions and proportionate share of contributions	643,609	35,931
Change of assumptions	5,937,805	-
Reporting Unit's contributions subsequent to the measurement date	<u>4,256,112</u>	<u>-</u>
	<u>\$ 11,881,414</u>	<u>\$ 150,302</u>

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - 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)*

\$4,256,112, 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:

September 30,	Amount
2021	\$ 3,443,793
2022	2,366,739
2023	1,264,099
2024	400,369

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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 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.

MPERS (Plan) Non-University Employers	September 30, 2020	September 30, 2019
Total other postemployment benefits liability	\$ 13,206,903,534	\$ 13,925,860,688
Plan fiduciary net position	\$ 7,849,636,555	\$ 6,748,112,668
Net other postemployment benefits liability	\$ 5,357,266,979	\$ 7,177,748,020
Proportionate share	0.15601%	0.15519%
Net other postemployment benefits liability for the District	\$ 8,357,809	\$ 11,139,300

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - 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 (continued)*

For the year ended June 30, 2021, the District recognized OPEB benefit of \$85,700.

At June 30, 2021, 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
Net difference between projected and actual other postemployment benefits plan investment earnings	\$ 69,755	\$ -
Differences between expected and actual experience	-	6,227,349
Changes in proportion and differences between employer contributions and proportionate share of contributions	226,751	10,254
Change of assumptions	2,755,736	-
Reporting Unit's contributions subsequent to the measurement date	1,074,331	-
	\$ 4,126,573	\$ 6,237,603

\$1,074,331, 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:

September 30,	Amount
2021	\$ (860,637)
2022	(763,402)
2023	(625,045)
2024	(513,419)
2025	(422,858)

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - 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, 2019. 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 Comprehensive Annual Financial Report.

**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** - 7.0% for year one and graded to 3.5% in year fifteen.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - 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, 2020 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	25.00%	5.60%
International Equity Pools	15.00%	7.40%
Private Equity Pools	16.00%	9.30%
Real Estate and Infrastructure Pools	10.00%	4.90%
Fixed Income Pools	10.50%	0.50%
Absolute Return Pools	9.00%	3.20%
Real Return/Opportunistic Pools	12.50%	6.60%
Short Term Investment Pools	2.00%	-0.10%
	<u>100.00%</u>	

Long term rate of return are net of administrative expenses and 2.1% inflation.

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

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**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.

**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	\$ 69,357,520	\$ 53,585,639	\$ 40,514,266

**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 Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 10,736,556	\$ 8,357,809	\$ 6,355,104

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**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:

Reporting Unit's proportionate share of the net other postemployment benefits liability	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	\$ 6,278,424	\$ 8,357,809	\$ 10,722,853

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 2020 Comprehensive Annual 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 7 - 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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees and natural disasters. The District is a member of the West Michigan Risk Management Trust (Trust), a self-insurance program with 18 districts pooling together to insure property, liability and auto exposures. Premiums from members of the Trust are arrived at through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$994,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained to place the responsibility for small charges with the members of the Trust.

The District is a member of the West Michigan Workers' Compensation Group, a group purchase program with 15 member districts. The group purchase program is guaranteed cost and all workers' compensation or employers' liability claims are covered under the program.

The District carries commercial insurance for all other risks of loss, including employee life, health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past 3 fiscal years.

**NOTE 9 - TAX ABATEMENTS**

The District is required to disclose significant tax abatements as required by GASB Statement 77 (*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 Spring Lake and Crockery 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
Spring Lake Township	\$ 161,805
Crockery Township	4,432
	\$ 166,237

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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - TRANSFERS**

The transfers to the general fund of \$66,000 from the food service fund were for indirect costs. The transfer to the capital projects fund of \$620,000 from the general fund was to move the county enhancement millage into the capital projects fund for future improvements. The transfer to the 2014 debt service fund of \$73,249 from the 2010 debt service fund was to close out the 2010 debt service fund after the previous year refunding.

**NOTE 11 - COMMITMENTS**

The District has active capital projects outstanding at June 30, 2021. Approximately, \$697,000 is restricted and recorded as fund balance in the 2014 capital projects fund.

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SPRING LAKE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 3,578,500	\$ 3,697,700	\$ 3,668,477	\$ (29,223)
State sources	19,128,600	21,626,000	21,636,985	10,985
Federal sources	695,200	1,629,100	1,612,400	(16,700)
Incoming transfers and other	3,868,800	3,808,100	3,817,545	9,445
<b>TOTAL REVENUES</b>	<b>27,271,100</b>	<b>30,760,900</b>	<b>30,735,407</b>	<b>(25,493)</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	14,599,900	15,010,800	15,050,992	(40,192)
Added needs	4,300,500	3,945,000	3,943,048	1,952
Total instruction	18,900,400	18,955,800	18,994,040	(38,240)
Supporting services				
Pupil support	1,641,600	1,717,100	1,704,206	12,894
Instructional staff	932,700	1,057,600	1,041,285	16,315
General administration	547,000	550,000	520,540	29,460
School administration	1,530,000	1,558,000	1,582,205	(24,205)
Business services	295,900	297,900	288,448	9,452
Operation/maintenance	2,102,300	2,901,700	2,936,823	(35,123)
Pupil transportation	990,600	1,121,000	1,120,135	865
Central	400,000	420,000	439,439	(19,439)
Athletics	590,000	634,700	621,773	12,927
Total supporting services	9,030,100	10,258,000	10,254,854	3,146
Community services	113,000	120,000	120,901	(901)
<b>TOTAL EXPENDITURES</b>	<b>28,043,500</b>	<b>29,333,800</b>	<b>29,369,795</b>	<b>(35,995)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(772,400)</b>	<b>1,427,100</b>	<b>1,365,612</b>	<b>(61,488)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of capital assets	5,000	5,000	37,139	32,139
Transfers in	95,000	45,000	66,000	21,000
Transfers out	(265,000)	(625,000)	(620,000)	5,000
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>(165,000)</b>	<b>(575,000)</b>	<b>(516,861)</b>	<b>58,139</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (937,400)</b>	<b>\$ 852,100</b>	<b>848,751</b>	<b>\$ (3,349)</b>
<b>FUND BALANCE</b>				
Beginning of year			2,695,925	
End of year			<u>\$ 3,544,676</u>	

**SPRING LAKE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF  
PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.15599%	0.15466%	0.15378%	0.15223%	0.14835%	0.14914%	0.15006%
Reporting Unit's proportionate share of net pension liability	\$ 53,585,639	\$ 51,218,619	\$ 46,229,345	\$ 39,448,002	\$ 37,012,820	\$ 36,427,907	\$ 33,053,065
Reporting Unit's covered-employee payroll	\$ 13,765,334	\$ 13,501,352	\$ 13,126,870	\$ 12,899,252	\$ 12,485,598	\$ 12,402,703	\$ 12,740,149
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	389.28%	379.36%	352.17%	305.82%	296.44%	293.71%	259.44%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	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.

**SPRING LAKE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF  
THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 4,580,483	\$ 4,215,720	\$ 4,034,175	\$ 4,023,144	\$ 3,555,308	\$ 3,258,004	\$ 2,624,514
Contributions in relation to statutorily required contributions	<u>4,580,483</u>	<u>4,215,720</u>	<u>4,034,175</u>	<u>4,023,144</u>	<u>3,555,308</u>	<u>3,258,004</u>	<u>2,624,514</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Reporting Unit's covered-employee payroll	\$ 13,921,530	\$ 13,803,163	\$ 13,457,540	\$ 12,968,666	\$ 13,282,353	\$ 12,379,746	\$ 12,435,236
Contributions as a percentage of covered-employee payroll	32.90%	30.54%	29.98%	31.02%	26.77%	26.32%	21.11%

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.

**SPRING LAKE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF  
PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of other postemployment benefits liability (%)	0.15601%	0.15519%	0.15394%	0.15197%
Reporting Unit's proportionate share of other postemployment benefits liability	\$ 8,357,809	\$ 11,139,300	\$ 12,236,837	\$ 13,457,324
Reporting Unit's covered-employee payroll	\$ 13,765,334	\$ 13,501,352	\$ 13,126,870	\$ 12,899,252
Reporting Unit's proportionate share of other postemployment benefits liability as a percentage of its covered-employee payroll	60.72%	82.51%	93.22%	104.33%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	59.44%	48.46%	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, the District presents information for those years for which information is available.

**SPRING LAKE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST 10 FISCAL YEARS (DETERMINED AS OF  
THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,215,324	\$ 1,185,595	\$ 1,114,813	\$ 1,132,210
Contributions in relation to statutorily required contributions	<u>1,215,324</u>	<u>1,185,595</u>	<u>1,114,813</u>	<u>1,132,210</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 13,921,530	\$ 13,803,163	\$ 13,457,540	\$ 12,968,666
Contributions as a percentage of covered- employee payroll	8.73%	8.59%	8.28%	8.73%

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.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 - PENSION INFORMATION**

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

Changes of Assumptions - there were no changes of assumptions in 2020.

**NOTE 2 - OPEB INFORMATION**

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

Changes of Assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**SPRING LAKE PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2021**

	Special Revenue	Debt Service	2014 Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,160,979	\$ 56,319	\$ -	\$ 1,217,298
Accounts receivable	18,688	1,457	-	20,145
Intergovernmental	135,794	-	-	135,794
Prepays	2,679	-	-	2,679
Inventories	13,768	-	-	13,768
Restricted investments	-	-	707,802	707,802
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 1,331,908</u>	<u>\$ 57,776</u>	<u>\$ 707,802</u>	<u>\$ 2,097,486</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 90,941	\$ 159	\$ 11,054	\$ 102,154
Accrued salaries and related items	12,020	-	-	12,020
Accrued retirement	65	-	-	65
Unearned revenue	43,719	-	-	43,719
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>146,745</u>	<u>159</u>	<u>11,054</u>	<u>157,958</u>
<b>FUND BALANCES</b>				
<b>Nonspendable</b>				
Inventories	13,768	-	-	13,768
Prepays	2,679	-	-	2,679
<b>Restricted</b>				
Debt service	-	57,617	-	57,617
Food service	521,263	-	-	521,263
Memorial trust	16,646	-	-	16,646
Capital projects	-	-	696,748	696,748
<b>Committed</b>				
Fitness and aquatic center	159,280	-	-	159,280
Student/school activities	471,527	-	-	471,527
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>1,185,163</u>	<u>57,617</u>	<u>696,748</u>	<u>1,939,528</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,331,908</u>	<u>\$ 57,776</u>	<u>\$ 707,802</u>	<u>\$ 2,097,486</u>

**SPRING LAKE PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2021**

	Special Revenue	Debt Service	2014 Capital Projects Fund	Total
<b>REVENUES</b>				
Local sources				
Property taxes	\$ -	\$ 733,044	\$ -	\$ 733,044
Investment earnings	-	882	790	1,672
Food sales	130,804	-	-	130,804
Student/school activities	289,881	-	-	289,881
Recreation	587,542	-	-	587,542
Other	122,155	-	-	122,155
Total local sources	1,130,382	733,926	790	1,865,098
State sources	95,820	25,776	-	121,596
Federal sources	1,021,562	-	-	1,021,562
<b>TOTAL REVENUES</b>	<b>2,247,764</b>	<b>759,702</b>	<b>790</b>	<b>3,008,256</b>
<b>EXPENDITURES</b>				
Current				
Food service activities	1,056,935	-	-	1,056,935
Community service activities	748,826	-	-	748,826
Student/school activities	294,175	-	-	294,175
Capital outlay	8,064	-	270,647	278,711
Debt service				
Principal repayments	-	4,900,000	-	4,900,000
Interest	-	1,136,823	-	1,136,823
Other	-	1,000	-	1,000
<b>TOTAL EXPENDITURES</b>	<b>2,108,000</b>	<b>6,037,823</b>	<b>270,647</b>	<b>8,416,470</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>139,764</b>	<b>(5,278,121)</b>	<b>(269,857)</b>	<b>(5,408,214)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from school loan revolving fund				
	-	5,252,858	-	5,252,858
Transfers out	(66,000)	(73,249)	-	(139,249)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(66,000)</b>	<b>5,179,609</b>	<b>-</b>	<b>5,113,609</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>73,764</b>	<b>(98,512)</b>	<b>(269,857)</b>	<b>(294,605)</b>
<b>FUND BALANCES</b>				
Beginning of year	1,111,399	156,129	966,605	2,234,133
End of year	\$ 1,185,163	\$ 57,617	\$ 696,748	\$ 1,939,528

**SPRING LAKE PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	Food Service	Fitness and Aquatic Center Fund	Student/ School Activities	Memorial Trust	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 444,752	\$ 196,061	\$ 503,520	\$ 16,646	\$ 1,160,979
Accounts receivable	-	18,688	-	-	18,688
Intergovernmental	135,794	-	-	-	135,794
Prepays	-	2,679	-	-	2,679
Inventories	13,768	-	-	-	13,768
	<u>594,314</u>	<u>217,428</u>	<u>503,520</u>	<u>16,646</u>	<u>1,331,908</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 6,975	\$ 51,973	\$ 31,993	\$ -	\$ 90,941
Accrued salaries and related items	8,524	3,496	-	-	12,020
Accrued retirement	65	-	-	-	65
Unearned revenue	43,719	-	-	-	43,719
	<u>59,283</u>	<u>55,469</u>	<u>31,993</u>	<u>-</u>	<u>146,745</u>
<b>TOTAL LIABILITIES</b>					
<b>FUND BALANCES</b>					
Nonspendable					
Inventories	13,768	-	-	-	13,768
Prepays	-	2,679	-	-	2,679
Restricted	521,263	-	-	16,646	537,909
Committed	-	159,280	471,527	-	630,807
	<u>535,031</u>	<u>161,959</u>	<u>471,527</u>	<u>16,646</u>	<u>1,185,163</u>
<b>TOTAL FUND BALANCES</b>					
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					
	<u>\$ 594,314</u>	<u>\$ 217,428</u>	<u>\$ 503,520</u>	<u>\$ 16,646</u>	<u>\$ 1,331,908</u>

**SPRING LAKE PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2021**

	Food Service	Fitness and Aquatic Center Fund	Student/ School Activities	Memorial Trust	Total
<b>REVENUES</b>					
Food sales	\$ 130,804	\$ -	\$ -	\$ -	\$ 130,804
State sources	78,820	17,000	-	-	95,820
Federal sources	1,021,562	-	-	-	1,021,562
Student/school activities	-	-	289,881	-	289,881
Recreation	-	587,542	-	-	587,542
Other	110,507	11,648	-	-	122,155
<b>TOTAL REVENUES</b>	<b>1,341,693</b>	<b>616,190</b>	<b>289,881</b>	<b>-</b>	<b>2,247,764</b>
<b>EXPENDITURES</b>					
Salaries	219,721	140,238	-	-	359,959
Benefits	138,717	86,461	-	-	225,178
Purchased services	145,077	316,914	-	-	461,991
Supplies and materials	551,222	180,184	-	-	731,406
Student/school activities	-	-	294,175	-	294,175
Capital outlay	-	8,064	-	-	8,064
Other	2,198	25,029	-	-	27,227
<b>TOTAL EXPENDITURES</b>	<b>1,056,935</b>	<b>756,890</b>	<b>294,175</b>	<b>-</b>	<b>2,108,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>284,758</b>	<b>(140,700)</b>	<b>(4,294)</b>	<b>-</b>	<b>139,764</b>
<b>OTHER FINANCING USES</b>					
Transfers out	(66,000)	-	-	-	(66,000)
<b>NET CHANGE IN FUND BALANCES</b>	<b>218,758</b>	<b>(140,700)</b>	<b>(4,294)</b>	<b>-</b>	<b>73,764</b>
<b>FUND BALANCES</b>					
Beginning of year	316,273	302,659	475,821	16,646	1,111,399
End of year	<u>\$ 535,031</u>	<u>\$ 161,959</u>	<u>\$ 471,527</u>	<u>\$ 16,646</u>	<u>\$ 1,185,163</u>

**SPRING LAKE PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	<u>2015</u> <u>Debt Service</u>	<u>2019</u> <u>Debt Service</u>	<u>2020</u> <u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,000	\$ 25,739	\$ 10,580	\$ 56,319
Accounts receivable	620	209	628	1,457
<b>TOTAL ASSETS</b>	<u>\$ 20,620</u>	<u>\$ 25,948</u>	<u>\$ 11,208</u>	<u>\$ 57,776</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 100	\$ 15	\$ 44	\$ 159
<b>FUND BALANCES</b>				
Restricted for debt service	20,520	25,933	11,164	57,617
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 20,620</u>	<u>\$ 25,948</u>	<u>\$ 11,208</u>	<u>\$ 57,776</u>

**SPRING LAKE PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2021**

	2010 Debt Service	2015 Debt Service	2019 Debt Service	2020 Debt Service	Total
<b>REVENUES</b>					
Local sources					
Property taxes	\$ -	\$ 270,044	\$ 346,580	\$ 116,420	\$ 733,044
Investment earnings	-	10	115	757	882
Total local sources	-	270,054	346,695	117,177	733,926
State sources	-	9,496	12,210	4,070	25,776
<b>TOTAL REVENUES</b>	-	279,550	358,905	121,247	759,702
<b>EXPENDITURES</b>					
Principal repayments	-	4,900,000	-	-	4,900,000
Interest	-	405,000	538,157	193,666	1,136,823
Other	-	500	-	500	1,000
<b>TOTAL EXPENDITURES</b>	-	5,305,500	538,157	194,166	6,037,823
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>					
	-	(5,025,950)	(179,252)	(72,919)	(5,278,121)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from school loan revolving fund	-	4,969,938	198,837	84,083	5,252,858
Transfers out	(73,249)	-	-	-	(73,249)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(73,249)	4,969,938	198,837	84,083	5,179,609
<b>NET CHANGE IN FUND BALANCES</b>	(73,249)	(56,012)	19,585	11,164	(98,512)
<b>FUND BALANCES</b>					
Beginning of year	73,249	76,532	6,348	-	156,129
End of year	\$ -	\$ 20,520	\$ 25,933	\$ 11,164	\$ 57,617

**SPRING LAKE PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2021**

2014 School Building and Site Bonds

Fiscal Year	Interest rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2022	3.750%	\$ 10,000	\$ 4,225	\$ 4,225	\$ 18,450
2023	3.750%	10,000	4,038	4,038	18,076
2024	3.750%	10,000	3,850	3,850	17,700
2025	3.750%	10,000	3,662	3,662	17,324
2026	3.750%	10,000	3,475	3,475	16,950
2027	3.750%	10,000	3,288	3,288	16,576
2028	3.750%	10,000	3,100	3,100	16,200
2029	3.750%	10,000	2,913	2,913	15,826
2030	3.750%	10,000	2,725	2,725	15,450
2031	3.750%	10,000	2,537	2,537	15,074
2032	3.750%	10,000	2,350	2,350	14,700
2033	3.750%	10,000	2,163	2,163	14,326
2034	3.750%	10,000	1,975	1,975	13,950
2035	3.750%	10,000	1,787	1,787	13,574
2036	4.000%	10,000	1,600	1,600	13,200
2037	4.000%	10,000	1,400	1,400	12,800
2038	4.000%	10,000	1,200	1,200	12,400
2039	4.000%	10,000	1,000	1,000	12,000
2040	4.000%	10,000	800	800	11,600
2041	4.000%	10,000	600	600	11,200
2042	4.000%	10,000	400	400	10,800
2043	4.000%	10,000	200	200	10,400
Total 2014 bonded debt		<u>\$ 220,000</u>	<u>\$ 49,288</u>	<u>\$ 49,288</u>	<u>\$ 318,576</u>

The above bonds dated June 26, 2014 were issued for school building and site purposes. The amount of the original bond issue was \$47,275,000.

**SPRING LAKE PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2021**

2015 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2022	5.000%	\$ 1,600,000	\$ 80,000	\$ 80,000	\$ 1,760,000
2023	5.000%	1,600,000	40,000	40,000	1,680,000
Total 2014 bonded debt		<u>\$ 3,200,000</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 3,440,000</u>

The above bonds dated February 11, 2015 were issued for the purpose of refunding the 2006 general obligation bonds. The amount of the original bond issue was \$10,860,000.

**SPRING LAKE PUBLIC SCHOOLS**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2021**

2019 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2022	1.840%	\$ 1,505,000	\$ 255,654	\$ 269,078	\$ 2,029,732
2023	1.938%	1,600,000	240,934	255,654	2,096,588
2024	1.968%	2,200,000	219,616	240,934	2,660,550
2025	2.126%	2,250,000	197,476	219,616	2,667,092
2026	2.206%	2,300,000	173,027	197,476	2,670,503
2027	2.299%	2,350,000	147,106	173,027	2,670,133
2028	2.349%	2,400,000	119,518	147,106	2,666,624
2029	2.379%	2,450,000	90,743	119,518	2,660,261
2030	2.449%	2,500,000	61,005	90,743	2,651,748
2031	2.499%	2,550,000	29,781	61,005	2,640,786
2032	2.549%	2,370,000	8,539	29,779	2,408,318
Total 2019 bonded debt		<u>\$ 24,475,000</u>	<u>\$ 1,543,399</u>	<u>\$ 1,803,936</u>	<u>\$ 27,822,334</u>

The above bonds dated October 23, 2019 were issued for the purpose of refunding the 2010 general obligation bonds and a portion of outstanding school loan revolving fund principal and interest. The amount of the original bond issue was \$24,475,000.

**SPRING LAKE PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2021**

2020 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2022	0.917%	\$ 305,000	\$ 111,018	\$ 111,018	\$ 527,036
2023	1.014%	320,000	109,620	109,620	539,240
2024	1.140%	1,440,000	107,998	107,998	1,655,996
2025	1.290%	1,455,000	99,790	99,790	1,654,580
2026	1.546%	1,480,000	90,405	90,405	1,660,810
2027	1.746%	1,505,000	78,965	78,965	1,662,930
2028	1.952%	1,540,000	65,826	65,826	1,671,652
2029	2.052%	1,580,000	50,795	50,795	1,681,590
2030	2.102%	1,625,000	34,585	34,585	1,694,170
2031	2.202%	1,590,000	17,506	17,505	1,625,011
Total 2020 bonded debt		<u>\$ 12,840,000</u>	<u>\$ 766,508</u>	<u>\$ 766,507</u>	<u>\$ 14,373,015</u>

The above bonds dated June 17, 2020 were issued for the purpose of refunding a portion of outstanding school loan revolving fund principal and interest. The amount of the original bond issue was \$12,840,000.

**SPRING LAKE PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2021**

2021 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due	Interest Due		Total Due Annually
			May 1	November 1	
2022	0.180%	\$ 1,380,000	\$ 58,474	\$ 42,465	\$ 1,480,939
2023	0.230%	1,535,000	56,709	58,474	1,650,183
2024	0.330%	1,715,000	53,879	56,709	1,825,588
2025	0.600% - 0.870%	1,900,000	48,629	53,879	2,002,508
2026	0.920% - 1.070%	2,090,000	38,892	47,977	2,176,869
2027	1.120% - 1.430%	2,300,000	26,433	38,277	2,364,710
2028	1.460% - 1.580%	2,520,000	8,575	25,110	2,553,685
2029	1.630%	805,000	-	6,561	811,561
Total 2021 bonded debt		<u>\$ 14,245,000</u>	<u>\$ 291,591</u>	<u>\$ 329,452</u>	<u>\$ 14,866,043</u>

The above bonds dated June 23, 2021 were issued for the purpose of refunding the remainder of the outstanding school loan revolving fund principal and interest. The amount of the original bond issue was \$14,245,000.

**SPRING LAKE PUBLIC SCHOOLS  
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN  
SCHOOL LOAN REVOLVING PROGRAM  
JUNE 30, 2021**

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from and repayments to the State under this program have been summarized as follows:

Year Ended June 30,	Loan Proceeds	Interest Expense	Total
2016	\$ 1,365,940	\$ 8,756	\$ 1,374,696
2017	-	35,598	35,598
2017 repayment	(604,377)	(40,623)	(645,000)
2018	9,892,310	82,528	9,974,838
2019	9,795,227	421,078	10,216,305
2020	12,631,000	277,976	12,908,976
2020 repayment	(33,079,100)	(785,312)	(33,864,412)
2021	14,025,236	70,348	14,095,584
2021 repayment	(14,026,236)	(70,349)	(14,096,585)
Total at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SPRING LAKE PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued revenue 7/1/2020	Prior Year Expenditures (Memo Only)	Adjustments and transfers	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2021
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Donated Foods)									
Entitlement Donated Foods - Entitlement	10.555		\$ 54,631	\$ -	\$ -	\$ -	\$ 54,631	\$ 54,631	\$ -
Entitlement Donated Foods - Bonus	10.555		596	-	-	-	596	596	-
Non-Cash Assistance Subtotal			<u>55,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,227</u>	<u>55,227</u>	<u>-</u>
Cash Assistance									
COVID-19 - SFSP (Unanticipated Grant Payments)	10.555	200902	331,023	93,154	331,023	-	-	93,154	-
Total CFDA #10.555			<u>386,250</u>	<u>93,154</u>	<u>331,023</u>	<u>-</u>	<u>55,227</u>	<u>148,381</u>	<u>-</u>
COVID-19 - Summer Food Service Program for Children	10.559	210904	877,630	-	-	-	877,630	749,716	127,914
COVID-19 - Summer Food Service Program for Children	10.559	200900	88,705	-	-	-	88,705	88,705	-
Total CFDA #10.559			<u>966,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>966,335</u>	<u>838,421</u>	<u>127,914</u>
Total cash assistance			<u>1,297,358</u>	<u>93,154</u>	<u>331,023</u>	<u>-</u>	<u>966,335</u>	<u>931,575</u>	<u>127,914</u>
Total U.S. Department of Agriculture and Total Child Nutrition Cluster			<u>1,352,585</u>	<u>93,154</u>	<u>331,023</u>	<u>-</u>	<u>1,021,562</u>	<u>986,802</u>	<u>127,914</u>
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	211530-2021	62,281	-	-	-	62,281	62,281	-
Supporting Effective Instruction State Grants	84.367	210520-2021	54,152	-	-	-	37,060	37,060	-
Student Support and Academic Enrichment Program	84.424	210750-2021	10,000	-	-	-	10,000	10,000	-
Student Support and Academic Enrichment Program	84.424	200750-1920	10,000	714	10,000	-	-	714	-
Total CFDA #84.424			<u>20,000</u>	<u>714</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,714</u>	<u>-</u>
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Formula Funds)	84.425D	203710-1920	95,450	-	-	-	95,450	86,181	9,269

The accompanying notes are an integral part of this schedule.

**SPRING LAKE PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued revenue 7/1/2020	Prior Year Expenditures (Memo Only)	Adjustments and transfers	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2021
<u>U.S. Department of Education (continued)</u>									
Passed through Ottawa Area Intermediate School District (OAISD)									
Special Education Cluster									
Special Education Grants to States	84.027	210450-2021	\$ 436,169	\$ -	\$ -	\$ -	\$ 436,169	\$ 233,937	\$ 202,232
Special Education Grants to States	84.027	200450-1920	408,716	157,877	408,716	-	-	157,877	-
Total CFDA #84.027			844,885	157,877	408,716	-	436,169	391,814	202,232
Special Education Preschool Grants	84.173	210460-2021	10,064	-	-	-	10,064	8,407	1,657
Special Education Preschool Grants	84.173	200460-1920	13,939	5,571	13,939	-	-	5,571	-
Total CFDA #84.173			24,003	5,571	13,939	-	10,064	13,978	1,657
Total Special Education Cluster			868,888	163,448	422,655	-	446,233	405,792	203,889
Education for Homeless Children and Youth	84.196	212320-2021	580	-	-	-	350	350	-
Education for Homeless Children and Youth	84.196	202320-1920	889	589	889	-	-	589	-
Total CFDA #84.196			1,469	589	889	-	350	939	-
Total U.S. Department of Education			1,102,240	164,751	433,544	-	651,374	602,967	213,158
<u>U.S. Department of Health and Human Services</u>									
Passed through Ottawa Area Intermediate School District (OAISD)									
Medicaid Cluster									
Medical Assistance Program	93.778	2021 Program	2,721	-	-	-	2,721	743	1,978
Medical Assistance Program	93.778	1920 Program	3,527	873	3,527	-	-	873	-
Total CFDA #93.778 (Medicaid Cluster)			6,248	873	3,527	-	2,721	1,616	1,978
<u>U.S. Department of Treasury</u>									
Passed through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	21.019	11(p)	870,289	-	-	-	870,289	870,289	-
COVID-19 Coronavirus Relief Funds	21.019	103(2)	30,634	-	-	-	30,634	30,634	-
Total Passed through Michigan Department of Education			900,923	-	-	-	900,923	900,923	-
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds - MiConnect Connectivity Funding	21.019	N/A	13,200	-	-	-	13,200	13,200	-
Total CFDA #21.019			914,123	-	-	-	914,123	914,123	-
TOTAL FEDERAL AWARDS			\$ 3,375,196	\$ 258,778	\$ 768,094	\$ -	\$ 2,589,780	\$ 2,505,508	\$ 343,050

The accompanying notes are an integral part of this schedule.

**SPRING LAKE PUBLIC SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Spring Lake Public Schools under programs of the federal government for the year ended June 30, 2021. 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 Spring Lake Public Schools, it is not intended to and does not present the financial position or changes in net position of Spring Lake Public Schools.

Management has utilized the 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 reported 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 entity identifying numbers are presented where available. Spring Lake Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The District does not pass-through federal awards.

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

Federal expenditures are reported as revenue in the following funds in the financial statements for the period ending June 30, 2021:

General fund	\$ 1,612,400
Other nonmajor governmental fund	<u>1,021,562</u>
Total federal revenue in the fund financial statements	2,633,962
Less: Federal assistance funding not subject to single audit act	<u>(44,182)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 2,589,780</u></u>

**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  
Spring Lake Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Lake Public Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Spring Lake Public Schools' basic financial statements and have issued our report thereon dated October 5, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Spring Lake Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Spring Lake Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Spring Lake Public Schools' internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Spring Lake Public Schools' 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Manes Costeiran PC*

October 5, 2021

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

To the Board of Education  
Spring Lake Public Schools

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

We have audited Spring Lake Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Spring Lake Public Schools' major federal programs for the year ended June 30, 2021. Spring Lake Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Spring Lake Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Spring Lake Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of Spring Lake Public Schools' compliance.

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

In our opinion, Spring Lake Public Schools 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, 2021.

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

Management of Spring Lake Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Spring Lake Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Spring Lake Public Schools' 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Maney Costeiran PC*

October 5, 2021

**SPRING LAKE PUBLIC SCHOOLS  
SCHEUDLE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**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   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported

Type of 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:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

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 Questioned Costs**

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None noted

**SPRING LAKE PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**

There were no audit findings required to be reported on this schedule for the previous two years.