

**SPRING LAKE PUBLIC SCHOOLS**

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

**YEAR ENDED JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Spring Lake Public Schools

### ***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise Spring Lake Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Lake Public Schools, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spring Lake Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spring Lake Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Spring Lake Public Schools' ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spring Lake Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 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 10, 2023

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023**

**Summary of Net Position**

The following schedule summarizes the net position for the fiscal years ended June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022
<b>ASSETS</b>		
Current and other assets	\$ 38,794,959	\$ 12,632,219
Capital assets	69,310,265	69,903,825
<b>TOTAL ASSETS</b>	<b>108,105,224</b>	<b>82,536,044</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>23,763,416</b>	<b>11,954,006</b>
<b>LIABILITIES</b>		
Long-term liabilities outstanding	75,651,981	56,311,874
Net pension liability	60,358,741	37,249,750
Net other postemployment benefits liability	3,399,476	2,419,470
Other liabilities	5,208,936	3,907,731
<b>TOTAL LIABILITIES</b>	<b>144,619,134</b>	<b>99,888,825</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>11,438,514</b>	<b>23,778,197</b>
<b>NET POSITION</b>		
Net investment in capital assets	19,866,335	15,559,246
Restricted for memorial trust	16,646	16,646
Restricted for debt service	269,876	54,756
Unrestricted	(44,341,865)	(44,807,620)
<b>TOTAL NET POSITION</b>	<b>\$ (24,189,008)</b>	<b>\$ (29,176,972)</b>

**Analysis of Financial Position**

During the fiscal year ended June 30, 2023, the District's net position increased by \$4,987,964. A few of the more significant factors affecting net position during the year are discussed below:

➤ Cash Equivalents, Deposits, and Investments

At June 30, 2023 the District's cash equivalents, deposits, and investments amounted to \$33,272,443. This represented an increase of \$25,606,925 from the previous year, primarily resulting from increases in fund balance at the fund-level.



**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Analysis of Financial Position (continued)**

➤ Capital Outlay Acquisitions

For the fiscal year ended June 30, 2023, \$2,116,050 of expenditures were capitalized and recorded as assets of the District. Of the \$2,116,050 of expenditures capitalized during the current year, \$45,613 was still in progress as of current year end. 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 \$593,560 for the fiscal year ended June 30, 2023.

➤ 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, 2023 the District's bonded debt increased by \$19,417,845 as a result of the issuance of the 2023 building and site bonds during the current year. This increase was partially offset by current year repayments of previously issued bonded debt and current year amortization of premiums on previously issued bonds. At fiscal year-end, approximately \$74.9 million of principal was outstanding with \$5.4 million due within one year.

➤ Accumulated Compensated Absences and Termination Benefits

At June 30, 2023, 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 \$738,000.

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Results of Operations**

For the fiscal years ended June 30, 2023 and 2022, the results of operations, on a District-wide basis, were:

	Fiscal Year Ended June 30, 2023		Fiscal Year Ended June 30, 2022	
	Amount	%	Amount	%
<b>REVENUES</b>				
General revenues				
Property taxes	\$ 9,799,549	21.62%	\$ 9,433,804	22.42%
State sources, unrestricted	17,866,032	39.42%	17,398,051	41.35%
Investment earnings	270,504	0.60%	22,558	0.05%
Other	658,426	1.45%	618,233	1.47%
Total general revenues	28,594,511	63.09%	27,472,646	65.29%
Program revenues				
Charges for services	2,199,020	4.85%	1,467,209	3.49%
Operating grants and contributions	14,532,526	32.06%	13,136,336	31.22%
TOAL REVENUES	45,326,057	100.00%	42,076,191	100.00%
<b>EXPENSES</b>				
Instruction	23,042,125	57.12%	19,671,836	58.46%
Support services	12,569,427	31.16%	9,849,793	29.27%
Community services	1,354,213	3.36%	1,144,243	3.40%
Student/school activities	1,000,066	2.48%	648,876	1.93%
Food services	1,349,493	3.35%	1,326,625	3.94%
Interest on long-term debt	1,022,769	2.54%	1,007,075	2.99%
TOTAL EXPENSES	40,338,093	100.00%	33,648,448	100.00%
Change in net position	\$ 4,987,964		\$ 8,427,743	

**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 2022 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, 2023, there were no material unpaid property taxes.

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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 2022-2023 fiscal year, the District received \$9,150 per student full time equivalent. The student foundation allowance represents an increase of \$450 per student full time equivalent when compared to the previous fiscal year.

➤ Operating Grants

The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2023, federal, state, and other grants and contributions amounted to \$14,532,526. This represents a 10.6% increase over the \$13,136,336 received for the previous fiscal year. This increase was primarily due to an increase in State categorical funding as well as increasing in federal funding from the Education Stabilization Funds.

**Comparative Expenditures**

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

	<u>2022 - 2023</u>	<u>2021 - 2022</u>	Increase (Decrease)
<b>EXPENDITURES</b>			
Instruction	\$ 22,692,637	\$ 19,704,291	\$ 2,988,346
Supporting services	12,427,961	10,543,746	1,884,215
Food service activities	1,321,942	1,311,597	10,345
Student/school activities	1,046,368	643,697	402,671
Community service activities	1,294,485	1,136,786	157,699
Capital outlay	2,180,462	1,403,161	777,301
Debt service	6,235,701	5,820,276	415,425
	<u>\$ 47,199,556</u>	<u>\$ 40,563,554</u>	<u>\$ 6,636,002</u>

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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, 2023.

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, 2023.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance with Budget</u>	<u>% Variance</u>
REVENUES	<u>\$ 33,648,600</u>	<u>\$ 36,987,600</u>	<u>\$ 37,136,763</u>	<u>\$ 149,163</u>	<u>0.40%</u>
EXPENDITURES					
Instruction	\$ 20,808,200	\$ 22,310,400	\$ 22,692,637	\$ (382,237)	-1.71%
Supporting services	10,768,000	12,258,900	12,427,961	(169,061)	-1.38%
Community services	<u>127,800</u>	<u>144,200</u>	<u>144,190</u>	<u>10</u>	<u>0.01%</u>
TOTAL EXPENDITURES	<u>\$ 31,704,000</u>	<u>\$ 34,713,500</u>	<u>\$ 35,264,788</u>	<u>\$ (551,288)</u>	<u>-1.59%</u>
Other financing sources (uses)	<u>\$ (665,000)</u>	<u>\$ (847,200)</u>	<u>\$ (444,914)</u>	<u>\$ 402,286</u>	<u>-47.48%</u>

The original budget, adopted by the Board in June 2022, was amended twice during the year. The amendments, approved in January 2023 and June 2023, 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 2022-2023 fiscal year, the District had invested approximately \$101.25 million as the original cost in a broad range of capital assets, including land, construction in progress, school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of \$1,799,705 over the prior fiscal year. Depreciation expense for the year amounted to \$2,709,610, bringing the accumulated depreciation to roughly \$31.94 million as of June 30, 2023.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Land	\$ 1,394,009	\$ -	\$ 1,394,009	\$ 748,428
Construction in progress	45,613	-	45,613	260,336
Buildings and additions	87,339,973	24,988,083	62,351,890	63,088,229
Furniture and equipment	4,944,398	2,789,493	2,154,905	2,177,238
Transportation equipment	2,279,295	1,633,921	645,374	725,014
Outdoor equipment	<u>5,250,892</u>	<u>2,532,418</u>	<u>2,718,474</u>	<u>2,904,580</u>
	<u>\$ 101,254,180</u>	<u>\$ 31,943,915</u>	<u>\$ 69,310,265</u>	<u>\$ 69,903,825</u>

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Long-term Obligations**

At June 30, 2023, the District had approximately \$75.65 million in long-term obligations which included \$74,914,017 in general obligation bonds. The general obligation bonds increased during the year by \$19,417,845. This increase, as explained above, was a result of the current year 2023 building and site bond issuance partially offset by the current year repayments of previously issued bonded debt and current year amortization of premiums on previously issued bonds. In addition to the general obligation bonds, the District has obligations for compensated absences and termination benefits estimated at roughly \$738,000.

**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 \$9,150 for the 2022-23 school year. As a result of this, the District received an increase of \$450 per pupil over the 2021-22 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 two fiscal years as allowed by legislation.
- With a continued decline in enrollment post pandemic 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.
- On May 2, 2023, the District asked voters to consider a building and site bond proposal to address current and future capital needs. Spring Lake's voters voiced their support for its public schools and approved the requested bond issue. The bonds will be issued in two series, one in June 2023 and the second expected in the summer of 2025. These needed resources will be used to enhance the High School and athletic fields. The resources will also be used to improve safety and security, provide updated instructional technology, equipment, and vehicles.

**SPRING LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- In August of 2021, the District and its teacher's union mutually agreed to extend the existing collectively bargained agreement through the 2023-24 school year that 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 for financial stability.

**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, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,905,537
Investments	2,436,577
Receivables	
Accounts	95,031
Intergovernmental	5,244,483
Inventories	119,753
Prepays	63,249
Restricted cash and cash equivalents - capital projects	54,715
Restricted investments - capital projects	24,875,614
Capital assets not being depreciated	1,439,622
Capital assets, net of accumulated depreciation	67,870,643
TOTAL ASSETS	108,105,224
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions	19,026,921
Related to other postemployment benefits	4,736,495
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,763,416
<b>LIABILITIES</b>	
Accounts payable	947,565
Accrued salaries and related items	2,301,447
Accrued interest - general obligation bonds	257,676
Accrued retirement	1,654,542
Unearned revenue	47,706
Noncurrent liabilities	
Due within one year	5,365,000
Due in more than one year	70,286,981
Net pension liability	60,358,741
Net other postemployment benefits liability	3,399,476
TOTAL LIABILITIES	144,619,134
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred gain on refunding, net of amortization	16,965
Related to pensions	166,228
Related to other postemployment benefits	6,909,284
Related to state aid funding for pensions	4,346,037
TOTAL DEFERRED INFLOWS OF RESOURCES	11,438,514
<b>NET POSITION</b>	
Net investment in capital assets	19,866,335
Restricted for memorial trust	16,646
Restricted for debt service	269,876
Unrestricted	(44,341,865)
TOTAL NET POSITION	\$ (24,189,008)

See notes to financial statements.



**SPRING LAKE PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 23,042,125	\$ -	\$ 11,588,432	\$ (11,453,693)
Support services	12,569,427	294,820	1,176,582	(11,098,025)
Community services	1,354,213	1,135,538	15,000	(203,675)
Student / school activities	1,000,066	-	1,045,125	45,059
Food services	1,349,493	768,662	707,387	126,556
Interest on long-term debt	1,022,769	-	-	(1,022,769)
Total governmental activities	<u>\$ 40,338,093</u>	<u>\$ 2,199,020</u>	<u>\$ 14,532,526</u>	<u>(23,606,547)</u>
General revenues				
Property taxes, levied for general purposes				3,728,349
Property taxes, levied for debt service				6,071,200
Investment earnings				270,504
State sources - unrestricted				17,866,032
Other				658,426
Total general revenues				<u>28,594,511</u>
CHANGE IN NET POSITION				4,987,964
NET POSITION, beginning of year				<u>(29,176,972)</u>
NET POSITION, end of year				<u>\$ (24,189,008)</u>

See notes to financial statements.

**SPRING LAKE PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>General Fund</u>	<u>2023 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,331,282	\$ -	\$ 2,574,255	\$ 5,905,537
Investments	2,436,577	-	-	2,436,577
Receivables				
Accounts	14,406	-	80,625	95,031
Intergovernmental	5,218,680	-	25,803	5,244,483
Inventories	105,855	-	13,898	119,753
Prepays	62,485	-	764	63,249
Restricted cash and cash equivalents	-	-	54,715	54,715
Restricted investments	-	24,874,370	1,244	24,875,614
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 11,169,285</u>	<u>\$ 24,874,370</u>	<u>\$ 2,751,304</u>	<u>\$ 38,794,959</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 622,880	\$ 152,001	\$ 172,684	\$ 947,565
Accrued salaries and related items	2,275,430	-	26,017	2,301,447
Accrued retirement	1,650,270	-	4,272	1,654,542
Unearned revenue	-	-	47,706	47,706
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>4,548,580</u>	<u>152,001</u>	<u>250,679</u>	<u>4,951,260</u>
<b>FUND BALANCES</b>				
<b>Nonspendable</b>				
Inventories	105,855	-	13,898	119,753
Prepays	62,485	-	764	63,249
<b>Restricted</b>				
Food service	-	-	53,533	53,533
Memorial trust	-	-	16,646	16,646
Debt service	-	-	527,552	527,552
Capital projects	-	24,722,369	-	24,722,369

See notes to financial statements.

	<u>General Fund</u>	<u>2023 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES (continued)				
Assigned				
Compensated absences and termination benefits	\$ 737,964	\$ -	\$ -	\$ 737,964
Capital projects	-	-	1,198,530	1,198,530
Committed				
Fitness and aquatic center	-	-	14,226	14,226
Student/school activities	-	-	675,476	675,476
Unassigned	<u>5,714,401</u>	<u>-</u>	<u>-</u>	<u>5,714,401</u>
 TOTAL FUND BALANCES	 <u>6,620,705</u>	 <u>24,722,369</u>	 <u>2,500,625</u>	 <u>33,843,699</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 11,169,285</u>	 <u>\$ 24,874,370</u>	 <u>\$ 2,751,304</u>	 <u>\$ 38,794,959</u>

**Total Governmental Fund Balances**

\$ 33,843,699

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

Deferred outflows of resources - related to pensions	19,026,921
Deferred outflows of resources - related to other postemployment benefits	4,736,495
Deferred inflows of resources - deferred gain on refunding, net of amortization	(16,965)
Deferred inflows of resources - related to pensions	(166,228)
Deferred inflows of resources - related to other postemployment benefits	(6,909,284)
Deferred inflows of resources - related to state pension funding	(4,346,037)

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

The cost of the capital assets is	\$ 101,254,180
Accumulated depreciation is	<u>(31,943,915)</u>
	69,310,265

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

General obligation bonds	(74,914,017)
Compensated absences and termination benefits	(737,964)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(257,676)
Net pension liability	(60,358,741)
Net other postemployment benefits liability	<u>(3,399,476)</u>

**Net Position of Governmental Activities**

\$ (24,189,008)

**SPRING LAKE PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>2023 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 3,728,349	\$ -	\$ 6,071,200	\$ 9,799,549
Tuition	170,017	-	-	170,017
Investment earnings	208,142	6,852	55,510	270,504
Food sales	-	-	654,225	654,225
Student/school activities	-	-	1,045,125	1,045,125
Recreation	-	-	1,135,538	1,135,538
Other	523,850	-	114,500	638,350
	<u>4,630,358</u>	<u>6,852</u>	<u>9,076,098</u>	<u>13,713,308</u>
Total local sources	4,630,358	6,852	9,076,098	13,713,308
State sources	25,370,270	-	401,712	25,771,982
Federal sources	2,715,301	-	554,309	3,269,610
Incoming transfers and other	4,420,834	-	-	4,420,834
	<u>37,136,763</u>	<u>6,852</u>	<u>10,032,119</u>	<u>47,175,734</u>
<b>TOTAL REVENUES</b>	<u>37,136,763</u>	<u>6,852</u>	<u>10,032,119</u>	<u>47,175,734</u>
<b>EXPENDITURES</b>				
Current				
Instruction	22,692,637	-	-	22,692,637
Supporting services	12,427,961	-	-	12,427,961
Food service activities	-	-	1,321,942	1,321,942
Community service activities	144,190	-	1,150,295	1,294,485
Student/school activities	-	-	1,046,368	1,046,368
Capital outlay	-	16,722	2,163,740	2,180,462

See notes to financial statements.

	<u>General Fund</u>	<u>2023 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (continued)				
Debt service				
Principal repayment	\$ -	\$ -	\$ 5,065,000	\$ 5,065,000
Interest	-	-	919,200	919,200
Bond issuance costs	-	249,580	-	249,580
Other	-	-	1,921	1,921
TOTAL EXPENDITURES	<u>35,264,788</u>	<u>266,302</u>	<u>11,668,466</u>	<u>47,199,556</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,871,975</u>	<u>(259,450)</u>	<u>(1,636,347)</u>	<u>(23,822)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	-	23,775,000	-	23,775,000
Bond premium	-	1,206,819	-	1,206,819
Proceeds from sale of capital assets	5,286	-	-	5,286
Transfers in	59,000	-	2,082,015	2,141,015
Transfers out	<u>(509,200)</u>	<u>-</u>	<u>(1,631,815)</u>	<u>(2,141,015)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(444,914)</u>	<u>24,981,819</u>	<u>450,200</u>	<u>24,987,105</u>
NET CHANGE IN FUND BALANCES	1,427,061	24,722,369	(1,186,147)	24,963,283
FUND BALANCES				
Beginning of year	<u>5,193,644</u>	<u>-</u>	<u>3,686,772</u>	<u>8,880,416</u>
End of year	<u>\$ 6,620,705</u>	<u>\$ 24,722,369</u>	<u>\$ 2,500,625</u>	<u>\$ 33,843,699</u>

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, 2023**

<b>Net Change in Fund Balances Total Governmental Funds</b>	<b>\$ 24,963,283</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:</p>	
Depreciation expense	(2,709,610)
Capital outlay	2,116,050
<p>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:</p>	
Accrued interest - general obligation bonds, beginning of the year	155,928
Accrued interest - general obligation bonds, end of the year	(257,676)
<p>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:</p>	
Payments on general obligation bonds	5,065,000
Amortization of deferred charges on refunding	(74,790)
Amortization of general obligation bonds premium	498,974
Proceeds from bond issuance	(23,775,000)
Bond premium	(1,206,819)
<p>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:</p>	
Accrued compensated absences and termination benefits, beginning of the year	815,702
Accrued compensated absences and termination benefits, end of the year	(737,964)
<p>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:</p>	
Pension related items	(463,751)
Other postemployment benefits related items	2,453,600
<p>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:</p>	
State aid funding, beginning of the year	2,491,074
State aid funding, end of the year	(4,346,037)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 4,987,964</b>

See notes to financial statements.

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

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

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.

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.

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 *2023 Capital Projects Fund* accounts for costs of construction projects and capital improvements. Financing is provided by the General Obligation bonds issued in 2023. The *2023 Capital Projects Fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the *2023 Capital Projects Fund*.

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

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

Basis of Presentation - Fund Financial Statements (continued)

The following is a summary of the revenue and expenditures for the *2023 Capital Projects Fund* bond activity since inception of the funds through the current fiscal year:

	2023 Capital Projects Fund
Revenues and other financing sources	\$ 24,988,671
Expenditures	\$ 266,302

The above revenue amount includes bond proceeds and premium of \$24,981,819.

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

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 *2014 Capital Projects Fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the 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:

	2014 Capital Projects Fund
Revenues and other financing sources	\$ 50,269,475
Expenditures	\$ 50,269,475

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



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

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

Basis of Presentation - Fund Financial Statements (continued)

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

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

Measurement Focus and Basis of Accounting

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 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).

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

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

Measurement Focus and Basis of Accounting (continued)

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.

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:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budget is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.

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

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

Budgetary Information (continued)

- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with an increase in appropriations, the last one approved prior to year ended June 30, 2023. The District does not consider these amendments to be significant.

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

*Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be 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.

**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)

*Investments (continued)*

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.

*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, if any, are not depreciated. Right to use assets of the District, if any, are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Building and additions	40 - 50 years
Furniture and equipment	3 - 10 years
Transportation equipment	5 - 10 years
Outdoor equipment	5 - 10 years

**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)

*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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Deferred Outflows*

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 two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide statement of net position. 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.

*Deferred Inflows*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is a deferred gain on refunding. A deferred gain 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. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The third and fourth 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.

However, in a previous period, 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 portion of those proceeds that is not considered to be capital related debt, after factoring for subsequent payments on those proceeds, is \$55,953 at June 30, 2023.

**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)

*Net Position Flow Assumption (continued)*

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 \$708,730 at June 30, 2023.

*Fund Balance Flow Assumptions*

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

*Fund Balance Policies*

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

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

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.

*Leases and Subscription Based IT Arrangements (SBITA)*

Lessee/subscriber: At times, the District is a lessee for noncancelable leases/subscriptions of equipment and/or subscription-based IT arrangements. When significant, the District recognizes a lease/SBITA liability and an intangible right-to-use lease/subscription asset in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value that it considers significant to the government-wide financial statements, or with annual lease payments that are considered significant to the fund in which they are accounted for.

**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)

*Leases and Subscription Based IT Arrangements (SBITA) (continued)*

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/subscription payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases/SBITAs include how the District determines (1) the discount rate it uses to discount the expected lease/subscription payments to present value, (2) lease/subscription term, and (3) lease/subscription payments.

- The District uses the interest rate charged by the lessor/SBITA vendor as the discount rate. When the interest rate charged by the lessor/SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITAs.
- The lease/subscription term includes the noncancelable period of the lease/subscription. Lease/subscription payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations in the statement of net position.

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, 2023, 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, 2023 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, 2023, \$5,362,780 of the District’s bank balance of \$5,993,984 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 \$5,960,252.



**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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment pool - CMC	\$ 24,896,253	N/A
MILAF External Investment pool - MAX	<u>2,415,938</u>	N/A
Total fair value	<u>\$ 27,312,191</u>	

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment pool - CMC	\$ 24,896,253	AAAm	Standard & Poor's
MILAF External Investment pool - MAX	<u>2,415,938</u>	AAAm	Standard & Poor's
Total	<u>\$ 27,312,191</u>		

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	\$ 24,896,253
MILAF External Investment pool - MAX	2,415,938
	\$ 27,312,191

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)**

The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government
Cash and cash equivalents	\$ 5,905,537
Investments	2,436,577
Restricted cash and cash equivalents - capital projects	54,715
Restricted investments - capital projects	24,875,614
	\$ 33,272,443

**NOTE 3 - CAPITAL ASSETS**

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

	Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Assets not being depreciated				
Land	\$ 748,428	\$ 645,581	\$ -	\$ 1,394,009
Construction in progress	260,336	45,613	260,336	45,613
Subtotal	1,008,764	691,194	260,336	1,439,622
Other capital assets				
Buildings and additions	86,150,474	1,189,499	-	87,339,973
Furniture and equipment	4,835,352	281,757	172,711	4,944,398
Transportation equipment	2,293,890	129,039	143,634	2,279,295
Outdoor equipment	5,165,995	84,897	-	5,250,892
Subtotal	98,445,711	1,685,192	316,345	99,814,558
Accumulated depreciation				
Buildings and additions	23,062,245	1,925,838	-	24,988,083
Furniture and equipment	2,658,114	304,090	172,711	2,789,493
Transportation equipment	1,568,876	208,679	143,634	1,633,921
Outdoor equipment	2,261,415	271,003	-	2,532,418
Total accumulated depreciation	29,550,650	2,709,610	316,345	31,943,915
Net capital assets being depreciated	68,895,061	(1,024,418)	-	67,870,643
Net governmental capital assets	\$ 69,903,825	\$ (333,224)	\$ 260,336	\$ 69,310,265

**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	\$ 1,756,401
Support services	852,696
Food service	44,145
Student / school activities	22,718
Community service	<u>33,650</u>
Total governmental activities	<u><u>\$ 2,709,610</u></u>

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Receivables at June 30, 2023 consist of the following:

	<u>Government- wide</u>
Other governmental units	
State aid	\$ 4,613,630
Federal revenue	572,430
ISD and other	<u>58,423</u>
	<u><u>\$ 5,244,483</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. The District does not have any direct borrowings and direct placements at current year end.

**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, 2023:

	Accumulated Compensated Absences	Accumulated Termination Benefits	General Obligation Bonds	Total
Balance, July 1, 2022	\$ 573,702	\$ 242,000	\$ 55,496,172	\$ 56,311,874
Additions	-	-	24,981,819	24,981,819
Deletions	<u>(4,738)</u>	<u>(73,000)</u>	<u>(5,563,974)</u>	<u>(5,641,712)</u>
Balance, June 30, 2023	568,964	169,000	74,914,017	75,651,981
Due within one year	<u>-</u>	<u>-</u>	<u>5,365,000</u>	<u>5,365,000</u>
Due in more than one year	<u>\$ 568,964</u>	<u>\$ 169,000</u>	<u>\$ 69,549,017</u>	<u>\$ 70,286,981</u>

Long-term obligations at June 30, 2023 are comprised of the following:

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%.	\$ 200,000
2019 Refunding bonds due in annual installments of \$2,200,000 to \$2,550,000 through May 1, 2032 with interest from 1.97% to 2.55%.	21,370,000
2020 Refunding bonds due in annual installments of \$1,440,000 to \$1,625,000 through May 1, 2031 with interest from 1.14% to 2.20%.	12,215,000
2021 Refunding bonds due in annual installments of \$805,000 to \$2,520,000 through November 1, 2028 with interest from 0.33% to 1.63%.	11,330,000
2023 Building and site bonds due in annual installments of \$605,000 to \$2,010,000 through November 1, 2048 with interest from 4.0% to 6.00%.	23,775,000
Add - issuance premiums	<u>6,024,017</u>
Total general obligation bonds	<u>74,914,017</u>
Accumulated compensated absences	568,964
Accumulated termination benefits	<u>169,000</u>
Total compensated absences and termination benefits	<u>737,964</u>
Total long-term obligations	<u>\$ 75,651,981</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, 2023, including interest payments of \$22,061,040, are as follows:

Year Ending June 30,	General Obligation Bonds		Accumulated Compensated Absences and Termination Benefits	Totals
	Principal	Interest		
2024	\$ 5,365,000	\$ 1,694,746	-	\$ 7,059,746
2025	5,615,000	1,799,247	-	7,414,247
2026	5,880,000	1,717,874	-	7,597,874
2027	6,165,000	1,622,091	-	7,787,091
2028	6,470,000	1,510,905	-	7,980,905
2029 - 2033	16,125,000	5,947,341	-	22,072,341
2034 - 2038	6,785,000	4,384,770	-	11,169,770
2039 - 2043	8,140,000	2,595,069	-	10,735,069
2044 - 2048	8,345,000	788,997	-	9,133,997
	68,890,000	22,061,040	-	90,951,040
Issuance premiums	6,024,017	-	-	6,024,017
Accumulated compensated absences and termination benefits	-	-	737,964	737,964
	<u>\$ 74,914,017</u>	<u>\$ 22,061,040</u>	<u>\$ 737,964</u>	<u>\$ 97,713,021</u>

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

Plan Description

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

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

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

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

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

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.

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.

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

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

Pension Reform 2012 (continued)

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 transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

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

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

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

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

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



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

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

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.

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 their 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.

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

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

Regular Retirement (no reduction factor for age) (continued)

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, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$7,437,000. Of the total pension contributions approximately \$7,309,000 was contributed to fund the Defined Benefit Plan and approximately \$128,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$1,393,000. Of the total OPEB contributions approximately \$1,313,000 was contributed to fund the Defined Benefit Plan and approximately \$80,000 was contributed to fund the Defined Contribution Plan.

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

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

Employer Contributions (continued)

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).

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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 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, 2022</u>	<u>September 30, 2021</u>
Total pension liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan fiduciary net position	\$ 58,268,076,344	\$ 62,717,060,920
Net pension liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate share	0.16049%	0.15734%
Net pension liability for the District	\$ 60,358,741	\$ 37,249,750

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

For the year ended June 30, 2023, the District recognized pension expense of \$7,772,791.

**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)*

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual plan investment earnings	\$ 141,541	\$ -
Differences between expected and actual experience	603,798	134,956
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,093,877	31,272
Change of assumptions	10,371,795	-
Reporting Unit's contributions subsequent to the measurement date	6,815,910	-
	\$ 19,026,921	\$ 166,228

\$6,815,910, 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:

Year Ended September 30,	Amount
2023	\$ 3,564,590
2024	2,677,764
2025	2,252,507
2026	3,549,922

**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

*OPEB Liabilities*

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 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.

<u>MPSERS (Plan) Non-University Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total other postemployment benefits liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net other postemployment benefits liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.16050%	0.15851%
Net other postemployment benefits liability for the District	\$ 3,399,476	\$ 2,419,470

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

For the year ended June 30, 2023, the District recognized OPEB benefit of \$1,140,728.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual other postemployment benefits plan investment earnings	\$ 265,696	\$ -
Differences between expected and actual experience	-	6,658,271
Changes in proportion and differences between employer contributions and proportionate share of contributions	329,747	4,288
Change of assumptions	3,030,062	246,725
Reporting Unit's contributions subsequent to the measurement date	<u>1,110,990</u>	<u>-</u>
	<u>\$ 4,736,495</u>	<u>\$ 6,909,284</u>

**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)*

\$1,110,990, 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:

<u>Year Ended September 30,</u>	<u>Amount</u>
2023	\$ (1,178,424)
2024	(1,062,896)
2025	(969,370)
2026	(38,122)
2027	(39,824)
2028	4,857

Actuarial Assumptions

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

**Investment Rate of Return for OPEB** - 6.00% 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.

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

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

Actuarial Assumptions (continued)

**Experience Study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

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

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

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

**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.

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

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

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2022 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%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short Term Investment Pools	2.00%	-0.50%
	<u>100.00%</u>	

Long term rate of return are net of administrative expenses and 2.2% inflation.

**Rate of Return** - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Discount Rate** - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. 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 6.00% 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 6.00%. 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.



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

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

Actuarial Assumptions (continued)

**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 6.00%, 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	\$ 79,651,115	\$ 60,358,741	\$ 44,460,956

**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 6.00%, 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	\$ 5,702,294	\$ 3,399,476	\$ 1,460,218

**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, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Current	1% Increase
		Healthcare Cost Trend Rates	
Reporting Unit's proportionate share of the net other postemployment benefits liability	\$ 1,423,538	\$ 3,399,476	\$ 5,617,505

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 2022 Annual Comprehensive Financial Report.

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

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

**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.

**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 \$1,112,000, 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 14 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 three 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	\$ 137,327
Crockery Township	3,105
	\$ 140,432

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 transfer to the general fund of \$59,000 from the food service fund was for indirect costs. The transfer to the capital projects fund of \$509,200 from the general fund was to move the county enhancement millage plus additional general funds into the capital projects fund for future improvements. The 2019 debt service fund transferred \$1,572,815 to the 2020 debt service fund to cover current year debt service payments.

**NOTE 11 - COMMITMENTS**

The District has active capital projects outstanding at June 30, 2023. Approximately \$24,722,000 is restricted and recorded as fund balance in the 2023 capital projects fund.

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

**Summary:**

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. 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. There was no material impact on the District's financial statement after the adoption of GASB Statement 96.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SPRING LAKE PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 3,790,500	\$ 4,555,700	\$ 4,630,358	\$ 74,658
State sources	23,649,900	25,465,200	25,370,270	(94,930)
Federal sources	2,259,700	2,550,300	2,715,301	165,001
Incoming transfers and other	3,948,500	4,416,400	4,420,834	4,434
<b>TOTAL REVENUES</b>	<b>33,648,600</b>	<b>36,987,600</b>	<b>37,136,763</b>	<b>149,163</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	16,885,800	17,791,500	18,086,854	(295,354)
Added needs	3,922,400	4,518,900	4,605,783	(86,883)
Total instruction	<u>20,808,200</u>	<u>22,310,400</u>	<u>22,692,637</u>	<u>(382,237)</u>
Supporting services				
Pupil support	1,774,100	1,934,300	1,967,923	(33,623)
Instructional staff	1,159,500	1,438,000	1,465,107	(27,107)
General administration	609,000	624,200	624,587	(387)
School administration	1,758,800	1,718,800	1,729,562	(10,762)
Business services	299,800	310,900	321,839	(10,939)
Operation/maintenance	2,648,700	3,455,700	3,494,713	(39,013)
Pupil transportation	1,082,700	1,233,300	1,263,426	(30,126)
Central	664,600	660,700	629,188	31,512
Athletics	770,800	883,000	931,616	(48,616)
Total supporting services	<u>10,768,000</u>	<u>12,258,900</u>	<u>12,427,961</u>	<u>(169,061)</u>
Community services	127,800	144,200	144,190	10
<b>TOTAL EXPENDITURES</b>	<b>31,704,000</b>	<b>34,713,500</b>	<b>35,264,788</b>	<b>(551,288)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,944,600</b>	<b>2,274,100</b>	<b>1,871,975</b>	<b>(402,125)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of capital assets	-	5,000	5,286	286
Transfers in	-	59,000	59,000	-
Transfers out	(665,000)	(911,200)	(509,200)	402,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(665,000)</b>	<b>(847,200)</b>	<b>(444,914)</b>	<b>402,286</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,279,600</b>	<b>\$ 1,426,900</b>	<b>1,427,061</b>	<b>\$ 161</b>
<b>FUND BALANCE</b>				
Beginning of year			5,193,644	
End of year			<u>\$ 6,620,705</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 TEN FISCAL YEARS (DETERMINED AS OF  
PLAN YEAR ENDED SEPTEMBER 30)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.16049%	0.15734%	0.15599%	0.15466%	0.15378%	0.15223%	0.14835%	0.14914%	0.15006%
Reporting Unit's proportionate share of net pension liability	\$ 60,358,741	\$ 37,249,750	\$ 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	\$ 15,903,438	\$ 14,256,371	\$ 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	379.53%	261.28%	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)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 7,309,040	\$ 5,297,472	\$ 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>7,309,040</u>	<u>5,297,472</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 15,392,416	\$ 15,299,656	\$ 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	47.48%	34.62%	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 TEN FISCAL YEARS (DETERMINED AS OF  
PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of other postemployment benefits liability (%)	0.16050%	0.15851%	0.15601%	0.15519%	0.15394%	0.15197%
Reporting Unit's proportionate share of other postemployment benefits liability	\$ 3,399,476	\$ 2,419,470	\$ 8,357,809	\$ 11,139,300	\$ 12,236,837	\$ 13,457,324
Reporting Unit's covered-employee payroll	\$ 15,903,438	\$ 14,256,371	\$ 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	21.38%	16.97%	60.72%	82.51%	93.22%	104.33%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	83.09%	87.33%	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 TEN FISCAL YEARS (DETERMINED AS OF  
THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,312,872	\$ 1,248,252	\$ 1,215,324	\$ 1,185,595	\$ 1,114,813	\$ 1,132,210
Contributions in relation to statutorily required contributions	<u>1,312,872</u>	<u>1,248,252</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 15,392,416	\$ 15,299,656	\$ 13,921,530	\$ 13,803,163	\$ 13,457,540	\$ 12,968,666
Contributions as a percentage of covered-employee payroll	8.53%	8.16%	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, 2023**

**NOTE 1 - PENSION INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

**NOTE 2 - OPEB INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**SPRING LAKE PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2023**

	Special Revenue	Debt Service	2014 Capital Projects Fund	Capital Projects Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 855,704	\$ 514,550	\$ -	\$ 1,204,001	\$ 2,574,255
Accounts receivable	67,557	13,068	-	-	80,625
Intergovernmental	25,803	-	-	-	25,803
Prepays	764	-	-	-	764
Inventories	13,898	-	-	-	13,898
Restricted cash and cash equivalents	-	-	54,715	-	54,715
Restricted investments	-	-	1,244	-	1,244
<b>TOTAL ASSETS</b>	<b><u>\$ 963,726</u></b>	<b><u>\$ 527,618</u></b>	<b><u>\$ 55,959</u></b>	<b><u>\$ 1,204,001</u></b>	<b><u>\$ 2,751,304</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 111,188	\$ 66	\$ 55,959	\$ 5,471	\$ 172,684
Accrued salaries and related items	26,017	-	-	-	26,017
Accrued retirement	4,272	-	-	-	4,272
Unearned revenue	47,706	-	-	-	47,706
<b>TOTAL LIABILITIES</b>	<b><u>189,183</u></b>	<b><u>66</u></b>	<b><u>55,959</u></b>	<b><u>5,471</u></b>	<b><u>250,679</u></b>
<b>FUND BALANCES</b>					
<b>Nonspendable</b>					
Inventories	13,898	-	-	-	13,898
Prepays	764	-	-	-	764
<b>Restricted</b>					
Debt service	-	527,552	-	-	527,552
Food service	53,533	-	-	-	53,533
Memorial trust	16,646	-	-	-	16,646
<b>Committed</b>					
Fitness and aquatic center	14,226	-	-	-	14,226
Student/school activities	675,476	-	-	-	675,476
Assigned - capital projects	-	-	-	1,198,530	1,198,530
<b>TOTAL FUND BALANCES</b>	<b><u>774,543</u></b>	<b><u>527,552</u></b>	<b><u>-</u></b>	<b><u>1,198,530</u></b>	<b><u>2,500,625</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 963,726</u></b>	<b><u>\$ 527,618</u></b>	<b><u>\$ 55,959</u></b>	<b><u>\$ 1,204,001</u></b>	<b><u>\$ 2,751,304</u></b>

**SPRING LAKE PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2023**

	Special Revenue	Debt Service	2014 Capital Projects Fund	Capital Projects Fund	Total
<b>REVENUES</b>					
Local sources					
Property taxes	\$ -	\$ 6,071,200	\$ -	\$ -	\$ 6,071,200
Investment earnings	-	31,033	-	24,477	55,510
Food sales	654,225	-	-	-	654,225
Student/school activities	1,045,125	-	-	-	1,045,125
Recreation	1,135,538	-	-	-	1,135,538
Other	114,437	63	-	-	114,500
Total local sources	2,949,325	6,102,296	-	24,477	9,076,098
State sources	201,019	200,693	-	-	401,712
Federal sources	554,309	-	-	-	554,309
<b>TOTAL REVENUES</b>	<b>3,704,653</b>	<b>6,302,989</b>	<b>-</b>	<b>24,477</b>	<b>10,032,119</b>
<b>EXPENDITURES</b>					
Current					
Food service activities	1,321,942	-	-	-	1,321,942
Community service activities	1,150,295	-	-	-	1,150,295
Student/school activities	1,046,368	-	-	-	1,046,368
Capital outlay	737,448	-	282,089	1,144,203	2,163,740
Debt service					
Principal repayments	-	5,065,000	-	-	5,065,000
Interest	-	919,200	-	-	919,200
Other	-	1,921	-	-	1,921
<b>TOTAL EXPENDITURES</b>	<b>4,256,053</b>	<b>5,986,121</b>	<b>282,089</b>	<b>1,144,203</b>	<b>11,668,466</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(551,400)</b>	<b>316,868</b>	<b>(282,089)</b>	<b>(1,119,726)</b>	<b>(1,636,347)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,572,815	-	509,200	2,082,015
Transfers out	(59,000)	(1,572,815)	-	-	(1,631,815)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(59,000)</b>	<b>-</b>	<b>-</b>	<b>509,200</b>	<b>450,200</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(610,400)</b>	<b>316,868</b>	<b>(282,089)</b>	<b>(610,526)</b>	<b>(1,186,147)</b>
<b>FUND BALANCES</b>					
Beginning of year	1,384,943	210,684	282,089	1,809,056	3,686,772
End of year	<u>\$ 774,543</u>	<u>\$ 527,552</u>	<u>\$ -</u>	<u>\$ 1,198,530</u>	<u>\$ 2,500,625</u>

**SPRING LAKE PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

	Food Service	Fitness and Aquatic Center Fund	Student/ School Activities	Memorial Trust	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 92,373	\$ 11,974	\$ 734,711	\$ 16,646	\$ 855,704
Accounts receivable	-	67,557	-	-	67,557
Intergovernmental	25,803	-	-	-	25,803
Prepays	764	-	-	-	764
Inventories	13,898	-	-	-	13,898
	<u>13,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,898</u>
TOTAL ASSETS	<u>\$ 132,838</u>	<u>\$ 79,531</u>	<u>\$ 734,711</u>	<u>\$ 16,646</u>	<u>\$ 963,726</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 12,252	\$ 39,701	\$ 59,235	\$ -	\$ 111,188
Accrued salaries and related items	3,410	22,607	-	-	26,017
Accrued retirement	1,275	2,997	-	-	4,272
Unearned revenue	47,706	-	-	-	47,706
	<u>47,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,706</u>
TOTAL LIABILITIES	<u>64,643</u>	<u>65,305</u>	<u>59,235</u>	<u>-</u>	<u>189,183</u>
<b>FUND BALANCES</b>					
Nonspendable					
Inventories	13,898	-	-	-	13,898
Prepays	764	-	-	-	764
Restricted	53,533	-	-	16,646	70,179
Committed	-	14,226	675,476	-	689,702
	<u>-</u>	<u>14,226</u>	<u>675,476</u>	<u>-</u>	<u>689,702</u>
TOTAL FUND BALANCES	<u>68,195</u>	<u>14,226</u>	<u>675,476</u>	<u>16,646</u>	<u>774,543</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 132,838</u>	<u>\$ 79,531</u>	<u>\$ 734,711</u>	<u>\$ 16,646</u>	<u>\$ 963,726</u>

**SPRING LAKE PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2023**

	Food Service	Fitness and Aquatic Center Fund	Student/ School Activities	Memorial Trust	Total
<b>REVENUES</b>					
Food sales	\$ 654,225	\$ -	\$ -	\$ -	\$ 654,225
State sources	167,085	33,934	-	-	201,019
Federal sources	554,309	-	-	-	554,309
Student/school activities	-	-	1,045,125	-	1,045,125
Recreation	-	1,135,538	-	-	1,135,538
Other	114,437	-	-	-	114,437
<b>TOTAL REVENUES</b>	<b>1,490,056</b>	<b>1,169,472</b>	<b>1,045,125</b>	<b>-</b>	<b>3,704,653</b>
<b>EXPENDITURES</b>					
Salaries	275,109	218,282	-	-	493,391
Benefits	196,258	107,222	-	-	303,480
Purchased services	173,525	489,023	-	-	662,548
Supplies and materials	674,514	284,974	-	-	959,488
Student/school activities	-	-	1,046,368	-	1,046,368
Capital outlay	618,772	118,676	-	-	737,448
Other	2,536	50,794	-	-	53,330
<b>TOTAL EXPENDITURES</b>	<b>1,940,714</b>	<b>1,268,971</b>	<b>1,046,368</b>	<b>-</b>	<b>4,256,053</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(450,658)</b>	<b>(99,499)</b>	<b>(1,243)</b>	<b>-</b>	<b>(551,400)</b>
<b>OTHER FINANCING USES</b>					
Transfers out	(59,000)	-	-	-	(59,000)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(509,658)</b>	<b>(99,499)</b>	<b>(1,243)</b>	<b>-</b>	<b>(610,400)</b>
<b>FUND BALANCES</b>					
Beginning of year	577,853	113,725	676,719	16,646	1,384,943
End of year	\$ 68,195	\$ 14,226	\$ 675,476	\$ 16,646	\$ 774,543

**SPRING LAKE PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

	<u>2014 Debt Service</u>	<u>2015 Debt Service</u>	<u>2019 Debt Service</u>	<u>2020 Debt Service</u>	<u>2021 Debt Service</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 52,328	\$ 90,133	\$ 233,321	\$ 69,159	\$ 69,609	\$ 514,550
Accounts receivable	112	3,621	1,232	4,518	3,585	13,068
<b>TOTAL ASSETS</b>	<u>\$ 52,440</u>	<u>\$ 93,754</u>	<u>\$ 234,553</u>	<u>\$ 73,677</u>	<u>\$ 73,194</u>	<u>\$ 527,618</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 66	\$ -	\$ -	\$ -	\$ 66
<b>FUND BALANCES</b>						
Restricted for debt service	52,440	93,688	234,553	73,677	73,194	527,552
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 52,440</u>	<u>\$ 93,754</u>	<u>\$ 234,553</u>	<u>\$ 73,677</u>	<u>\$ 73,194</u>	<u>\$ 527,618</u>



**SPRING LAKE PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2023**

	2014	2015	2019	2020	2021	Total
	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Total</u>
<b>REVENUES</b>						
Local sources						
Property taxes	\$ 52,375	\$ 1,681,607	\$ 2,096,698	\$ 574,498	\$ 1,666,022	\$ 6,071,200
Investment earnings	-	30,997	-	36	-	31,033
Other	-	63	-	-	-	63
Total local sources	<u>52,375</u>	<u>1,712,667</u>	<u>2,096,698</u>	<u>574,534</u>	<u>1,666,022</u>	<u>6,102,296</u>
State sources	<u>1,726</u>	<u>55,612</u>	<u>68,788</u>	<u>19,517</u>	<u>55,050</u>	<u>200,693</u>
<b>TOTAL REVENUES</b>	<u>54,101</u>	<u>1,768,279</u>	<u>2,165,486</u>	<u>594,051</u>	<u>1,721,072</u>	<u>6,302,989</u>
<b>EXPENDITURES</b>						
Principal repayments	10,000	1,600,000	320,000	1,600,000	1,535,000	5,065,000
Interest	8,190	80,000	219,240	496,587	115,183	919,200
Other	<u>304</u>	<u>744</u>	<u>50</u>	<u>680</u>	<u>143</u>	<u>1,921</u>
<b>TOTAL EXPENDITURES</b>	<u>18,494</u>	<u>1,680,744</u>	<u>539,290</u>	<u>2,097,267</u>	<u>1,650,326</u>	<u>5,986,121</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>35,607</u>	<u>87,535</u>	<u>1,626,196</u>	<u>(1,503,216)</u>	<u>70,746</u>	<u>316,868</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	1,572,815	-	1,572,815
Transfers out	<u>-</u>	<u>-</u>	<u>(1,572,815)</u>	<u>-</u>	<u>-</u>	<u>(1,572,815)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(1,572,815)</u>	<u>1,572,815</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	35,607	87,535	53,381	69,599	70,746	316,868
<b>FUND BALANCES</b>						
Beginning of year	<u>16,833</u>	<u>6,153</u>	<u>181,172</u>	<u>4,078</u>	<u>2,448</u>	<u>210,684</u>
End of year	<u>\$ 52,440</u>	<u>\$ 93,688</u>	<u>\$ 234,553</u>	<u>\$ 73,677</u>	<u>\$ 73,194</u>	<u>\$ 527,552</u>

**SPRING LAKE PUBLIC SCHOOLS  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2023**

2014 School Building and Site Bonds

Fiscal Year	Interest rate	Principal Due	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 200,000</u>	<u>\$ 41,025</u>	<u>\$ 41,025</u>	<u>\$ 282,050</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, 2023**

2019 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 21,370,000</u>	<u>\$ 1,046,811</u>	<u>\$ 1,279,204</u>	<u>\$ 23,696,015</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, 2023**

2020 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 12,215,000</u>	<u>\$ 545,870</u>	<u>\$ 545,869</u>	<u>\$ 13,306,739</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, 2023**

2021 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 11,330,000</u>	<u>\$ 176,408</u>	<u>\$ 228,513</u>	<u>\$ 11,734,921</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**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2023**

2023 School Building and Site Bonds

Fiscal Year	Interest rate	Principal Due	Interest Due		Total Due Annually
			May 1	November 1	
2024	6.000%	\$ -	\$ 536,372	\$ 363,541	\$ 899,913
2025	6.000%	-	536,372	536,372	1,072,744
2026	6.000%	-	536,372	536,372	1,072,744
2027	6.000%	-	536,372	536,372	1,072,744
2028	6.000%	-	536,372	536,372	1,072,744
2029	6.000%	605,000	536,372	536,372	1,677,744
2030	6.000%	-	518,222	518,221	1,036,443
2031	6.000%	-	518,222	518,221	1,036,443
2032	6.000%	-	518,222	518,221	1,036,443
2033	6.000%	-	518,222	518,221	1,036,443
2034	5.000%	1,235,000	487,347	518,221	2,240,568
2035	5.000%	1,290,000	455,097	487,346	2,232,443
2036	5.000%	1,345,000	421,472	455,097	2,221,569
2037	5.000%	1,400,000	386,472	421,472	2,207,944
2038	5.000%	1,465,000	349,847	386,472	2,201,319
2039	5.000%	1,515,000	311,972	349,847	2,176,819
2040	5.000%	1,555,000	273,097	311,972	2,140,069
2041	4.000%	1,615,000	240,797	273,097	2,128,894
2042	4.000%	1,670,000	207,397	240,797	2,118,194
2043	4.000%	1,735,000	172,697	207,397	2,115,094
2044	4.000%	1,805,000	136,597	172,697	2,114,294
2045	4.125%	1,870,000	98,028	136,597	2,104,625
2046	4.125%	1,935,000	58,119	98,028	2,091,147
2047	4.250%	2,010,000	15,406	58,119	2,083,525
2048	4.250%	725,000	-	15,406	740,406
<b>Total 2023 bonded debt</b>		<b>\$ 23,775,000</b>	<b>\$ 8,905,465</b>	<b>\$ 9,250,850</b>	<b>\$ 41,931,315</b>

The above bonds dated June 29, 2023 were issued for school building and site purposes. The amount of the original bond issue was \$23,775,000.

**SPRING LAKE PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor Program Title	Federal ALN	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued revenue 7/1/2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2023
<b>U.S. Department of Agriculture</b>								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-Cash Assistance (Donated Foods)								
Entitlement Donated Foods - Entitlement	10.555		\$ 65,063	\$ -	\$ -	\$ 65,063	\$ 65,063	\$ -
Entitlement Donated Foods - Bonus	10.555		10,798	-	-	10,798	10,798	-
Non-Cash Assistance Subtotal			75,861	-	-	75,861	75,861	-
Cash Assistance								
National School Lunch Program	10.555	231960	292,723	-	-	292,723	292,723	-
National School Lunch Program	10.555	221960	41,513	-	-	41,513	41,513	-
National School Lunch Program - Supply Chain Assistance	10.555	230910	31,450	-	-	31,450	31,450	-
National School Lunch Program - Supply Chain Assistance	10.555	220910	58,203	-	-	58,203	58,203	-
National School Lunch Program	10.555	221961	879,095	5,986	879,095	-	5,986	-
Total Cash Assistance Subtotal			1,302,984	5,986	879,095	423,889	429,875	-
Total ALN 10.555			1,378,845	5,986	879,095	499,750	505,736	-
School Breakfast Program	10.553	231970	39,069	-	-	39,069	39,069	-
School Breakfast Program	10.553	221970	4,190	-	-	4,190	4,190	-
School Breakfast Program	10.553	221971	101,608	1,657	101,608	-	1,657	-
Total ALN 10.553			144,867	1,657	101,608	43,259	44,916	-
Total cash assistance			1,447,851	7,643	980,703	467,148	474,791	-
Total Child Nutrition Cluster			1,523,712	7,643	980,703	543,009	550,652	-
Local Food for Schools	10.185	230985-2023	10,672	-	-	10,672	-	10,672
COVID - 19 - Pandemic EBT Local Level Costs	10.649	220980	628	-	-	628	628	-
Total U.S. Department of Agriculture			1,535,012	7,643	980,703	554,309	551,280	10,672
<b>U.S. Department of Education</b>								
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies								
	84.010	231530-2223	60,143	-	-	60,143	60,143	-
Supporting Effective Instruction State Grants	84.367	230520-2223	58,221	-	-	46,351	46,351	-
Student Support and Academic Enrichment Program	84.424	230750-2223	10,000	-	-	10,000	10,000	-
Education Stabilization Fund								
COVID-19 - Elementary and Secondary School								
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	195,665	-	-	195,665	195,665	-
Emergency Relief Fund (ESSER II - Section 98c)	84.425D	213782-2223	123,474	-	-	123,474	84,993	38,481
Emergency Relief Fund (ESSER III Equalization - Section 11t)	84.425U	213723-2122	2,264,323	-	181,423	1,376,129	935,238	440,891
Total ALN 84.425 passed through Michigan Department of Education			2,583,462	-	181,423	1,695,268	1,215,896	479,372

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, 2023**

Federal Grantor/Pass-through Grantor Program Title	Federal ALN	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued revenue 7/1/2022	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2023
<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	230450-2223	\$ 479,681	\$ -	\$ -	\$ 479,681	\$ 415,800	\$ 63,881
Special Education Grants to States	84.027	220450-2122	500,497	180,476	500,497	-	180,476	-
COVID-19 IDEA State Initiated Transition (ARP)	84.027X	221280-2122	114,876	-	-	114,876	99,617	15,259
Total ALN 84.027			<u>1,095,054</u>	<u>180,476</u>	<u>500,497</u>	<u>594,557</u>	<u>695,893</u>	<u>79,140</u>
Special Education Preschool Grants								
Special Education Preschool Grants	84.173	230460-2223	11,441	-	-	11,441	9,052	2,389
Special Education Preschool Grants	84.173	220460-2122	14,694	-	-	14,694	14,694	-
COVID-19 IDEA Preschool ARP	84.173X	221285-2122	11,074	-	-	11,074	10,217	857
Total ALN 84.173			<u>37,209</u>	<u>-</u>	<u>-</u>	<u>37,209</u>	<u>33,963</u>	<u>3,246</u>
Total Special Education Cluster			<u>1,132,263</u>	<u>180,476</u>	<u>500,497</u>	<u>631,766</u>	<u>729,856</u>	<u>82,386</u>
Education Stabilization Fund								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (Homeless Children and Youth)								
	84.425W	211020-2122	1,257	700	700	-	700	-
Total ALN 84.425			<u>2,584,719</u>	<u>700</u>	<u>182,123</u>	<u>1,695,268</u>	<u>1,216,596</u>	<u>479,372</u>
Education for Homeless Children and Youth	84.196	232320-2223	356	-	-	356	356	-
Total U.S. Department of Education			<u>3,845,702</u>	<u>181,176</u>	<u>682,620</u>	<u>2,443,884</u>	<u>2,063,302</u>	<u>561,758</u>
<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	2223 Program	4,507	-	-	4,507	4,507	-
Passed through the County of Ottawa								
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)								
	93.323	N/A	78,868	32,445	78,868	-	32,445	-
Passed through Michigan Department of Education								
Health Resources Advocates Grant								
	93.323	232810-HRA2023	112,000	-	-	112,000	112,000	-
Total ALN 93.323			<u>190,868</u>	<u>32,445</u>	<u>78,868</u>	<u>112,000</u>	<u>144,445</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>195,375</u>	<u>32,445</u>	<u>78,868</u>	<u>116,507</u>	<u>148,952</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,576,089</u>	<u>\$ 221,264</u>	<u>\$ 1,742,191</u>	<u>\$ 3,114,700</u>	<u>\$ 2,763,534</u>	<u>\$ 572,430</u>

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, 2023**

**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, 2023. 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 Nexsys Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

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

Expenditures reported on the Schedule are 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, 2023:

General fund	\$ 2,715,301
Other nonmajor governmental fund	<u>554,309</u>
Total federal revenue in the fund financial statements	3,269,610
Less: Federal assistance funding not subject to single audit act	<u>(154,910)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 3,114,700</u></u>



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

To the Board of Education of  
Spring Lake Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Lake Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Spring Lake Public Schools' basic financial statements, and have issued our report thereon dated October 10, 2023.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spring Lake Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*Manes Costeiran PC*

October 10, 2023



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

To the Board of Education of  
Spring Lake Public Schools

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

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

We have audited Spring Lake Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Spring Lake Public Schools' major federal programs for the year ended June 30, 2023. 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.

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, 2023.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

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

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

*Maney Costeiran PC*

October 10, 2023

**SPRING LAKE PUBLIC SCHOOLS  
SCHEUDLE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

**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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization 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, 2023**

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