

NEWAYGO PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
JUNE 30, 2022



Baird, Cotter & Bishop, P.C.
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NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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September 2, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Newaygo Public Schools
Newaygo, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Newaygo Public Schools, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Newaygo 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 these 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 Newaygo 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 judgement 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 judgement 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 Newaygo 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Newaygo 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages iv-xi and 39-45 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Newaygo Public Schools' basic financial statements. The other supplementary information on pages 46-48 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2022, on our consideration of Newaygo 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 Newaygo 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 Newaygo Public Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

This section of Newaygo Public Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of the following three components: the government-wide financial statements, fund financial statements, and the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Financial Highlights Section

Government-Wide

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$14,493,186, creating a deficit net position. Of this amount net investment in capital assets was \$11,581,795.
- The government's total net deficit decreased by \$2,988,022.

Fund Level

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,977,204, an increase of \$659,163 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,182,816.

Overview of the Financial Statements

Government-Wide Financial Statements

The government-wide statements 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 district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District's assets and liabilities. All of the year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

Over time, increases and decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

In the government-wide financial statements, the District’s activities are all shown in one category titled “Governmental Activities”. These activities include instruction, supporting services, food services, community services, payments to other districts, facilities acquisition, construction and improvements, student activities, interest on long-term debt, and unallocated depreciation, which are primarily financed with state and federal aid and property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called “non-major” funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section, if applicable.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

Governmental Funds – The District’s basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

Fiduciary Funds – Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

The District maintains one type of fiduciary fund. The Custodial fund reports resources held by the District in a custodial capacity for individuals, private organizations, and other governments.

Notes to Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 12-38 of this report.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Summary of Net Position

The following schedule summarizes the net position at fiscal years ended June 30:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|------------------------|------------------------|
| Assets | | |
| Current Assets | \$ 8,716,372 | \$ 7,194,844 |
| Non Current Assets | | |
| Capital Assets | 55,766,395 | 55,604,769 |
| Less Accumulated Depreciation | <u>(16,885,420)</u> | <u>(15,630,451)</u> |
| Total Non Current Assets | <u>38,880,975</u> | <u>39,974,318</u> |
| Total Assets | <u>47,597,347</u> | <u>47,169,162</u> |
| Deferred Outflows of Resources | <u>7,172,508</u> | <u>9,390,871</u> |
| Liabilities | | |
| Current Liabilities | 4,243,677 | 3,364,712 |
| Non Current Liabilities | <u>50,314,914</u> | <u>65,123,808</u> |
| Total Liabilities | <u>54,558,591</u> | <u>68,488,520</u> |
| Deferred Inflows of Resources | <u>14,704,450</u> | <u>5,552,721</u> |
| Net Position | | |
| Net Investment in Capital Assets | 11,581,795 | 11,188,142 |
| Restricted for Debt Service | 859,066 | 981,113 |
| Unrestricted | <u>(26,934,047)</u> | <u>(29,650,463)</u> |
| Total Net Position | <u>\$ (14,493,186)</u> | <u>\$ (17,481,208)</u> |

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

Analysis of Financial Position

During the fiscal year ended June 30, 2022, the District's net position increased by \$2,988,022. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

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

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2022, \$1,254,969 was recorded for depreciation expense.

2. Pension and Other Postemployment Benefits Expense

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension liability and OPEB liabilities increases or decreases in any given year.

3. Capital Outlay Acquisitions and Dispositions

For the fiscal year ended June 30, 2022, \$161,626 of expenditures for furniture and equipment, buses, and trucks were capitalized and recorded as assets of the District. These additional to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, disposal of capital assets, and the current year's depreciation is a decrease in capital assets in the amount of \$1,093,343 for the year ended June 30, 2022.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

Change in Net Position

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------------------|-------------------------------|
| General Revenues | | |
| Property Taxes | \$ 5,331,807 | \$ 5,396,902 |
| Investment Earnings | 6,029 | 5,715 |
| State Sources | 9,770,744 | 9,373,077 |
| Other | 255,991 | 159,928 |
| Total General Revenues | <u>15,364,571</u> | <u>14,935,622</u> |
| Program Revenues | | |
| Charges for Services | 167,143 | 121,730 |
| Operating Grants | 6,403,815 | 5,232,339 |
| Total Program Revenues | <u>6,570,958</u> | <u>5,354,069</u> |
| Total Revenues | <u>21,935,529</u> | <u>20,289,691</u> |
| Expenses | | |
| Instruction | 10,189,726 | 14,330,880 |
| Supporting Services | 6,467,174 | 3,866,465 |
| Community Services | 206,308 | 6,473 |
| Payments to Other Districts | 4,649 | 5,217 |
| Facilities Acquisition, Construction and Improvements | 20,655 | 346,307 |
| Interest on Long-Term Debt | 804,026 | 863,289 |
| Unallocated Depreciation | 1,254,969 | 1,243,874 |
| Total Expenses | <u>18,947,507</u> | <u>20,662,505</u> |
| Change in Net Position | 2,988,022 | (372,814) |
| <u>Net Position</u> (Deficit) - Beginning of Year | <u>(17,481,208)</u> | <u>(17,108,394)</u> |
| <u>Net Position</u> (Deficit) - End of Year | <u><u>\$ (14,493,186)</u></u> | <u><u>\$ (17,481,208)</u></u> |

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

Financial Analysis of the District’s Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District’s governmental funds:

| | <u>2022</u> | <u>2021</u> | <u>Increase (Decrease)</u> |
|-------------------------------------|-------------------------|-------------------------|--------------------------------|
| Major Funds | | | |
| General Fund | \$ 4,190,416 | \$ 3,632,623 | \$ 557,793 |
| Food Service Fund | 671,542 | 455,088 | 216,454 |
| Student Activities Fund | 108,808 | 91,486 | 17,322 |
| 2015 Debt Refunding Retirement Fund | 549,214 | 541,898 | 7,316 |
| 2016 Debt Retirement Fund | 248,008 | 197,341 | 50,667 |
| 2017 Debt Retirement Fund | <u>209,216</u> | <u>399,605</u> | <u>(190,389)</u> |
| Total Governmental Funds | <u>\$ 5,977,204</u> | <u>\$ 5,318,041</u> | <u>\$ 659,163</u> |

In 2021-2022 fiscal year, the General Fund balance increased primarily due to the increase in state and federal sources.

The Food Service Fund balance increased primarily due to the increase in state and federal sources.

In 2021-2022, the Student Activities Fund balance increased primarily due to overall more activity in this fund. Prior year there was minimal activity due to the lingering affects of COVID-19 pandemic.

The 2015 and 2016 Debt Retirement Funds increased its fund balance due to tax revenue exceeding debt payments in the current year.

The 2017 Debt Retirement Fund decreased its fund balance due to debt payments exceeding tax revenue in the current year.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2021-2022 fiscal year, the District amended the general fund budget throughout the year, with the Board adopting the final changes in June 2022. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

| | <u>ORIGINAL</u> <u>BUDGET</u> | <u>FINAL</u> <u>BUDGET</u> | <u>ACTUAL</u> |
|---|----------------------------------|-------------------------------|----------------------|
| Total Revenues | \$ 17,012,502 | \$ 18,706,452 | \$ 18,698,458 |
| <u>EXPENDITURES</u> | | | |
| Instruction | \$ 11,855,502 | \$ 12,283,069 | \$ 12,184,379 |
| Supporting Services | 5,310,928 | 5,968,773 | 5,775,902 |
| Community Services | 103,700 | 130,300 | 129,225 |
| Payments to Other Districts | 5,000 | 5,000 | 4,649 |
| Facilities Acquisition, Construction and Improvements | 7,000 | 20,300 | 20,655 |
| Debt Service | 75,855 | 75,857 | 75,855 |
| Total Expenditures | <u>\$ 17,357,985</u> | <u>\$ 18,483,299</u> | <u>\$ 18,190,665</u> |

The difference between the original and final budgeted revenue amounts is mainly due to amending the budget for additional state revenue and federal revenue. The differences between the original and final budgeted expenditures amounts are spread amongst the District's activities but is mainly attributable to an increase in anticipated expenditures for instruction. The variance between the final budgeted revenues compared to actual is minimal. The variance between the final budgeted expenditures compared to actual is mainly related to instruction and supporting services due to the District budgeting for worst case scenario.

Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2022, the District has \$38,880,975 net of accumulated depreciation, in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to \$1,254,969 bringing the accumulated depreciation to \$16,885,420 as of June 30, 2022.

For the year ended June 30, 2022, the following expenditures were capitalized:

- ❖ Kitchen equipment in the amount of \$8,447.
- ❖ School bus in the amount of \$92,326.
- ❖ Computers and related technology equipment in the amount of \$15,394.
- ❖ Pick up truck in the amount of \$45,459.

Additional information on the District's capital assets can be found in the notes to this report.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2022

2. *Long-Term Obligations*

At June 30, 2022, the District had \$26,370,000 in bonded debt outstanding. This represents a decrease of \$1,260,000, over the amount outstanding at the close of the prior fiscal year. Additional long-term liabilities include \$415,726 in compensated absences, \$146,603 installment purchase agreement, a net pension liability in the amount of \$22,501,642, and a net other postemployment benefit liability of \$1,455,503.

Additional information on the District's long-term obligations can be found in the notes to this report.

Factors Bearing on the District's Future

The District considers many factors when setting the 2022/2023 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2022/2023 fiscal year will be 90% of the Fall 2022 and 10% of Spring 2022. Approximately 70% of the General Fund revenue comes from state sources. The 2022/2023 original budget reflects an increase of \$450/pupil in the foundation allowance. The state will continue the use of School Aid to help pay for Districts' retirement obligations with the Office of Retirement Services. These funds are received by the District and disbursed immediately during the month it is received back to the retirement office through the District's payroll account. Beginning with the 2012/13 fiscal year, there have been several different retirement rates set depending on which retirement plan individuals chose based on eligibility. Although there are many, the majority of our employees are on the plan that they would have elected as of February 2014.

The District also plans to spend most or all of the remaining ESSER funds in the upcoming fiscal year. The District will also revise the Food Service Spenddown plan to spend more of the required funds out of the Food Service fund balance.

The District has settled a contract with the support staff and with the teachers' union for the 2022/2023 school year. The support staff contract and the teacher contract will both expire June 30, 2024.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and 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 financial information, please contact the Business Department, Newaygo Public Schools, 360 S. Mill Street, Newaygo, Michigan 49337.

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NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN
STATEMENT OF NET POSITION

JUNE 30, 2022

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|---|------------------------------------|
| <u>ASSETS</u> | |
| <u>CURRENT ASSETS</u> | |
| Cash and Cash Equivalents | \$ 6,092,541 |
| Accounts Receivable | 20,198 |
| Due from Other Governmental Units | 2,573,565 |
| Prepaid Expenses | 7,600 |
| Inventory | 22,468 |
| | 8,716,372 |
| Total Current Assets | 8,716,372 |
| <u>NON CURRENT ASSETS</u> | |
| Capital Assets | 55,766,395 |
| Less Accumulated Depreciation | (16,885,420) |
| | 38,880,975 |
| Total Non Current Assets | 38,880,975 |
| TOTAL ASSETS | 47,597,347 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Pension Related Items | 5,058,601 |
| Other Postemployment Benefits Related Items | 1,993,204 |
| Deferred Charge on Refunding | 120,703 |
| | 7,172,508 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 7,172,508 |
| <u>LIABILITIES</u> | |
| <u>CURRENT LIABILITIES</u> | |
| Accounts Payable | 185,339 |
| Salaries Payable | 901,894 |
| Accrued Expenses and Benefits Payable | 917,729 |
| Due to Other Governments | 145,710 |
| Unearned Revenue | 588,496 |
| Accrued Interest Payable | 147,372 |
| Current Portion of Non Current Liabilities | 1,357,137 |
| | 4,243,677 |
| Total Current Liabilities | 4,243,677 |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN
STATEMENT OF NET POSITION

JUNE 30, 2022

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|---|------------------------------------|
| <u>NON CURRENT LIABILITIES</u> | |
| Bonds Payable (Net) | 27,152,577 |
| Installment Purchase Agreements | 146,603 |
| Compensated Absences | 415,726 |
| Net Pension Liability | 22,501,642 |
| Other Postemployment Benefits Liability | 1,455,503 |
| Less Current Portion of Non Current Liabilities | <u>(1,357,137)</u> |
| Total Non Current Liabilities | <u>50,314,914</u> |
| TOTAL LIABILITIES | <u>54,558,591</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Pension Related Items | 9,126,665 |
| Other Postemployment Benefits Related Items | <u>5,577,785</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>14,704,450</u> |
| <u>NET POSITION</u> | |
| Net Investment in Capital Assets | 11,581,795 |
| Restricted for Debt Service | 859,066 |
| Unrestricted (Deficit) | <u>(26,934,047)</u> |
| TOTAL NET POSITION (DEFICIT) | <u>\$ (14,493,186)</u> |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | GOVERNMENTAL ACTIVITIES |
|---|--------------------------|-------------------------|--|---|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | |
| Instruction | \$ 10,189,726 | \$ 0 | \$ 3,727,275 | \$ (6,462,451) |
| Supporting Services | 6,467,174 | 167,143 | 2,651,541 | (3,648,490) |
| Community Services | 206,308 | 0 | 20,350 | (185,958) |
| Payments to Other Public Schools | 4,649 | 0 | 4,649 | 0 |
| Facilities Acquisition, Construction and Improvements | 20,655 | 0 | 0 | (20,655) |
| Interest on Long Term Debt | 804,026 | 0 | 0 | (804,026) |
| Unallocated Depreciation | 1,254,969 | 0 | 0 | (1,254,969) |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 18,947,507</u> | <u>\$ 167,143</u> | <u>\$ 6,403,815</u> | <u>(12,376,549)</u> |
| <u>GENERAL REVENUES</u> | | | | |
| Property Taxes - General Purposes | | | | 3,313,153 |
| Property Taxes - Debt Service | | | | 2,018,654 |
| Investment Earnings | | | | 6,029 |
| State Sources | | | | 9,770,744 |
| Other | | | | 255,991 |
| Total General Revenues | | | | <u>15,364,571</u> |
| Change in Net Position | | | | 2,988,022 |
| <u>NET POSITION</u> - Beginning of Year (Deficit) | | | | <u>(17,481,208)</u> |
| <u>NET POSITION</u> - End of Year (Deficit) | | | | <u>\$ (14,493,186)</u> |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| | SPECIAL REVENUE FUNDS | | | DEBT FUNDS | | | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------------|-------------------|-------------------------|-------------------------------------|---------------------------|---------------------------|--------------------------|
| | GENERAL FUND | FOOD SERVICE FUND | STUDENT ACTIVITIES FUND | 2015 DEBT REFUNDING RETIREMENT FUND | 2016 DEBT RETIREMENT FUND | 2017 DEBT RETIREMENT FUND | |
| | | | | | | | |
| <u>ASSETS</u> | | | | | | | |
| Cash and Cash Equivalents | \$ 4,314,333 | \$ 652,770 | \$ 118,000 | \$ 549,214 | \$ 248,508 | \$ 209,716 | \$ 6,092,541 |
| Accounts Receivable | 19,115 | 0 | 1,083 | 0 | 0 | 0 | 20,198 |
| Due from Other Funds | 21,818 | 0 | 0 | 0 | 0 | 0 | 21,818 |
| Due from Other Governmental Units | 2,547,685 | 25,880 | 0 | 0 | 0 | 0 | 2,573,565 |
| Prepaid Expenditures | 7,600 | 0 | 0 | 0 | 0 | 0 | 7,600 |
| Inventory | 0 | 22,468 | 0 | 0 | 0 | 0 | 22,468 |
| TOTAL ASSETS | \$ 6,910,551 | \$ 701,118 | \$ 119,083 | \$ 549,214 | \$ 248,508 | \$ 209,716 | \$ 8,738,190 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | |
| <u>LIABILITIES</u> | | | | | | | |
| Accounts Payable | \$ 184,922 | \$ 417 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 185,339 |
| Due to Other Funds | 0 | 10,543 | 10,275 | 0 | 500 | 500 | 21,818 |
| Salaries Payable | 892,425 | 9,469 | 0 | 0 | 0 | 0 | 901,894 |
| Accrued Expenses and Benefits Payable | 914,382 | 3,347 | 0 | 0 | 0 | 0 | 917,729 |
| Due to Other Governments | 145,710 | 0 | 0 | 0 | 0 | 0 | 145,710 |
| Unearned Revenue | 582,696 | 5,800 | 0 | 0 | 0 | 0 | 588,496 |
| Total Liabilities | 2,720,135 | 29,576 | 10,275 | 0 | 500 | 500 | 2,760,986 |
| <u>FUND BALANCES</u> | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | 0 | 22,468 | 0 | 0 | 0 | 0 | 22,468 |
| Prepaid Expenditures | 7,600 | 0 | 0 | 0 | 0 | 0 | 7,600 |
| Restricted for: | | | | | | | |
| Debt Service | 0 | 0 | 0 | 549,214 | 248,008 | 209,216 | 1,006,438 |
| Food Service | 0 | 649,074 | 0 | 0 | 0 | 0 | 649,074 |
| Assigned for: | | | | | | | |
| Student Activities | 0 | 0 | 108,808 | 0 | 0 | 0 | 108,808 |
| Unassigned | 4,182,816 | 0 | 0 | 0 | 0 | 0 | 4,182,816 |
| Total Fund Balances | 4,190,416 | 671,542 | 108,808 | 549,214 | 248,008 | 209,216 | 5,977,204 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 6,910,551 | \$ 701,118 | \$ 119,083 | \$ 549,214 | \$ 248,508 | \$ 209,716 | \$ 8,738,190 |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

| | | |
|--|---------------------|------------------------|
| Total Governmental Fund Balances | | \$ 5,977,204 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds. | | |
| The cost of the capital assets is | \$ 55,766,395 | |
| Accumulated depreciation is | <u>(16,885,420)</u> | 38,880,975 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. | | |
| Bonds Payable | | (26,370,000) |
| Installment Purchase Agreements | | (146,603) |
| Compensated Absences | | (415,726) |
| Accrued interest is not included as a liability in governmental funds, it is recorded when paid. | | |
| | | (147,372) |
| Governmental funds expense the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. | | |
| Bond Premium Net of Amortization | | (782,577) |
| Deferred Charges Net of Amortization | | 120,703 |
| Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Net Pension liability | | (22,501,642) |
| Other Post Employment Benefit Liability | | (1,455,503) |
| Deferred outflows and (inflows) of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds. | | |
| Deferred Inflows of Resources Related to Pensions | | (9,126,665) |
| Deferred Outflows of Resources Related to Pensions | | 5,058,601 |
| Deferred Inflows of Resources Related to Other Postemployment Benefits | | (5,577,785) |
| Deferred Outflows of Resources Related to Other Postemployment Benefits | | <u>1,993,204</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u>\$ (14,493,186)</u> |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

| | GENERAL FUND | FOOD SERVICE FUND | STUDENT ACTIVITIES FUND | 2015 DEBT REFUNDING RETIREMENT FUND | 2016 DEBT RETIREMENT FUND | 2017 DEBT RETIREMENT FUND | TOTAL GOVERNMENTAL FUNDS |
|------------------------------------|-----------------|-------------------------|-------------------------------|--|------------------------------------|------------------------------------|--------------------------------|
| <u>REVENUES</u> | | | | | | | |
| Local Sources | \$ 3,716,220 | \$ 51,709 | \$ 123,447 | \$ 1,260,780 | \$ 545,131 | \$ 214,775 | \$ 5,912,062 |
| State Sources | 12,649,293 | 78,308 | 0 | 14,086 | 14,086 | 14,086 | 12,769,859 |
| Federal Sources | 2,178,652 | 1,216,277 | 0 | 0 | 0 | 0 | 3,394,929 |
| Other Transactions | 154,293 | 0 | 0 | 0 | 0 | 0 | 154,293 |
| Total Revenues | 18,698,458 | 1,346,294 | 123,447 | 1,274,866 | 559,217 | 228,861 | 22,231,143 |
| <u>EXPENDITURES</u> | | | | | | | |
| Instruction | | | | | | | |
| Basic Programs | 9,624,634 | 0 | 0 | 0 | 0 | 0 | 9,624,634 |
| Added Needs | 2,559,745 | 0 | 0 | 0 | 0 | 0 | 2,559,745 |
| Supporting Services | | | | | | | |
| Pupil | 361,031 | 0 | 0 | 0 | 0 | 0 | 361,031 |
| Instructional Staff | 65,508 | 0 | 0 | 0 | 0 | 0 | 65,508 |
| General Administration | 309,536 | 0 | 0 | 0 | 0 | 0 | 309,536 |
| School Administration | 1,207,685 | 0 | 0 | 0 | 0 | 0 | 1,207,685 |
| Business | 370,856 | 0 | 0 | 0 | 0 | 0 | 370,856 |
| Operation and Maintenance of Plant | 1,503,329 | 0 | 0 | 0 | 0 | 0 | 1,503,329 |
| Pupil Transportation Services | 990,599 | 0 | 0 | 0 | 0 | 0 | 990,599 |
| Other Central Support Services | 584,162 | 0 | 0 | 0 | 0 | 0 | 584,162 |
| Athletic Activities | 383,196 | 0 | 0 | 0 | 0 | 0 | 383,196 |
| Food Service | 0 | 1,079,840 | 0 | 0 | 0 | 0 | 1,079,840 |
| Student Activities | 0 | 0 | 106,125 | 0 | 0 | 0 | 106,125 |
| Community Services | | | | | | | |
| Community Activities | 3,639 | 0 | 0 | 0 | 0 | 0 | 3,639 |
| Custody and Care of Children | 125,586 | 0 | 0 | 0 | 0 | 0 | 125,586 |
| Payments to Other Public Schools | 4,649 | 0 | 0 | 0 | 0 | 0 | 4,649 |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

| | GENERAL FUND | FOOD SERVICE FUND | STUDENT ACTIVITIES FUND | 2015 DEBT REFUNDING RETIREMENT FUND | 2016 DEBT RETIREMENT FUND | 2017 DEBT RETIREMENT FUND | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------|-------------------------|-------------------------------|--|------------------------------------|------------------------------------|--------------------------------|
| Facilities Acquisition, Construction and Improvements | 20,655 | 0 | 0 | 0 | 0 | 0 | 20,655 |
| Debt Service | | | | | | | |
| Principal | 70,179 | 0 | 0 | 1,030,000 | 105,000 | 125,000 | 1,330,179 |
| Interest and Other | 5,676 | 0 | 0 | 237,550 | 403,550 | 294,250 | 941,026 |
| Total Expenditures | 18,190,665 | 1,079,840 | 106,125 | 1,267,550 | 508,550 | 419,250 | 21,571,980 |
| Excess (Deficiency) of Revenues Over Expenditures | 507,793 | 266,454 | 17,322 | 7,316 | 50,667 | (190,389) | 659,163 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | | |
| Transfer In (Out) | 50,000 | (50,000) | 0 | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | 557,793 | 216,454 | 17,322 | 7,316 | 50,667 | (190,389) | 659,163 |
| <u>FUND BALANCE</u> - Beginning of Year | 3,632,623 | 455,088 | 91,486 | 541,898 | 197,341 | 399,605 | 5,318,041 |
| <u>FUND BALANCE</u> - End of Year | \$ 4,190,416 | \$ 671,542 | \$ 108,808 | \$ 549,214 | \$ 248,008 | \$ 209,216 | \$ 5,977,204 |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances Total Governmental Funds \$ 659,163

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.

| | |
|----------------------|-------------|
| Capital Outlay | 161,626 |
| Depreciation Expense | (1,254,969) |

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

| | |
|--|-----------|
| Accrued Interest Payable - Beginning of Year | 157,731 |
| Accrued Interest Payable - End of Year | (147,372) |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses, and liabilities are reported regardless of when financial resources are available.

| | |
|----------------------------------|-----------|
| Repayment of Bond Principal | 1,330,179 |
| Amortization of Deferred Charges | (30,176) |
| Amortization of Bond Premiums | 156,817 |

Accumulated Sick Pay is reported on the accrual method in the Statement of Activities, and recorded as expenditures when financial resources are used in the governmental funds:

| | |
|--|-----------|
| Accumulated Sick Pay - Beginning of Year | 418,910 |
| Accumulated Sick Pay - End of Year | (415,726) |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Governmental funds report district pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of benefits earned net of employee contributions is reported as expenses:

| | |
|---|-----------|
| Change in Pension Related Items | 725,794 |
| Change in Other Postemployment Benefits | 1,521,659 |

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 date:

| | |
|---|------------------|
| Change in State Aid Funding for Pension | <u>(295,614)</u> |
|---|------------------|

| | |
|---|----------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 2,988,022</u></u> |
|---|----------------------------|

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2022

| | <u>CUSTODIAL FUNDS</u> |
|--------------------------------------|----------------------------|
| <u>ASSETS</u> | |
| Cash and Cash Equivalents | \$ 309,021 |
| Accounts Receivable | <u>4,158</u> |
| TOTAL ASSETS | <u>313,179</u> |
| <u>LIABILITIES</u> | |
| Accounts Payable | <u>977</u> |
| <u>NET POSITION</u> | |
| Restricted for Scholarships | 185,759 |
| Restricted for Student Organizations | <u>126,443</u> |
| TOTAL NET POSITION | <u>\$ 312,202</u> |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2022

| | <u>CUSTODIAL FUNDS</u> |
|--|----------------------------|
| <u>ADDITIONS</u> | |
| Earnings on Investments and Deposits | \$ 1,087 |
| Donations | 13,380 |
| Other Income | <u>192,408</u> |
| Total Additions | <u>206,875</u> |
| <u>DEDUCTIONS</u> | |
| Scholarships Awarded | 9,908 |
| Payments Made on Behalf of Student Organizations | <u>173,168</u> |
| Total Deductions | <u>183,076</u> |
| Change in Net Position | 23,799 |
| <u>NET POSITION</u> - Beginning of Year | <u>288,403</u> |
| <u>NET POSITION</u> - End of Year | <u><u>\$ 312,202</u></u> |

The notes to the financial statements are an integral part of this statement.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Newaygo Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District ("the District") is located in Newaygo County with its administrative offices located in Newaygo, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,538 students in (blended count) in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government 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 generally accepted accounting principles. 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.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. 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.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 *Food Service Fund* accounts for revenue sources that are legally restricted to expenditures for Food Service.

The *Student Activities Fund* accounts for revenue sources that are assigned for specific purposes. The District accounts for its student activities in a special revenue fund.

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

Additionally, the District reports Fiduciary Funds. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

E. 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.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 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 government considers revenues to be available if they are 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 obligations 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). 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). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

- (a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
- (b) A public hearing is conducted during June to obtain taxpayer comments.
- (c) Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. 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 financial 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.
- (d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- (e) For purposes of meeting emergency needs of the District, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- (f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- (g) Budgeted amounts are as originally adopted on June 28, 2021, or as amended by the School Board of Education throughout the year.
- (h) Appropriations lapse at year-end and therefore cancel all encumbrances. These appropriations are re-established at the beginning of the following year.

2. *Excess of Expenditures Over Appropriations*

| | <u>APPROPRIATIONS</u> | <u>EXPENDITURES</u> |
|--|-----------------------|---------------------|
| General Fund | | |
| Supporting Services | | |
| Instructional Staff | \$ 65,275 | \$ 65,508 |
| Athletic Activities | 382,745 | 383,196 |
| Facilities Acquisition, Construction and Improvements | 20,300 | 20,655 |

These overages were covered by available fund balance and greater than anticipated revenues.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

1. *Cash and Cash Equivalents*

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

2. *Investments*

Investments – Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term and duration the rate of return is fixed, and the District intends to hold the investment until maturity.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings, and Loan Insurance Corporation, or National Credit Union Administration, respectively; in 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. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, banker's acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Investments in the U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount or up to 100 percent of the available reserves.

All investments must mature or be redeemable within two years of the date of purchase. The District's deposits and investments are held separately by several of the District's funds.

3. *Inventory and Prepaid Items*

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made 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.

4. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date received.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

| | |
|----------------------------|-------------|
| Buildings and Improvements | 10-50 years |
| Buses and Other Vehicles | 8 years |
| Furniture and Equipment | 5-20 years |

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

5. *Unearned Revenue*

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has \$588,496 of unearned revenue in the General Fund, related to at-risk funds and other unspent grant proceeds, and in the Food Service Fund, related to student balances.

6. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities 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 obligation.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Defined Benefit Plans*

For purposes of measuring the net pension and other postemployment liabilities, 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 School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*,

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represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide *Statement of Net Position*. A deferred charge on refunding results from the difference in the carrying value of refunded obligation and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding obligation. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year in which they apply. Details can be found in footnotes 3.E. and 3.F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The 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 two items that qualify for reporting in this category. They 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. Details can be found in footnote 3.E. and 3.F.

9. *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.

10. *Fund Balance Flow Assumption*

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.

11. *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).

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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 governing board is the highest level of decision-making authority for the government that can, by adoption of an resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board 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.

12. Use of Estimates

The process of preparing basic 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 expenditures. 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.

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2022, the foundation allowance was based on pupil membership counts taken in October 2021 and February 2021. For fiscal year ended June 30, 2022, the per pupil foundation allowance was \$8,700 for Newaygo Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2021 to August 2022. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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, which are not expended by the close of the fiscal year are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

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2. Program Revenues

Amounts reported as program revenue 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 or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically submitted to the District. Properties are assessed as of January 1. The District has elected to have a portion of the taxes billed and due July 1st, and the remaining portion billed and due December 1st. The summer levy becomes delinquent as of September 14th, and the winter levy becomes delinquent as of February 14th for taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

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

| <u>Fund</u> | <u>Mills</u> |
|--|--------------|
| General Fund - Non-Principal Residence Exemption (PRE) | 18.0000 |
| General Fund - Commercial Personal Property | 6.0000 |
| 2015 Issue Debt Service Fund - PRE and Non-PRE | 2.8000 |
| 2016 Issue Debt Service Fund - PRE and Non-PRE | 1.2200 |
| 2017 Issue Debt Service Fund - PRE and Non-PRE | 0.4800 |

4. Compensated Absences

The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which sick leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2022.

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NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of June 30, 2022 the District had deposits subject to the following risks:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2022, the District’s bank balance was \$7,075,072, of which \$1,455,602 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2022, deposits of \$6,401,562 are reported on the financial statements as cash and cash equivalents.

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

| | Primary Government | Fiduciary Funds | Reporting Entity |
|-------------------------|-----------------------|--------------------|---------------------|
| Cash & Cash Equivalents | \$ 6,092,541 | \$ 309,021 | \$ 6,401,562 |

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.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). 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.

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.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government 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.

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

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B. Receivables

Receivables as of year-end for the government's individual major funds are as follows:

| | General | Food Service | Student Activities | Total |
|----------------------------|---------------------|------------------|-----------------------|---------------------|
| Receivables | | | | |
| Accounts | \$ 19,115 | \$ 0 | \$ 1,083 | \$ 20,198 |
| Due from Other Governments | 2,547,685 | 25,880 | 0 | 2,573,565 |
| | | | | |
| Total Receivables | <u>\$ 2,566,800</u> | <u>\$ 25,880</u> | <u>\$ 1,083</u> | <u>\$ 2,593,763</u> |

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs. Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

| | Balance July 1, 2021 | Additions | Deletions | Balance June 30, 2022 |
|--------------------------------|-------------------------|-----------------------|-------------|--------------------------|
| Assets Not Being Depreciated: | | | | |
| Land | \$ 514,975 | \$ 0 | \$ 0 | \$ 514,975 |
| Other Capital Assets: | | | | |
| Buildings and Improvements | 50,985,311 | 0 | 0 | 50,985,311 |
| Buses and Other Vehicles | 1,905,797 | 137,785 | 0 | 2,043,582 |
| Furniture and Equipment | 2,198,686 | 23,841 | 0 | 2,222,527 |
| Subtotal | <u>55,089,794</u> | <u>161,626</u> | <u>0</u> | <u>55,251,420</u> |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | 12,603,457 | 1,100,876 | 0 | 13,704,333 |
| Buses and Other Vehicles | 1,393,176 | 108,926 | 0 | 1,502,102 |
| Furniture and Equipment | 1,633,818 | 45,167 | 0 | 1,678,985 |
| Total Accumulated Depreciation | <u>15,630,451</u> | <u>1,254,969</u> | <u>0</u> | <u>16,885,420</u> |
| Net Other Capital Assets | <u>39,459,343</u> | <u>(1,093,343)</u> | <u>0</u> | <u>38,366,000</u> |
| Net Capital Assets | <u>\$ 39,974,318</u> | <u>\$ (1,093,343)</u> | <u>\$ 0</u> | <u>\$ 38,880,975</u> |

Depreciation for the fiscal year ended June 30, 2022, amounted to \$1,254,969. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

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D. Retirement and Postemployment Benefits

Plan Description – The Michigan Public School Employees’ Retirement System (System or MPSERS) 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.

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 the 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 Investments Board serves as the investment fiduciary and custodian of the System.

Benefits Provided- Overall

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

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

Benefits Provided – Pension

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

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

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Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

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

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

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

Pension Reform of 2017

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

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.

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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 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

Depending on the plan selected, member contributions range from 0% to 7% for pension and 0% to 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.

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

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

| | <u>Pension</u> | <u>Other Postemployment Benefit</u> |
|--------------------------------------|-----------------|---|
| October 1, 2020 - September 30, 2021 | 13.39% - 19.78% | 7.57% - 8.45% |
| October 1, 2021 - September 30, 2022 | 13.73% - 20.14% | 7.23% - 8.09% |

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately \$3,272,000, with \$3,224,000 specifically for the Defined Benefit Plan and approximately \$48,000 was contributed to the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB benefits were approximately \$736,000 with \$682,000 specifically for the Defined Benefit Plan and approximately \$54,000 was contributed to the Defined Contribution Fund.

These amounts, for both pension and OPEB, include contributions funded from state revenue Section 147c restricted to fund MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

At June 30, 2022, the District reported a liability of \$22,501,642 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the District's proportion was 0.09504224% and 0.09393934%.

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MPSERS (Plan) Non-University Employers Net Pension Liability

| | <u>September 30, 2021</u> | <u>September 30, 2020</u> |
|--|---------------------------|---------------------------|
| Total Pension Liability | \$ 86,392,473,395 | \$ 85,290,583,799 |
| Fiduciary Net Position | <u>(62,717,060,920)</u> | <u>(50,939,496,006)</u> |
| Net Pension Liability | <u>\$ 23,675,412,475</u> | <u>\$ 34,351,087,793</u> |
| Fiduciary Net Position as a Percentage of Total Pension Liability | 72.60% | 59.72% |
| Net Pension Liability as a Percentage of Covered Payroll | 261.68% | 387.25% |

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

For the year ended June 30, 2022, the District recognized total pension expense of \$2,498,321.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 348,560 | \$ 132,508 |
| Section 147c revenue related to District Pension contributions subsequent to measurement date | 0 | 1,503,764 |
| Changes of assumptions | 1,418,423 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 7,234,206 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 264,136 | 256,187 |
| District contributions subsequent to the measurement date | <u>3,027,482</u> | <u>0</u> |
| Total | <u>\$ 5,058,601</u> | <u>\$ 9,126,665</u> |

\$3,027,482 reported as deferred outflows of resources and \$1,503,764 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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JUNE 30, 2022

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

| <u>Year Ended September 30,</u> | <u>Amount</u> |
|---------------------------------|----------------|
| 2022 | \$ (674,038) |
| 2023 | (1,281,442) |
| 2024 | (1,712,765) |
| 2025 | (1,923,537) |
| | \$ (5,591,782) |

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

OPEB Liabilities

At June 30, 2022, the District reported a liability of \$1,455,503 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the District's proportion was 0.09535668% and 0.09295252%.

MPSERS (Plan) Non-University Employers Net OPEB Liability

| | <u>September 30, 2021</u> | <u>September 30, 2020</u> |
|---|---------------------------|---------------------------|
| Total OPEB Liability | \$ 12,046,393,511 | \$ 13,206,903,534 |
| Fiduciary Net Position | (10,520,015,621) | (7,849,636,555) |
| Net OPEB Liability | \$ 1,526,377,890 | \$ 5,357,266,979 |
| Fiduciary Net Position as a Percentage of Total OPEB Liability | 87.33% | 59.44% |
| Net OPEB Liability as a Percentage of Covered Payroll | 16.87% | 60.39% |

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

For the year ended June 30, 2022, the District recognized total OPEB benefit of \$839,359.

NEWAYGO PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 0 | \$ 1,097,039 |
| Changes of assumptions | 1,216,728 | 182,068 |
| Net difference between projected and actual earnings on OPEB plan investments | 0 | 4,154,630 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 180,304 | 144,048 |
| District contributions subsequent to the measurement date | 596,172 | 0 |
| Total | \$ 1,993,204 | \$ 5,577,785 |

\$596,172 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

| Year Ended September 30, | Amount |
|---------------------------------|-----------------------|
| 2022 | \$ (1,104,773) |
| 2023 | (1,014,998) |
| 2024 | (924,601) |
| 2025 | (834,885) |
| 2026 | (266,529) |
| Thereafter | (34,967) |
| | \$ (4,180,753) |

G. Actuarial Assumptions

Investment rate of return for Pension – 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for the Pension Plus 2 Plan.

Investment rate of return for OPEB – 6.95% a year, compounded annually net of investment and administrative expenses.

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

Inflation – 3.0%

Mortality assumptions –

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

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

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

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

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

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

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

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.

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

| <u>Investment Category</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return *</u> |
|------------------------------------|--------------------------|---|
| Domestic Equity Pools | 25.00% | 5.40% |
| Private Equity Pools | 16.00% | 9.10% |
| International Equity Pools | 15.00% | 7.50% |
| Fixed Income Pools | 10.50% | -0.70% |
| Real Estate & Infrastructure Pools | 10.00% | 5.40% |
| Absolute Return Pools | 9.00% | 2.60% |
| Real Return/Opportunistic Pools | 12.50% | 6.10% |
| Short-Term Investment Pools | 2.00% | -1.30% |
| | <u>100%</u> | |

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

Rate of return

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

Pension Discount Rate

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

OPEB Discount Rate

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

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JUNE 30, 2022

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| Pension | | | | | |
|--------------------|----------------------|----|--------------------|----|------------|
| 1% Decrease | Discount Rate | | 1% Increase | | |
| \$ | 32,171,246 | \$ | 22,501,642 | \$ | 14,484,907 |

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

| OPEB | | | | | |
|--------------------|----------------------|----|--------------------|----|---------|
| 1% Decrease | Discount Rate | | 1% Increase | | |
| \$ | 2,704,588 | \$ | 1,455,503 | \$ | 395,477 |

Sensitivity of 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:

| OPEB | | | | | |
|--------------------------------|--------------------|----|--------------------|----|-----------|
| Current Healthcare Cost | | | | | |
| 1% Decrease | Trend Rates | | 1% Increase | | |
| \$ | 354,258 | \$ | 1,455,503 | \$ | 2,694,537 |

H. Pension and OPEB Plan Fiduciary Net Position

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. Payables to the Pension and OPEB Plan

As of June 30, 2022, the District is current on all required pension and OPEB plan payments. As of June 30, 2022, the District reported payables in the amount of \$526,076 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due and funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

J. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The District participates in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

K. Long-Term Obligations

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

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

| | NOTES FROM DIRECT | | | | | | |
|---------------------------|--------------------------------|--|-------------------------|--------------------------|-----------------------|----------------------|--|
| | GENERAL OBLIGATION BONDS | BORROWINGS AND DIRECT PLACEMENTS | COMPENSATED ABSENCES | NET PENSION LIABILITY | NET OPEB LIABILITY | TOTAL | |
| Balance, July 1, 2021 | \$ 27,630,000 | \$ 216,782 | \$ 418,910 | \$ 32,269,185 | \$ 4,979,715 | \$ 65,514,592 | |
| Additions | 0 | 0 | 29,089 | 0 | 0 | 29,089 | |
| Deletions | 1,260,000 | 70,179 | 32,273 | 9,767,543 | 3,524,212 | 14,654,207 | |
| Balance, June 30, 2022 | <u>\$ 26,370,000</u> | <u>\$ 146,603</u> | <u>\$ 415,726</u> | <u>\$ 22,501,642</u> | <u>\$ 1,455,503</u> | <u>\$ 50,889,474</u> | |
| Total due within one year | <u>\$ 1,285,000</u> | <u>\$ 72,137</u> | Unknown | Unknown | Unknown | <u>\$ 1,357,137</u> | |

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The District's debt obligations at June 30, 2022, are comprised of the following issues:

General Obligation Bonds

| | |
|--|--------------|
| \$11,465,000 2015 general obligations refunding bonds due in annual installments of \$945,000 to \$1,015,000 through May 1, 2026; interest at 4% | \$ 3,930,000 |
|--|--------------|

| | |
|---|------------|
| \$13,600,000 2016 school building and site bonds due in annual installments of \$120,000 to \$855,000 through May 1, 2041; interest at 3% | 13,330,000 |
|---|------------|

| | |
|--|-----------|
| \$9,360,000 2017 school building and site bonds due in annual installments of \$150,000 to \$560,000 through May 1, 2041; interest at 3% | 9,110,000 |
|--|-----------|

Notes From Direct Borrowings and Direct Placements

| | |
|---|---------|
| Installment Purchase Agreement annual installments of \$35,989 to \$37,655 through December 21, 2024; interest at 2.29% | 110,455 |
|---|---------|

| | |
|--|--------|
| Installment Purchase Agreement annual installment of \$36,148 through May 9, 2023; interest at 3.29% | 36,148 |
|--|--------|

Compensated Absences, Net Pension Liability, and Net OPEB Liability

| | |
|------------------------------|---------|
| Accrued Compensated Absences | 415,726 |
|------------------------------|---------|

| | |
|-----------------------|------------|
| Net Pension Liability | 22,501,642 |
|-----------------------|------------|

| | |
|--|------------------|
| Net Other Postemployment Benefit Liability | <u>1,455,503</u> |
|--|------------------|

| | |
|-------------------|-----------------------------|
| Total Obligations | <u><u>\$ 50,889,474</u></u> |
|-------------------|-----------------------------|

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$146,603 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

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The annual requirements to amortize all long-term obligations outstanding as of June 30, 2022, including interest payments of \$8,445,836 are as follows:

| <u>Year Ending June 30,</u> | Notes from Direct Borrowings and Direct Placement | | General Obligation Bonds | | Amounts Payable |
|-----------------------------|---|-----------------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2023 | \$ 72,137 | \$ 3,719 | \$ 1,285,000 | \$ 875,450 | \$ 2,236,306 |
| 2024 | 36,812 | 1,705 | 1,310,000 | 816,600 | 2,165,117 |
| 2025 | 37,654 | 862 | 1,320,000 | 768,250 | 2,126,766 |
| 2026 | 0 | 0 | 1,360,000 | 709,250 | 2,069,250 |
| 2027 | 0 | 0 | 1,405,000 | 649,550 | 2,054,550 |
| 2028-2032 | 0 | 0 | 7,025,000 | 2,615,500 | 9,640,500 |
| 2033-2037 | 0 | 0 | 7,025,000 | 1,553,426 | 8,578,426 |
| 2038-2041 | 0 | 0 | 5,640,000 | 451,524 | 6,091,524 |
| | <u>\$ 146,603</u> | <u>\$ 6,286</u> | <u>\$26,370,000</u> | <u>\$ 8,439,550</u> | <u>\$ 34,962,439</u> |

Interest expense for the year ended June 30, 2022, \$929,167.

The annual requirements to amortize the compensated absences, the net pension liability and net OPEB liability are uncertain because it is unknown when the repayments will be made.

Compensated absences and net pension and OPEB liabilities will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

L. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2022, were:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------------|------------------|
| General Fund | Food Service Fund | \$ 10,543 |
| General Fund | Student Activities Fund | 10,275 |
| General Fund | 2016 Debt Retirement Fund | 500 |
| General Fund | 2017 Debt Retirement Fund | 500 |
| | | <u>\$ 21,818</u> |

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2022, are expected to be repaid within one year.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

M. Interfund Transfers

Individual fund transfers at June 30, 2022, were:

| <u>Fund Transferred To</u> | <u>Funds Transferred From</u> | <u>Amount</u> |
|----------------------------|-------------------------------|------------------|
| General Fund | Food Service Fund | <u>\$ 50,000</u> |

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

N. GASB Statement No. 87 – Leases

It has been determined that the District has leases as defined by GASB Statement No. 87. However, the total of these leases has been determined they are not significant enough to warrant disclosure.

O. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

2. GASB Statement No. 77 (Tax Abatements)

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the City of Newaygo within the District. Industrial Facilities Exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities:

For the fiscal year ended June 30, 2022, (tax year 2021) the District's property tax revenues were reduced by \$144,626 under these programs.

The District is considered to be an “in-formula” district. The taxes abated for the General Fund operating millage are considered by the State of Michigan when determining the District’s section 22 funding of the State School Aid Act. The District received \$128,298 from the State of Michigan’s determination.

There are no significant abatements made by the District.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – UPCOMING ACCOUNTING PRONOUCEMENTS

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

NEWAYGO PUBLIC SCHOOLS
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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
MAJOR FUNDS

YEAR ENDED JUNE 30, 2022

| | GENERAL FUND | | | FOOD SERVICE FUND | | |
|--|--------------------|-----------------|--------------|--------------------|-----------------|------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL |
| <u>REVENUES</u> | | | | | | |
| Local Sources | \$ 3,513,140 | \$ 3,706,807 | \$ 3,716,220 | \$ 33,000 | \$ 55,000 | \$ 51,709 |
| State Sources | 11,425,570 | 12,628,774 | 12,649,293 | 34,000 | 70,000 | 78,308 |
| Federal Sources | 1,896,259 | 2,193,338 | 2,178,652 | 800,000 | 1,200,000 | 1,216,277 |
| Other Transactions | 177,533 | 177,533 | 154,293 | 0 | 0 | 0 |
| Total Revenues | 17,012,502 | 18,706,452 | 18,698,458 | 867,000 | 1,325,000 | 1,346,294 |
| <u>EXPENDITURES</u> | | | | | | |
| Instruction | | | | | | |
| Basic Programs | 9,326,180 | 9,689,193 | 9,624,634 | 0 | 0 | 0 |
| Added Needs | 2,529,322 | 2,593,876 | 2,559,745 | 0 | 0 | 0 |
| Supporting Services | | | | | | |
| Pupil | 329,107 | 371,689 | 361,031 | 0 | 0 | 0 |
| Instructional Staff | 105,336 | 65,275 | 65,508 | 0 | 0 | 0 |
| General Administration | 311,325 | 319,063 | 309,536 | 0 | 0 | 0 |
| School Administration | 1,159,147 | 1,236,875 | 1,207,685 | 0 | 0 | 0 |
| Business | 341,566 | 390,660 | 370,856 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 1,400,794 | 1,580,365 | 1,503,329 | 0 | 0 | 0 |
| Pupil Transportation Services | 996,248 | 1,023,341 | 990,599 | 0 | 0 | 0 |
| Other Central Support Services | 318,603 | 598,760 | 584,162 | 0 | 0 | 0 |
| Athletic Activities | 348,802 | 382,745 | 383,196 | 0 | 0 | 0 |
| Food Service | 0 | 0 | 0 | 1,034,800 | 1,105,000 | 1,079,840 |
| Student Activities | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Services | | | | | | |
| Community Activities | 0 | 3,674 | 3,639 | 0 | 0 | 0 |
| Custody and Care of Children | 103,700 | 126,626 | 125,586 | 0 | 0 | 0 |
| Payments to Other Public Schools | 5,000 | 5,000 | 4,649 | 0 | 0 | 0 |
| Facilities Acquisition, Construction and Improvements | 7,000 | 20,300 | 20,655 | 0 | 0 | 0 |
| Debt Service | 75,855 | 75,857 | 75,855 | 0 | 0 | 0 |
| Total Expenditures | 17,357,985 | 18,483,299 | 18,190,665 | 1,034,800 | 1,105,000 | 1,079,840 |
| Excess (Deficiency) of Revenues Over Expenditures | (345,483) | 223,153 | 507,793 | (167,800) | 220,000 | 266,454 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | |
| Transfer In (Out) | 0 | 0 | 50,000 | (55,000) | (65,000) | (50,000) |
| Net Change in Fund Balance | (345,483) | 223,153 | 557,793 | (222,800) | 155,000 | 216,454 |
| <u>FUND BALANCE</u> - Beginning of Year | 3,389,577 | 3,632,623 | 3,632,623 | 463,499 | 455,089 | 455,088 |
| <u>FUND BALANCE</u> - End of Year | \$ 3,044,094 | \$ 3,855,776 | \$ 4,190,416 | \$ 240,699 | \$ 610,089 | \$ 671,542 |

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
MAJOR FUNDS

YEAR ENDED JUNE 30, 2022

| | <u>STUDENT ACTIVITIES FUND</u> | | |
|--|----------------------------------|-------------------------------|-------------------|
| | <u>ORIGINAL</u> <u>BUDGET</u> | <u>FINAL</u> <u>BUDGET</u> | <u>ACTUAL</u> |
| <u>REVENUES</u> | | | |
| Local Sources | \$ 60,000 | \$ 120,820 | \$ 123,447 |
| State Sources | 0 | 0 | 0 |
| Federal Sources | 0 | 0 | 0 |
| Other Transactions | 0 | 0 | 0 |
| Total Revenues | <u>60,000</u> | <u>120,820</u> | <u>123,447</u> |
| <u>EXPENDITURES</u> | | | |
| Instruction | | | |
| Basic Programs | 0 | 0 | 0 |
| Added Needs | 0 | 0 | 0 |
| Supporting Services | | | |
| Pupil | 0 | 0 | 0 |
| Instructional Staff | 0 | 0 | 0 |
| General Administration | 0 | 0 | 0 |
| School Administration | 0 | 0 | 0 |
| Business | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 0 | 0 | 0 |
| Pupil Transportation Services | 0 | 0 | 0 |
| Other Central Support Services | 0 | 0 | 0 |
| Athletic Activities | 0 | 0 | 0 |
| Food Service | 0 | 0 | 0 |
| Student Activities | 65,000 | 125,000 | 106,125 |
| Community Services | | | |
| Community Activities | 0 | 0 | 0 |
| Custody and Care of Children | 0 | 0 | 0 |
| Payments to Other Districts | 0 | 0 | 0 |
| Facilities Acquisition, Construction and Improvements | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 0 |
| Total Expenditures | <u>65,000</u> | <u>125,000</u> | <u>106,125</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (5,000) | (4,180) | 17,322 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfer In (Out) | 0 | 0 | 0 |
| Net Change in Fund Balance | (5,000) | (4,180) | 17,322 |
| <u>FUND BALANCE</u> - Beginning of Year | <u>89,974</u> | <u>91,486</u> | <u>91,486</u> |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 84,974</u> | <u>\$ 87,306</u> | <u>\$ 108,808</u> |

NEWAYGO PUBLIC SCHOOLS
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------|------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of net pension liability (%) | | | 0.09504224% | 0.09393934% | 0.09492292% | 0.09571503% | 0.09542310% | 0.09437970% | 0.09011000% | 0.09122000% |
| District's proportionate share of net pension liability | | | \$ 22,501,642 | \$ 32,269,185 | \$ 31,435,280 | \$ 28,773,666 | \$ 24,728,171 | \$ 23,546,963 | \$ 22,010,430 | \$ 20,093,534 |
| District's covered payroll | | | 8,610,619 | 8,231,257 | 8,176,233 | 8,160,178 | 7,917,217 | 8,085,003 | 7,774,989 | 7,735,689 |
| District's proportionate share of net pension liability as a percentage of its covered payroll | | | 261.32% | 392.03% | 384.47% | 352.61% | 312.33% | 291.24% | 283.09% | 259.75% |
| Plan fiduciary net position as a percentage of total pension liability | | | 72.60% | 59.72% | 60.31% | 62.36% | 64.21% | 63.27% | 63.17% | 66.20% |

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contributions | | | \$ 2,853,759 | \$ 2,581,575 | \$ 2,598,287 | \$ 2,520,495 | \$ 2,238,177 | \$ 2,239,708 | \$ 2,104,847 | \$ 1,709,447 |
| Contributions in relation to statutorily required contributions * | | | 2,853,759 | 2,581,575 | 2,598,287 | 2,520,495 | 2,238,177 | 2,239,708 | 2,104,847 | 1,709,447 |
| Contribution deficiency (excess) | | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered payroll | | | \$ 8,820,313 | \$ 8,456,003 | \$ 8,328,635 | \$ 8,155,504 | \$ 8,162,424 | \$ 7,937,427 | \$ 7,664,928 | \$ 7,472,905 |
| Contributions as a percentage of covered payroll | | | 32.35% | 30.53% | 31.20% | 30.91% | 27.42% | 28.22% | 27.46% | 22.88% |

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

| | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------|------|------|------|------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of net OPEB liability (%) | | | | | | 0.09535668% | 0.09295252% | 0.09356974% | 0.09588165% | 0.09524150% |
| District's proportionate share of net OPEB liability | | | | | | \$ 1,455,503 | \$ 4,979,715 | \$ 6,716,200 | \$ 7,621,586 | \$ 8,434,087 |
| District's covered payroll | | | | | | 8,610,619 | 8,231,257 | 8,176,233 | 8,160,178 | 7,917,217 |
| District's proportionate share of net OPEB liability as a percentage of its covered payroll | | | | | | 16.90% | 60.50% | 82.14% | 93.40% | 106.53% |
| Plan fiduciary net position as a percentage of total OPEB liability | | | | | | 87.33% | 59.44% | 48.46% | 42.95% | 36.39% |

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

| | 2027 | 2026 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|------|------|------|------|------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contributions | | | | | | \$ 707,875 | \$ 656,733 | \$ 648,440 | \$ 623,913 | \$ 741,495 |
| Contributions in relation to statutorily required contributions * | | | | | | 707,875 | 656,733 | 648,440 | 623,913 | 741,495 |
| Contribution deficiency (excess) | | | | | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered payroll | | | | | | \$ 8,820,313 | \$ 8,456,003 | \$ 8,328,635 | \$ 8,155,504 | \$ 8,162,424 |
| Contributions as a percentage of covered payroll | | | | | | 8.03% | 7.77% | 7.79% | 7.65% | 9.08% |

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2022

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2021.

Changes of Assumptions – There were no changes of assumptions for the plan year ended September 30, 2021.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2021.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2021 were:

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

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2022

2015 GENERAL OBLIGATION REFUNDING BONDS

| | | | |
|-------------------------|--|--|----------------------|
| <u>TITLE OF ISSUE</u> | 2015 Refunding Bonds | | |
| <u>PURPOSE</u> | Advance refunding of the 2005 School Building and Site Bonds | | |
| <u>INTEREST PAYABLE</u> | May 1, and November 1, of each year | | |
| <u>AMOUNT OF ISSUE</u> | | | <u>\$ 11,465,000</u> |

| <u>FISCAL YEAR</u> <u>DUE DATES</u> | <u>INTEREST</u> <u>RATES</u> | <u>REQUIREMENTS</u> | | | |
|--|---------------------------------|------------------------------------|--|-------------------|----------------------------------|
| | | <u>TOTAL</u> <u>FISCAL YEAR</u> | <u>SEMI-ANNUAL</u> <u>INTEREST PAYMENTS</u> | | <u>PRINCIPAL</u> <u>MAY 1</u> |
| | | | <u>NOV 1</u> | <u>MAY 1</u> | |
| 2023 | 4.00 % | \$ 1,200,550 | \$ 92,775 | \$ 92,775 | \$ 1,015,000 |
| 2024 | 4.00 % | 1,134,800 | 67,400 | 67,400 | 1,000,000 |
| 2025 | 4.00 % | 1,065,750 | 47,875 | 47,875 | 970,000 |
| 2026 | 4.00 % | 992,250 | 23,625 | 23,625 | 945,000 |
| | | <u>\$ 4,393,350</u> | <u>\$ 231,675</u> | <u>\$ 231,675</u> | <u>\$ 3,930,000</u> |

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2022

2016 GENERAL OBLIGATION BONDS

| | | | |
|-------------------------|---|--|----------------------|
| <u>TITLE OF ISSUE</u> | 2016 School Building and Site Bonds, Series I | | |
| <u>PURPOSE</u> | Building and Renovating Elementary Schools | | |
| <u>INTEREST PAYABLE</u> | May 1, and November 1, of each year | | |
| <u>AMOUNT OF ISSUE</u> | | | <u>\$ 13,600,000</u> |

| <u>FISCAL YEAR</u> <u>DUE DATES</u> | <u>INTEREST</u> <u>RATES</u> | <u>REQUIREMENTS</u> | | | |
|--|---------------------------------|------------------------------------|--|---------------------|----------------------------------|
| | | <u>TOTAL</u> <u>FISCAL YEAR</u> | <u>SEMI-ANNUAL</u> <u>INTEREST PAYMENTS</u> | | <u>PRINCIPAL</u> <u>MAY 1</u> |
| | | | <u>NOV 1</u> | <u>MAY 1</u> | |
| 2023 | 3.00 % | \$ 519,900 | \$ 199,950 | \$ 199,950 | \$ 120,000 |
| 2024 | 3.00 % | 531,300 | 198,150 | 198,150 | 135,000 |
| 2025 | 3.00 % | 542,250 | 196,125 | 196,125 | 150,000 |
| 2026 | 3.00 % | 552,750 | 193,875 | 193,875 | 165,000 |
| 2027 | 3.00 % | 1,232,800 | 191,400 | 191,400 | 850,000 |
| 2028 | 3.00 % | 1,207,300 | 178,650 | 178,650 | 850,000 |
| 2029 | 3.00 % | 1,181,800 | 165,900 | 165,900 | 850,000 |
| 2030 | 3.00 % | 1,156,300 | 153,150 | 153,150 | 850,000 |
| 2031 | 3.00 % | 1,130,800 | 140,400 | 140,400 | 850,000 |
| 2032 | 3.00 % | 1,105,300 | 127,650 | 127,650 | 850,000 |
| 2033 | 3.00 % | 1,079,800 | 114,900 | 114,900 | 850,000 |
| 2034 | 3.00 % | 1,054,300 | 102,150 | 102,150 | 850,000 |
| 2035 | 3.00 % | 1,028,800 | 89,400 | 89,400 | 850,000 |
| 2036 | 3.00 % | 1,003,300 | 76,650 | 76,650 | 850,000 |
| 2037 | 3.00 % | 977,800 | 63,900 | 63,900 | 850,000 |
| 2038 | 3.00 % | 952,300 | 51,150 | 51,150 | 850,000 |
| 2039 | 3.00 % | 926,800 | 38,400 | 38,400 | 850,000 |
| 2040 | 3.00 % | 906,300 | 25,650 | 25,650 | 855,000 |
| 2041 | 3.00 % | 880,650 | 12,825 | 12,825 | 855,000 |
| | | <u>\$ 17,970,550</u> | <u>\$ 2,320,275</u> | <u>\$ 2,320,275</u> | <u>\$ 13,330,000</u> |

NEWAYGO PUBLIC SCHOOLS
NEWAYGO, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2022

2017 GENERAL OBLIGATION BONDS

| | |
|-------------------------|--|
| <u>TITLE OF ISSUE</u> | 2017 School Building and Site Bonds, Series II |
| <u>PURPOSE</u> | Building and Renovating Elementary Schools |
| <u>INTEREST PAYABLE</u> | May 1, and November 1, of each year |
| <u>AMOUNT OF ISSUE</u> | <u>\$ 9,360,000</u> |

| <u>FISCAL YEAR</u> <u>DUE DATES</u> | <u>INTEREST</u> <u>RATES</u> | <u>REQUIREMENTS</u> | | | |
|--|---------------------------------|------------------------------------|--|---------------------|----------------------------------|
| | | <u>TOTAL</u> <u>FISCAL YEAR</u> | <u>SEMI-ANNUAL</u> <u>INTEREST PAYMENTS</u> | | <u>PRINCIPAL</u> <u>MAY 1</u> |
| | | | <u>NOV 1</u> | <u>MAY 1</u> | |
| 2023 | 3.00 % | \$ 440,000 | \$ 145,000 | \$ 145,000 | \$ 150,000 |
| 2024 | 3.00 % | 460,500 | 142,750 | 142,750 | 175,000 |
| 2025 | 3.00 % | 480,250 | 140,125 | 140,125 | 200,000 |
| 2026 | 3.00 % | 524,250 | 137,125 | 137,125 | 250,000 |
| 2027 | 3.00 % | 821,750 | 133,375 | 133,375 | 555,000 |
| 2028 | 3.00 % | 805,100 | 125,050 | 125,050 | 555,000 |
| 2029 | 3.00 % | 788,450 | 116,725 | 116,725 | 555,000 |
| 2030 | 3.00 % | 771,800 | 108,400 | 108,400 | 555,000 |
| 2031 | 3.00 % | 755,150 | 100,075 | 100,075 | 555,000 |
| 2032 | 3.00 % | 738,500 | 91,750 | 91,750 | 555,000 |
| 2033 | 3.00 % | 721,850 | 83,425 | 83,425 | 555,000 |
| 2034 | 3.00 % | 705,200 | 75,100 | 75,100 | 555,000 |
| 2035 | 3.00 % | 687,162 | 66,081 | 66,081 | 555,000 |
| 2036 | 3.00 % | 669,126 | 57,063 | 57,063 | 555,000 |
| 2037 | 3.00 % | 651,088 | 48,044 | 48,044 | 555,000 |
| 2038 | 3.00 % | 633,050 | 39,025 | 39,025 | 555,000 |
| 2039 | 3.00 % | 613,626 | 29,313 | 29,313 | 555,000 |
| 2040 | 3.00 % | 599,200 | 19,600 | 19,600 | 560,000 |
| 2041 | 3.00 % | 579,598 | 9,799 | 9,799 | 560,000 |
| | | <u>\$ 12,445,650</u> | <u>\$ 1,667,825</u> | <u>\$ 1,667,825</u> | <u>\$ 9,110,000</u> |

