Kentwood Public Schools
Kentwood, Michigan

Annual Financial Report
Year Ended June 30, 2022

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
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Kentwood Public Schools
Kentwood, Michigan

Annual Financial Report
Year Ended June 30, 2022

Kentwood Public Schools
Kentwood, Michigan

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Kentwood, Michigan

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Independent Auditor's Report

Board of Education
Kentwood Public Schools
Kentwood, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kentwood Public Schools (the District), 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 accompanying 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 the District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BDO USA, LLP

October 25, 2022

The following discussion and analysis provides an overview of the financial position and activities of Kentwood Public Schools (the District) for the year ended June 30, 2022. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB) *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and should be read in conjunction with the District's financial statements, which follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District financially as a whole. The District-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the District-wide financial statements by providing information about the District's most significant funds, the General Fund and the 2022 Capital Projects Fund, with all other funds presented in one column as Nonmajor Governmental Funds.

Reporting the District as a Whole - District-Wide Financial Statements

The District-wide statements—the statement of net position and the statement of activities—provide a perspective of the District as a whole and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the type of accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as reported in the statement of net position—as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results; however, the District's goal is to provide services to our students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the students and schools, must be considered to assess the overall health of the District.

The statement of net position and the statement of activities report the governmental activities for the District, which encompass all of the District's services, including instruction, support services, community services, food services, athletics, student activities, and other. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds - Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law and/or by bond covenants. However, the District establishes other funds to help it control and manage money for particular purposes, such as food services and student activity. Funds are also established to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All

of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual basis of accounting. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information 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. We describe the relationship between governmental activities and governmental funds in a reconciliation format in the financial section of these financial statements.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The schedule below provides a summary of the District's net position (in millions):

	Governmental Activities (in millions)	
June 30,	**2022**	2021
Assets		
Current assets	**$ 58.9**	$ 43.9
Capital assets, net	**189.8**	181.8
Total Assets	**248.8**	225.7
Deferred Outflows of Resources	**50.8**	67.1
Liabilities		
Current liabilities	**18.7**	14.5
Noncurrent liabilities	**243.9**	319.6
Total Liabilities	**262.6**	334.1
Deferred Inflows of Resources	**94.8**	34.0
Net Position (Deficit)		
Net investment in capital assets	**121.8**	117.7
Restricted	**23.2**	13.0
Unrestricted	**(202.8)**	(206.0)
Total Net Position (Deficit)	**$ (57.8)**	$ (75.3)

The above analysis focuses on the District's net position. The current year change in net position of the District's governmental activities is discussed below. The District's net position (deficit) was $(57.8) million at June 30, 2022. Net investment in capital assets totaled $121.8 million. This compares the original cost, less depreciation of the District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The $23.2 million in restricted and $(202.8) million unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations. The unrestricted deficit is a result of reporting for the pension and OPEB plans under GASB Statement No. 68 and GASB Statement No. 75. The operating results of the General Fund will have a significant impact on the change in unrestricted net position (deficit) from year to year.

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal year 2022. The schedule below summarizes the change in net position of the District (in millions):

	Governmental Activities (in millions)	
Year ended June 30,	**2022**	2021
Revenues		
Program revenues:		
Charges for services	**$ 1.5**	$ 0.9
Operating grants and contributions	**61.5**	54.0
General revenues:		
Property taxes	**34.6**	33.6
State foundation allowance	**54.1**	50.4
Other	**1.5**	1.1
Total Revenues	**153.1**	140.0
Functional/Program Expenses		
Instruction	**67.1**	72.9
Support services	**44.5**	41.4
Community services	**0.5**	0.6
Ice arena	**-**	0.2
Food services	**5.6**	5.5
Athletics	**1.4**	1.6
Student activities	**0.8**	0.3
Interest on long-term debt	**2.4**	2.4
Unallocated depreciation	**9.1**	9.0
Other	**4.2**	1.6
Total Expenses	**135.6**	135.5
Change in Net Position (Deficit)	**17.5**	4.5
Net Position (Deficit), beginning of year	**(75.3)**	(80.3)
GASB No. 84 Adjustment	**-**	0.5
Net Position (Deficit), end of year	**$ (57.8)**	$ (75.3)

As reported in the statement of activities, the cost of all governmental activities this year was $135.6 million. Certain activities were partially funded from those who benefited from the programs from charges for services of $1.5 million or by other governments and organizations that subsidized certain programs with grants and contributions of $61.5 million. The remaining "public benefit" portion of governmental activities was funded with $34.6 million in taxes, $54.1 million in State foundation allowance, and with other revenues, interest, and general entitlements.

Operating grants and contributions increased approximately $7.5 million during the year as a result of increased state and federal grants received. Instruction expense decreased approximately $5.8 million which is related to a decrease in pension expense as a result of the pension plan actuarial valuation.

The District experienced an increase in net position of $17.5 million. The net position increased primarily because of a substantial decrease in pension costs through the state of Michigan (the State) Office of Retirement Services.

As discussed above, the net cost shows the financial burden that was placed on the State and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the District and balance those needs with State-prescribed available unrestricted revenues.

The District's Funds

As noted earlier, the Kentwood Public School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being held accountable for the resources taxpayers and others provide to it and may give more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of $40.9 million, this was an increase of $11.1 million from the prior year. The primary reason for this increase was attributable to the 2022 bond issuance of approximately $20 million. The changes by major and non-major funds are as follows:

	General Fund	2022 Capital Projects Fund	Nonmajor Funds	Total
Fund Balances, beginning of year	$ 16,289,432	$ -	$13,512,936	$ 29,802,368
Increase (decrease)	769,271	14,584,637	(4,229,792)	11,124,116
Fund Balances, end of year	$ 17,058,703	$ 14,584,637	$ 9,283,144	$ 40,926,484

In the General Fund, our principal operating fund, the fund balance increased by $0.8 million. It is the District's intention to maintain a General Fund balance at a level that provides the available resources to avoid borrowing funds on a short-term basis for cash flow purposes or unanticipated changes in revenues and/or expenditures in light of the precarious economic conditions in the State. Furthermore, the Board of Education has established a commitment to an annual balanced budget in order to maintain a responsible fund balance for the District. With this goal in mind, the District has adopted a 2021-2022 General Fund operating budget that addresses the primary financial goal

of the Board of Education and our ability to satisfy the district mission statement for educational value.

The fund balance of the 2022 Capital Projects Fund increased by $14.6 million. This increase is a result of the 2022 bond issue.

General Fund Budgetary Highlights

The Uniform Budget Act of the State requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the District's fiscal year. As a matter of practice, due to attempts to deal with foreseen and unforeseen changes in revenues and expenditures, the District amends its budget at least once during the fiscal year, as State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. For Fiscal year 2021-2022, an amendment to the General Fund budget was adopted by the Board of Education in January 2021. The final budget was adopted by the Board of Education in June 2021.

The General Fund final budget for revenues and other sources was increased by $8 million from original budget to reflect increases in state sources based on additional funding, federal grants awarded to the District, and other revenue. Actual revenues were below the final budget by $1.0 million due to federal sources of revenue being utilized in future years.

The final budgeted expenditures and other uses in the General Fund increased from original budget by $10.3 million reflecting updated estimates for staffing costs. Actual expenditures were below final budget by less than $1 million due to efficiencies in human resources management and updating District assets to reduce repair cost and time spent by utilizing voted capital funds to relieve stress on the General Fund.

Capital Assets and Debt Administration

Capital Assets, Net of Accumulated Depreciation

At June 30, 2022, the District had $189.8 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately $8.0 million or 4.4% from last year.

June 30,	**2022**	2021
Land and improvements	**$ 3,499,206**	$ 3,499,206
Buildings and improvements and construction in process	**170,955,522**	164,047,576
Machinery, furniture, equipment and vehicles	**15,393,832**	14,283,678
Total Capital Assets	**$ 189,848,560**	$ 181,830,460

This year's additions included building additions and renovations, purchases of technology hardware, vehicles, and other equipment. We present more detailed information about our capital assets in the notes to financial statements.

Debt

The District issued bonds in the amount of $19.8 million during the year ended June 30, 2022. At the end of this year, the District had $78.2 million in bonds outstanding versus $66.0 million in the previous year – an increase of 18.5%. Those bonds consisted of the following:

June 30,	**2022**	2021
General Obligation Bonds	**$ 78,205,000**	$ 66,025,000

In 2021-22 and 2020-21, the District levied 4.25 mills of property taxes on all classes of property located within the District for bonded debt service.

The state limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the District's boundaries. The District's outstanding unqualified general obligation debt of $78.2 million is significantly below the $341.5 million statutorily imposed limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to financial statements.

Economic Factors and Next Year's Budget

The Administration and Board of Education consider many factors and make assumptions based on the best available information when setting the District's operating budget.

Since a significant portion of the District's revenue is dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its committed appropriation to school districts. As the State economy rebounds from the COVID-19 pandemic, there remains a steady amount of stimulus funds available over the next two years. Kentwood Public Schools conducted meaningful consultation with community stakeholders to provide input in the development of its plan to allocate ESSER funds. Our evaluation of the data provided us with the opportunity to re-evaluate our current plan to address learning loss experienced during the pandemic. Together as a team, we developed a plan that listed a starting point, with constant evaluation of the plan, we expect continuous improvements of the goals and objectives. The Kentwood Board of Education has directed district administration to make the necessary reductions/adjustments to the general fund operating budget, on an ongoing basis, so that we are able to maintain a sufficient fund balance, which will allow us to address this ever changing situation. As we continue to allocate these federal funds, it is important that we understand the federal stimulus funding model will be eliminated in September of 2024. As a result, these policies and procedures concerning staffing and program add have to be sustainable in a current economy that has the highest inflation rate in 40+ years.

Another important factor affecting the District's budget is our student count. State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Based on preliminary counts for the current year (2022-23), we are estimating enrollment to increase as the community has grown due to the increase of new housing opportunities. District officials continue to monitor growth in the community to develop a long term facilities plan with the help of a voter approved $192 million bond proposal focusing on advancing

excellence and innovation in our educational programs, enhancing educational technology and security and ensuring student, staff health and wellness.

However, it is critical that the District maintain an adequate fund balance in order to be able to react to these ever-changing conditions and to provide for the fair and equitable treatment of both our students and employees.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact:

Todd Bell
Executive Director of Finance and Business Operations
Kentwood Public Schools
5820 Eastern Avenue SE
Kentwood, Michigan 49508

District-Wide Financial Statements

Kentwood Public Schools
Kentwood, Michigan

District-Wide Financial Statements
Statement of Net Position

June 30, 2022

		Governmental Activities
Assets		
Current Assets		
Cash and deposits (Note 3)	$	12,316,186
Investments (Note 3)		7,134,658
Restricted investments (Note 3)		18,970,529
Receivables:		
Due from other governmental units		18,328,578
Accounts		869,519
Prepaid items		950,166
Inventories		346,164
Total Current Assets		58,915,800
Noncurrent Assets		
Land, improvements, and construction in process (Note 5)		14,958,026
Capital assets, net of accumulated depreciation (Note 5)		174,890,534
Total Noncurrent Assets		189,848,560
Total Assets	$	248,764,360
Deferred Outflows of Resources		
Deferred charge on refunding	$	85,437
Related to pensions (Note 6)		36,400,697
Related to other postemployment benefits (Note 6)		14,304,862
Total Deferred Outflows of Resources	$	50,790,996

Kentwood Public Schools
Kentwood, Michigan

District-Wide Financial Statements
Statement of Net Position

June 30, 2022

		Governmental Activities
Liabilities		
Current Liabilities		
Accounts payable	$	3,233,517
Salaries payable		6,330,155
Accrued employee benefits		5,564,704
Due to other governmental units		544,546
Unearned revenue		2,316,394
Accrued interest on bonds		634,571
Current portion of long-term liabilities (Note 7)		8,872,102
Total Current Liabilities		27,495,989
Noncurrent Liabilities, net of current portion		
Bonds payable (Note 7)		75,968,312
Compensated absences payable (Note 7)		1,705,872
Net pension liability (Note 6)		147,673,025
Net other postemployment benefits liability (Note 6)		9,658,345
Total Noncurrent Liabilities		235,005,554
Total Liabilities	$	262,501,543
Deferred Inflows of Resources		
Related to pensions (Note 6)	$	58,696,533
Related to other postemployment benefits (Note 6)		36,145,005
Total Deferred Inflows of Resources	$	94,841,538
Net Position (Deficit)		
Net investment in capital assets (Note 13)	$	121,830,467
Restricted for food service		4,481,129
Restricted for debt retirement		778,416
Restricted for capital projects		17,398,537
Restricted for student activities		550,118
Unrestricted		(202,826,392)
Total Net Position (Deficit)	$	(57,787,725)

See accompanying notes to financial statements.

Kentwood Public Schools
Kentwood, Michigan

District-Wide Financial Statements
Statement of Activities

Year ended June 30, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Total
Functions/Programs Governmental Activities				
Instruction:				
Basic programs	$ 52,365,690	$ 391,850	$ 3,246,485	$ (48,727,355)
Added needs	14,717,652	-	46,409,085	31,691,433
Total Instruction	67,083,342	391,850	49,655,570	(17,035,922)
Support services:				
Student	8,178,001	-	-	(8,178,001)
Instructional staff	6,831,626	-	-	(6,831,626)
General administration	954,269	-	-	(954,269)
School administration	5,937,958	-	-	(5,937,958)
Business	22,608,822	-	1,517,832	(21,090,990)
Community services	515,558	97,719	1,890,000	1,472,161
Food service	5,620,295	90,891	8,434,595	2,905,191
Athletics	1,366,458	131,373	-	(1,235,085)
Student activities	800,370	784,203	-	(16,167)
Other	4,248,862	-	-	(4,248,862)
Interest on long-term debt	2,395,997	-	-	(2,395,997)
Unallocated depreciation	9,069,664	-	-	(9,069,664)
Total Support Services	68,527,880	1,104,186	11,842,427	(55,581,267)
Total School District	$ 135,611,222	$ 1,496,036	$ 61,497,997	(72,617,189)
General Revenues				
Property taxes levied for general purposes				20,247,516
Property taxes levied for debt service				10,604,234
Property taxes levied for sinking fund				3,748,988
Unrestricted state aid				54,070,298
Investment earnings				25,293
Other				1,440,997
Total General Revenues				90,137,326
Change in Net Position (Deficit)				17,520,137
Net Position (Deficit), beginning of year				(75,307,862)
Net Position (Deficit), end of year				$ (57,787,725)

See accompanying notes to financial statements

Fund Financial Statements

Kentwood Public Schools
Kentwood, Michigan

Governmental Funds
Balance Sheet

June 30, 2022

	General	2022 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and deposits (Note 3)	$ 5,206,098	$ 328,044	$ 6,782,044	$ 12,316,186
Investments (Note 3)	7,134,658	-	-	7,134,658
Restricted investments (Note 3)	-	16,561,734	2,408,795	18,970,529
Accounts receivable	869,519	-	-	869,519
Due from other funds (Note 4)	2,670	-	626,392	629,062
Due from other governmental units	18,132,918	-	195,660	18,328,578
Prepaid items	949,666	500	-	950,166
Inventories	321,654	-	24,510	346,164
Total Assets	$ 32,617,183	$ 16,890,278	$ 10,037,401	$ 59,544,862
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 1,003,894	$ 1,751,633	$ 477,990	$ 3,233,517
Salaries payable	6,278,127	-	52,028	6,330,155
Accrued employee benefits	5,518,785	-	45,919	5,564,704
Due to other funds (Note 4)	72,384	554,008	2,670	629,062
Due to other governmental units	544,546	-	-	544,546
Unearned revenue	2,140,744	-	175,650	2,316,394
Total Liabilities	15,558,480	2,305,641	754,257	18,618,378
Fund Balances				
Nonspendable:				
Prepaid items	949,666	500	-	950,166
Inventories	321,654	-	24,510	346,164
Restricted for:				
Food service	-	-	4,481,129	4,481,129
Debt retirement	-	-	1,412,987	1,412,987
Capital projects	-	14,584,137	2,814,400	17,398,537
Student activities	-	-	550,118	550,118
Unassigned (deficit)	15,787,383	-	-	15,787,383
Total Fund Balances	17,058,703	14,584,637	9,283,144	40,926,484
Total Liabilities and Fund Balances	$ 32,617,183	$ 16,890,278	$ 10,037,401	$ 59,544,862

See accompanying notes to financial statements.

Kentwood Public Schools
Kentwood, Michigan

Reconciliation of Fund Balances of Governmental Funds to Net Position on the Statement of Net Position

June 30, 2022

Total fund balances - total governmental funds (from page 19)	$	40,926,484
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, therefore, are not reported in the funds.		
These net capital assets consist of:		
Capital assets, at cost		316,232,825
Accumulated depreciation		(126,384,265)
Net Capital Assets		189,848,560
Deferred outflows of resources represent costs applicable to future periods and, therefore, are not reported in the funds.		
Deferred charge on refunding		85,437
Related to pension		36,400,697
Related to other postemployment benefits		14,304,862
		50,790,996
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Balances are as follows:		
Bonds payable		(78,205,000)
Compensated absences		(1,881,022)
Bond premium, net		(6,460,264)
Accrued interest on bonds		(634,571)
Net pension liability		(147,673,025)
Net other postemployment benefits liability		(9,658,345)
Total Long-Term Liabilities		(244,512,227)
Deferred inflows of resources represent resources or benefits applicable to future periods and, therefore, are not reported in the funds.		
Related to pension		(58,696,533)
Related to other postemployment benefits		(36,145,005)
		(94,841,538)
Net Position of Governmental Activities (from page 16)	$	(57,787,725)

See accompanying notes to financial statements.

Kentwood Public Schools
Kentwood, Michigan

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2022

	General	2022 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources:				
Property taxes	$ 20,247,516	$ -	$ 14,353,222	$ 34,600,738
Penalties and interest	37,021	-	13,870	50,891
Tuition	183,831	-	-	183,831
Transportation fees	336,190	-	-	336,190
Earnings on investments	12,521	8,553	4,219	25,293
Food service	-	-	90,891	90,891
Student activities	-	-	784,203	784,203
Community service	143,580	-	-	143,580
Other local revenue	821,675	-	-	821,675
State sources:				
Restricted grants	23,641,387	-	400,649	24,042,036
Unrestricted state aid	55,949,022	-	-	55,949,022
Federal sources	16,420,470	-	8,247,772	24,668,242
Other revenue	13,314,990	-	-	13,314,990
Total Revenues	131,108,203	8,553	23,894,826	155,011,582
Expenditures				
Current:				
Instruction:				
Basic programs	59,200,030	-	-	59,200,030
Added needs	16,222,839	-	-	16,222,839
Support services:				
Student	8,535,800	-	-	8,535,800
Instructional staff	7,793,857	-	-	7,793,857
General administration	1,044,943	-	-	1,044,943
School administration	6,690,811	-	-	6,690,811
Business	28,765,856	-	-	28,765,856
Community services	581,815	-	-	581,815
Food service	-	-	5,620,295	5,620,295
Athletics	1,902,981	-	-	1,902,981
Student activities	-	-	800,370	800,370
Other	-	78,111	713,091	791,202
Capital outlay		5,420,289	10,062,262	15,482,551
Debt service:				
Principal retirement	-	-	7,595,000	7,595,000
Interest and other charges	-	1,512	2,933,600	2,935,112
Total Expenditures	130,738,932	5,499,912	27,724,618	163,963,462

Kentwood Public Schools
Kentwood, Michigan

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2022

	General	2022 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ 369,271	$ (5,491,359)	$ (3,829,792)	$ (8,951,880)
Other Financing Sources (Uses)				
Transfers in (Note 4)	400,000	-	-	400,000
Premium on bonds	-	300,996		300,996
Bonds issued	-	19,775,000		19,775,000
Transfers out (Note 4)	-	-	(400,000)	(400,000)
Total Other Financing Sources (Uses)	400,000	20,075,996	(400,000)	20,075,996
Net Change in Fund Balances	769,271	14,584,637	(4,229,792)	11,124,116
Fund Balances, beginning of year	16,289,432	-	13,512,936	29,802,368
Fund Balances, end of year	$ 17,058,703	$ 14,584,637	$ 9,283,144	$ 40,926,484

See accompanying notes to financial statements.

Kentwood Public Schools
Kentwood, 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

Changes in fund balances - total governmental funds (from page 22)	$	11,124,116
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation.		
Capital outlay	$	17,092,958
Depreciation expense		(9,069,664)
Loss on disposal of capital assets		(5,194)
Net Effect of Capital Asset Activity		8,018,100
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments		7,595,000
Bonds issued		(19,775,000)
Premium on bonds issued		(300,996)
		(12,480,996)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of deferred charge on refunding		(102,523)
Amortization of bond premium		787,276
Accrued interest on bonds		145,638
Compensated absences		(151,667)
Pension expense		2,504,444
OPEB expense		9,542,415
State aid funding for pension		(1,866,666)
		10,858,917
Change in Net Position of Governmental Activities (from page 17)	$	17,520,137

See accompanying notes to financial statements.

Kentwood Public Schools
Kentwood, Michigan

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Year ended June 30, 2022

	Original Budget	Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources:				
Property taxes	$ 20,752,260	$ 20,202,720	$ 20,247,516	$ 44,796
Penalties and interest	5,000	8,600	37,021	28,421
Tuition	40,000	58,850	183,831	124,981
Transportation fees	92,800	270,000	336,190	66,190
Earnings on investments	5,000	5,000	12,521	7,521
Community service	165,700	140,950	143,580	2,630
Other local revenue	500,400	727,287	821,675	94,388
State sources:				
Restricted grants	20,056,915	23,896,940	23,641,387	(255,553)
Unrestricted school aid	52,975,059	55,890,982	55,949,022	58,040
Federal sources	16,825,900	18,081,194	16,420,470	(1,660,724)
Other revenue	12,775,092	12,900,359	13,314,990	414,631
Total Revenues	124,194,126	132,182,882	131,108,203	(1,074,679)
Expenditures				
Current:				
Instruction:				
Basic programs	58,903,721	59,588,760	59,200,030	388,730
Added needs	15,590,525	16,965,163	16,222,839	742,324
Support services:				
Student	7,801,257	8,252,458	8,535,800	(283,342)
Instructional staff	6,695,908	8,107,275	7,793,857	313,418
General administration	1,039,978	1,064,028	1,044,943	19,085
School administration	6,173,976	6,558,780	6,690,811	(132,031)
Business	22,497,089	28,390,982	28,765,856	(374,874)
Community services	771,034	665,933	581,815	84,118
Athletics	1,644,710	1,795,514	1,902,981	(107,467)
Total Expenditures	121,118,198	131,388,893	130,738,932	649,961

Kentwood Public Schools
Kentwood, Michigan

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Year ended June 30, 2022

	Original Budget	Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over Expenditures	$ 3,075,928	$ 793,989	$ 369,271	$ (424,718)
Other Financing Sources (Uses)				
Transfers in	400,000	375,000	400,000	25,000
Transfers out	(267,437)	(15,902)	-	15,902
Total Other Financing Sources	132,563	359,098	400,000	40,902
Net Change in Fund Balance	3,208,491	1,153,087	769,271	(383,816)
Fund Balance, beginning of year	16,289,432	16,289,432	16,289,432	-
Fund Balance, end of year	$ 19,497,923	$ 17,442,519	$ 17,058,703	$ (383,816)

See accompanying notes to financial statements.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

The District is an independent entity with an elected board of education (the Board). The Board consists of seven members elected to six-year terms. The Board has responsibility and control over all matters affecting the District, including authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The basic financial statements of the District contain all funds for which the District is financially accountable. The Kentwood Public Schools Educational Foundation (the Foundation) is a separate entity that elects its own board and sets its own policies and procedures. The District has no control over the Foundation, either administratively or financially. Accordingly, it is not included in this report. There are no other agencies for which the District is responsible; therefore, no other agencies are included in this report.

Basis of Presentation

District-Wide Financial Statements - The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. All of the District's activities are classified as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Property taxes, state aid foundation allowance, and certain other items are reported as general revenues.

Fund Financial Statements - The fund financial statements provide information about the District's funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

Governmental Funds

The following is a description of the Governmental Funds of the District.

Major Funds

General Fund – This is used as the general operating fund of the District. It accounts for all financial resources, except those required to be accounted for in another fund. The General Fund is always a major fund.

2022 Capital Projects Fund – This is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Nonmajor Funds

Special Revenue Funds – These are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The District operates two special revenue funds: Food Service and Student Activity Funds. Revenue in the Food Service fund is generated from the sale of meals to pupils and staff, as well as state and federal aid. Revenue in the Student Activity fund is generated from fundraising activities and student fees.

Debt Retirement Funds – These are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District operates four debt retirement funds: 2012 Debt, 2016 Debt, 2019 Debt, and 2020 Debt Funds.

Capital Projects Funds – These are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The 2016 Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and for the use of a millage approved by voters in 2016. Sinking Fund is used to account for the use of a sinking fund millage approved by voters in 1996 and renewed in 2006.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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 if they are collected within the current period or soon enough after to pay liabilities for the current period. The District considers most revenues available if collected within 60 days after year-end, including

property taxes, state aid and interest; a 90 day window is used for entitlement funds and grants, which aligns with the grant year end and related grant reporting as determined at the state or federal level.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension, other post-employment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

State Foundation Revenue

The state of Michigan provides funds through a foundation grant approach, which provides for a specific annual amount of revenue per student 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. For the year ended June 30, 2022, the foundation allowance was based on the blended average pupil membership counts taken in February 2021 and October 2021.

The state portion of the foundation is provided primarily by a state education property tax millage of six 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.

State Categorical Revenue

The District also receives revenue from the state to administer certain categorical education programs. State rules require revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.

Federal Revenue

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Cash and Deposits

The District's cash and deposits are considered to be cash on hand and demand deposits which include savings and checking accounts.

Due from Other Governmental Units

Due from Other Governmental Units generally consist of amounts due from the state of Michigan for state aid payments and amounts due from grantors for expenditures incurred under reimbursement-based grants. Management has estimated that any uncollectible receivables will be immaterial and, as such, no allowance for doubtful accounts has been recorded.

Investments

Investments are carried at fair value except for commercial paper, banker's acceptances, and U.S. Treasury and agency obligations with a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Investments in external investment pools are stated at amortized cost.

Restricted Investments

Restricted investments consist of unspent proceeds from the 2020 and 2022 bond issue, which, pursuant to the bond documents, must be spent for the purpose of capital construction projects.

Inventories and Prepaid Items

Inventories are stated at cost (first-in, first-out) and consist primarily of food, cafeteria supplies, teaching, office, and maintenance supplies. Governmental fund inventories are reported as assets until consumed, at which time an expenditure is recorded. USDA donated commodities are recorded at fair market value. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed $5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their acquisition value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

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

	Useful Life in Years
Building and improvements	20-50
Machinery, vehicles, furniture, and equipment	5-15

The District reviews the carrying value of their capital assets to determine if circumstances exist indicating impairment. If facts or circumstances support the possibility of impairment, management follows the guidance in GASB Statement No. 42 (GASB No. 42), *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment is made to the carrying value of the capital assets. No impairments were reported during the 2022 fiscal year.

Defined Benefit Plans

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

Deferred Outflows/Inflows of Resources

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

Deferred Inflows - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. They are restricted section 147c state aid, pension-related items, and other postemployment benefit related items reported in the District-wide statement of net position. The restricted section 147c state aid is recorded as a deferred inflow of resources to offset the deferred outflows of resources related to section 147c pension contributions subsequent to the measurement period. The pension and other postemployment benefits (OPEB) related items represent future resources arising from differences in the estimates used by the actuary to calculate the pension liability and OPEB liability and the actual results.

Compensated Absences

District employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation time and sick leave accumulate from year to year at varying rates, depending on the employees' applicable rate of pay and/or employment category. The liability for compensated absences includes salary-related payments.

In the fund financial statements, only the matured liability for compensated absences is reported. The total liability is reported in the District-wide financial statements.

Unearned Revenue

Revenue received which relates to future periods is recorded as unearned revenue in the fund financial statements and the District-wide statements.

Long-Term Obligations

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized using the effective interest rate method. Bonds payable are reported net of unamortized premiums or discounts. Bond issue costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on its use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Fund Balance

Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The District's fund balance is classified in the following categories:

Non-Spendable Fund Balance – This represents amounts that cannot be spent due to legal requirements or because it is not in spendable form. The District reports non-spendable fund balance for prepaid items and inventories.

Restricted Fund Balance – This is restricted for specific purposes imposed by grantors, bondholders, constitutional provisions, or enabling legislation. The District reports restricted fund balance in the Debt Retirement, Capital Projects, and the Food Service Funds.

Unassigned Fund Balance – This is the residual fund balance of the General Fund. Any deficit fund balances within other governmental fund types are reported as unassigned.

When an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available, the District's policy is to first apply restricted resources and then unassigned fund balance.

Property Taxes

Properties are assessed as of December 31, and approximately one-half of the related property taxes are levied and become a lien on July 1. The remaining taxes are levied and become a lien on December 1. These taxes are due on September 14 and February 14, respectively, with the final collection date of February 28, before they are added to the county delinquent tax rolls.

Interfund Activity

Outstanding balances between funds are reported as due from/to other funds at year-end.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. It is reasonably possible actual results could differ materially from those estimates and that a change in estimate may occur in the near term.

Subsequent Events

Management has evaluated subsequent events from July 1, 2022 through October 25, 2022, the date the financial statements were made available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP and state law. The funds of the District are subject to state budgetary accounting controls and all budgets are adopted annually, prior to the beginning of the fiscal year. Periodic budget revisions to funds occur during the fiscal year as needed. All annual appropriations lapse at year-end.

The budgetary data reflected in the financial statements is established by the District using the procedures outlined below:

Prior to May, the various directors and supervisors review operating budgets by program or building for the fiscal year commencing the following July 1 and submit them to the Assistant Superintendent for Business.

This information is used to develop a budget and authorizing resolution for the General, Special Revenue, Debt Retirement, and the Capital Projects Funds. This includes the proposed expenditures and the means of financing them.

In June, the budget resolution is subjected to a public hearing before the Board and is adopted after this hearing and before July 1, the first day of the budgeted fiscal year, as required by state law.

Various administrators are authorized to transfer budgeted amounts within functions of any fund; however, any revisions that alter the total expenditures of any fund, must be approved by the Board. The final budget reflects all revisions approved by the Board during the year. Budget amendments during the year were not material to the originally adopted budgets, other than amendments made to federal and state sources. Unexpended appropriations lapse at year-end. The budget is integrated with the accounting system of the District and is used as a management control device during the year.

The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the activity level. Expenditures in excess of amounts budgeted are a violation of Michigan law.

Excess of Expenditures Over Budget

During the year ended June 30, 2022, the District incurred expenditures that were in excess of the amounts budgeted in the General Fund, as follows:

Year ended June 30, 2022	Budget	Actual	Variance
Support services - student	$ 8,252,458	$ 8,535,800	$ (283,342)
Support services - school administration	6,558,780	6,690,811	(132,031)
Support services - business	28,390,982	28,765,856	(374,874)
Athletics	1,795,514	1,902,981	(107,467)

3. Cash, Deposits, and Investments

Cash and Deposits

Statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also members of a federal or national insurance corporation.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for mitigating custodial credit risk. At June 30, 2022, the District's bank balances were $12,690,155, of which $12,190,155 was uninsured and collateralized.

The Federal Deposit Insurance Corporation (FDIC) general deposit insurance rules provide $250,000 of insurance per depositor, per insured bank.

A reconciliation of deposits to cash and cash equivalents as shown on the fund and the District-wide financial statements is as follows:

June 30, 2022	
Carrying amount of deposits	$ 12,307,364
Cash on hand	8,822
	$ 12,316,186

Investments

State statutes and board resolutions authorize the District to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies; commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase; bankers' acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency; investment pools authorized by the Surplus Funds Investment Pool Act; and mutual funds composed entirely of the above investments.

The District had the following investments:

June 30, 2022	Maturity	Standard & Poor's Rating	Fair Value
MILAF External Investment Pool - MICMS	Less than one year	AAAm	$ 6,871,480
MILAF External Investment Pool - MIMAX	Less than one year	AAAm	19,233,707
Total			$ 26,105,187

Investments are presented in the statement of net position as follows:

June 30, 2022	
Investments	$ 7,134,658
Restricted investments	18,970,529
Total	$ 26,105,187

The Michigan Liquid Asset Fund (MILAF) is an external pooled investment fund that includes qualified investments, in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reports the value of the pool shares at amortized cost, which approximates fair value of the District's investments at June 30, 2022.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded except for a one-day minimum investment period on MILAF MICMS funds and a 14-day redemption limitation on MILAF MIMAX Funds.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The District minimizes 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 investments.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2022, the District had no investments that were subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District has no policy that would further limit its investment choices in excess of state law on investment credit risk. The ratings for each investment are identified above for significant investments held at year-end.

4. Interfund Receivables and Payables and Transfers

Interfund receivables and payables consisted of the following:

June 30, 2022

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 2,670	$ 72,384
2022 Capital Projects Fund	-	554,008
Nonmajor Governmental Funds	626,392	2,670
	$ 629,062	$ 629,062

The District reports interfund balances between many of its funds. The sum of all balances presented in the table above agrees with the sum of interfund balances presented in the balance sheet for the governmental funds. These interfund balances resulted primarily 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 balances are expected to be collected within one year.

The Food Service Fund annually transfers funds to the General Fund for indirect costs. Interfund transfers were as follows:

Year ended June 30, 2022

Fund	Transfers to Other Funds	Transfers From Other Funds
General Fund	$ -	$ 400,000
Nonmajor Governmental Funds	400,000	-
	$ 400,000	$ 400,000

5. Capital Assets

The following summarizes capital asset activity:

	Balance June 30, 2021	Additions	Transfers	Deletions	Balance June 30, 2022
Capital assets not depreciated:					
Land and improvements	$ 3,499,206	$ -	$ -	$ -	$ 3,499,206
Construction in progress	3,877,683	11,596,860	(4,015,723)	-	11,458,820
Total capital assets not depreciated	7,376,889	11,596,860	(4,015,723)	-	14,958,026
Capital assets being depreciated:					
Buildings and improvements	262,294,326	1,847,228	4,015,723	-	268,157,277
Machinery, furniture, and equipment	25,045,678	3,062,726	-	5,194	28,103,210
Vehicles	4,489,549	586,144	-	61,381	5,014,312
Total capital assets being depreciated	291,829,553	5,496,098	4,015,723	66,575	301,274,799
Less accumulated depreciation for:					
Buildings and improvements	102,124,433	6,536,142	-	-	108,660,575
Machinery, furniture, and equipment	12,199,281	2,158,827	-	-	14,358,108
Vehicles	3,052,268	374,695	-	61,381	3,365,582
Total accumulated depreciation	117,375,982	9,069,664	-	61,381	126,384,265
Total capital assets being depreciated, net	174,453,571	(3,573,566)	4,015,723	5,194	174,890,534
Net Capital Assets	$ 181,830,460	$ 8,023,294	$ -	$ 5,194	$ 189,848,560

Depreciation for the year ended June 30, 2022, was $9,069,664. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Estimated costs to complete the construction in progress are approximately $12.0 million as of June 30, 2022.

6. Employee Retirement System - Pension Plan and Other Post-Retirement Benefits

Plan Description

The Michigan Public School Employees' Retirement System (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 provides retirement, survivor, and disability benefits to public school employees. In addition, MPSERS health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at http://www.michigan.gov/orsschools/0,4653,7-206-36585---,00.html.

Pension Plan

Benefits Provided

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 (FAC) and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. MPSERS also provides disability and survivor benefits to DB plan members.

Pension Reform 2010

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

Pension Reform 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and created a new optional revised hybrid 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 new hybrid plan is 6%. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service, or age 60 with ten years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with ten years credited service; or age 60 with five years of credited service, provided the member worked through 60th birthday and has credited service in each of the last five years. For Pension Plus Plan (PPP) members, age 60 with ten years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus

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

Option 1 – Credited Service after the Transition Date times 1.5% times FAC.

Option 2 – Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 – Credited Service after the Transition Date times 1.25% times FAC.

Option 4 – None (Member will receive benefit through a Defined Contribution plan).

Final Average Compensation (FAC) - Average of highest 60 consecutive months (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.

Member Contributions

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

Employer Contributions

Employer contributions to MPSERS 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Pension contributions were $21,906,266 for the Defined Benefit Plan. These amounts include section 147c contributions.

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 $147,673,025 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 as 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 Districts, actuarially determined. At September 30, 2021, the District's proportion was 0.62374%, which was an increase of 0.00919% from the prior-year proportion.

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

For the year ended June 30, 2022, the District recognized pension benefit of ($2,504,444). The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,287,518	$ (869,619)
Net difference between projected and actual earnings on pension plan investments	-	(47,476,403)
Changes in pension actuarial assumptions	9,308,780	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,832,465	(328,119)
District's contributions subsequent to the measurement date	18,971,934	-
State aid funding for pension	-	(10,022,392)
Total	$ 36,400,697	$ (58,696,533)

$18,971,934 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. $10,022,392 reported as deferred inflows of resources related to section 147c pension contributions received from the state of Michigan subsequent to the measurement date will be recognized as state revenue in the subsequent fiscal year.

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

Year ending June 30,	
2023	$ (1,728,137)
2024	(6,420,871)
2025	(10,520,778)
2026	(12,575,592)
	$ (31,245,378)

Other Postemployment Benefits

Benefits

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. MPSERS 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 MPSERS 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 and at 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012, granted all active members of MPSERS, 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 were deposited into their 401(k) accounts.

Regular Retirement (No Reduction Factor for Age)

Eligibility - Age 55 with 30 years credited service, or age 60 with ten years credited service. For MIP members, any age with 30 years credited service; or age 60 with ten years credited service; or age 60 with five years of credited service provided member worked through 60th birthday and has credited service in each of the last five years. For PPP members, age 60 with ten years of credited service.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 3% for other postemployment benefits.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The District's OPEB contributions for the year ended June 30, 2022, were equal the required contribution total. OPEB contributions were $5,286,873.

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 $9,658,345 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 Districts, actuarially determined. At September 30, 2021, the District's proportion was 0.63276%, which was an increase of 0.00831% from the prior year proportion.

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

For the year ended June 30, 2022, the District recognized OPEB benefit of ($9,542,415). The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (27,569,058)
Net difference between projected and actual earnings on OPEB plan investments	-	(7,279,668)
Changes in OPEB actuarial assumptions	8,073,897	(1,208,157)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,452,186	(88,122)
District's contributions subsequent to the measurement date	3,778,779	-
Total	$ 14,304,862	$ (36,145,005)

$3,778,779, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year ending June 30,	
2023	$ (6,509,420)
2024	(5,953,679)
2025	(5,596,388)
2026	(5,444,444)
2027	(1,869,685)
Thereafter	(245,306)
	$ (25,618,922)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2021 is based on the results of an actuarial valuation date of September 30, 2020 and rolled forward using generally accepted actuarial procedures. The total pension and OPEB liability was determined using the following assumptions:

Investment Rate of Return for Pension – 6.8% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and for the Hybrid group (Pension Plus plan), and 6.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus 2 plan).

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

Salary Increases – 2.75% - 11.55%, including wage inflation at 2.75%

Inflation - 2.75%

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, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation.

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

Healthcare Cost Trend Rate for Other Postemployment Benefit – 7.75% for year one and graded to 3.5% for year 15 for pre-65 and 5.25% for year one and graded to 3.5% for year 15 for post-65.

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 one or more dependents.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan and OPEB investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Investment Category	Target Allocation*	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.40%
Private Equity Pools	16.00%	9.10%
International Equity Pools	15.00%	7.50%
Real return / opportunistic pools	12.50%	6.10%
Fixed Income Pools	10.50%	-7.00%
Real Estate and Infrastructure Pools	10.00%	5.40%
Absolute Return Pools	9.00%	2.60%
Short-Term Investment Pools	2.00%	-1.30%
Total	100.0%	

* Long-term rate of return does not include 2.1% inflation.

Pension Discount Rate - The discount rate used to measure the total pension liability was 6.8% (6.0% for Pension Plus 2 Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. 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 active and inactive employees. 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 – The discount rate of 6.95% was used to measure the total OPEB liability. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8% (6.0% for Pension Plus 2 Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Lower (5.00-5.80%)	Discount Rate (6.00-6.80%)	1% Higher (7.00-7.80%)
District's proportionate share of the net pension liability	$ 211,132,377	$ 147,673,025	$ 95,061,060

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Lower (5.95%)	Discount Rate (6.95%)	1% Higher (7.95%)
District's proportionate share of the net other postemployment benefits liability	$ 17,946,948	$ 9,658,345	$ 2,624,281

Sensitivity of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the assumed healthcare trend rates, as well as what the District's proportionate share of the net OPEB Liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Lower	Current Healthcare Cost Trend Rate	1% Higher
District's proportionate share of the net other postemployment benefits liability	$ 2,350,764	$ 9,658,345	$ 17,880,253

Pension and OPEB Plan Fiduciary Net Position

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

Payable to the Pension and OPEB Plan

At year-end, the District was current on all required pension and other postemployment benefit plan payments. Amounts accrued at year-end for accounting purposes are separately stated in the financial statements as a liability titled accrued employee benefits. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due funded from state revenue section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

7. Long-Term Obligations

Changes in the long-term obligations are summarized as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Bonds payable	$ 66,025,000	$ 19,775,000	$ 7,595,000	$ 78,205,000	$ 8,000,000
Premium on bonds	6,946,544	300,996	787,276	6,460,264	696,952
Compensated absences	2,032,689	23,483	175,150	1,881,022	175,150
Long-Term Obligations	$ 75,004,233	$ 20,099,479	$ 8,557,426	$ 86,546,286	$ 8,872,102

For the governmental activities, compensated absences are generally liquidated by the General Fund.

General obligation bonds payable are comprised of the following individual issues:

June 30, 2022	Principal Outstanding	Remaining Interest Requirements
2012 Refunding Bonds, $55,780,000, due in annual installments of $6,185,000 to $6,410,000 through May 1, 2023, interest at 4.00%.	$ 6,410,000	$ 256,400
2016 School Building and Site Bonds, $29,935,000, due in annual installments of $820,000 to $1,205,000 through May 1, 2044, interest at 2.00% to 5.00%.	26,205,000	15,226,500
2019 School Building and Site Bonds, $17,340,000, due in annual installments of $1,055,000 to $1,450,000 through May 1, 2036, interest at 4.00% to 5.00%.	17,340,000	6,917,000
2020 School Building and Site Bonds, $8,925,000, due in annual installments of $215,000 to $675,000 through May 1, 2044, interest at 3.00% to 4.00%.	8,475,000	3,058,200
2022 School Building and Site Bonds, $19,775,000, due in annual installments of $500,000 to $1,695,000 through May 1, 2048, interest at 4.00% to 5.00%.	19,775,000	15,945,910
	$ 78,205,000	$ 41,404,010

Debt Service Requirements

The annual requirements to service the bonds outstanding to maturity, including both principal and interest, are as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 8,000,000	$ 5,028,997	$ 13,028,997
2024	2,970,000	3,138,275	6,108,275
2025	3,080,000	3,005,275	6,085,275
2026	3,195,000	2,867,775	6,062,775
2027	3,160,000	2,728,650	5,888,650
2028-2032	13,335,000	9,456,500	22,791,500
2033-2037	14,995,000	8,287,125	23,282,125
2038-2042	9,720,000	4,830,425	14,550,425
2043-2047	18,055,000	2,022,850	20,077,850
2048	1,695,000	38,138	1,733,138
	$ 78,205,000	$ 41,404,010	$ 119,609,010

8. Risk Management and Uncertainties

The District is exposed to various risks of loss related to torts, theft of damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and visions benefits provided to employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2022.

9. Property Tax Millage

For the 2021-22 school year, a portion of the District's revenues was attributable to local property taxes. The taxable value, by taxing district, and tax levy for the year ended June 30, 2022, consist of the following:

Taxing District	Non-Homestead Taxable Value	Levy for General Operating*	Total Taxable Value	Levy for Debt Retirement (4.25 Mills)	Levy for Sinking Fund (1.60 Mills)
City of Kentwood	$ 797,480,693	$ 14,768,822	$ 1,607,541,327	$ 6,832,051	$ 2,552,615
Gaines Township	140,886,039	2,591,621	462,928,320	1,967,445	735,084
City of Grand Rapids	124,444,494	2,116,970	183,195,395	819,634	290,896
Byron Township	43,528,049	808,477	69,739,100	296,391	110,739
City of Wyoming	5,410,920	99,827	12,764,828	54,251	20,269
	$ 1,111,750,195	$ 20,385,717	$ 2,336,168,970	$ 9,969,772	$ 3,709,603

* Levy based on six mills for commercial personal property and 18 mills for all other non-pre (principal residence exemption) property.

10. Bond Compliance and Sinking Fund

The Capital Projects Funds include activities funded by bonds that were issued after February 2, 2016. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. The District's Capital Projects Funds also includes capital project activities funded with a sinking fund millage. For this fund, the District has complied with the applicable provision of Section 1212(1) of the Revised School Code and the Michigan Department of Treasury Letter No. 01-95.

11. Contingencies

In the normal course of its activities, the District becomes a party in various legal actions. Management has determined that the outcome of any such actions will not have a material effect on the financial position of the District.

The District participates in a number of federal and state programs that require compliance with specific terms and conditions and are subject to audits by the contracting agencies. Management believes that the effect of any disallowed expenditures would be immaterial to the financial statements.

12. Tax Abatements

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

Municipality		Taxes Abated
City of Kentwood - debt	$	23,336
City of Kentwood - sinking		9,170
	$	32,506

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

13. Net Investment in Capital Assets

The composition of the District's net investment in capital assets is as follows:

June 30, 2022	
Capital assets	
Land, improvements and construction in process	$ 14,958,026
Capital assets, net of accumulated depreciation	174,890,534
Total capital assets	189,848,560
Related debt	
Bonds payable	(78,205,000)
Bond premium	(6,460,264)
Unspent proceeds	16,561,734
Deferred charge on refunding	85,437
Total related debt	(68,018,093)
Net Investment in Capital Assets	$ 121,830,467

Required Supplementary Information

Kentwood Public Schools
Kentwood, Michigan

Schedule of the District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
(Amounts Were Determined as of September 30 of Each Fiscal Year)

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)	**0.62374%**	0.61455%	0.60071%	0.58337%	0.57918%	0.57698%	0.56389%	0.54650%
District's proportionate share of net pension liability	**$ 147,673,025**	$ 211,103,638	$ 198,934,485	$ 175,372,314	$ 150,089,535	$ 143,952,353	$ 137,730,274	$ 120,373,886
District's covered payroll	**$ 56,263,627**	$ 49,425,345	$ 50,766,669	$ 50,501,562	$ 49,217,270	$ 48,654,867	$ 48,444,603	$ 47,521,054
District's proportionate share of net pension liability as a percentage of its covered payroll	**262.47%**	427.12%	391.86%	347.26%	304.95%	295.86%	284.30%	253.31%
Plan fiduciary net position as a percentage of total pension liability	**72.60%**	59.72%	60.31%	62.36%	64.21%	63.01%	62.92%	66.20%

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

Kentwood Public Schools
Kentwood, Michigan

Schedule of the District's Pension Contributions
Michigan Public School Employees Retirement Plan
(Amounts Were Determined as of June 30 of Each Fiscal Year)

June 30,	**2022**	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	**$ 21,906,266**	$ 18,146,028	$ 17,265,237	$ 15,810,822	$ 14,671,500	$ 13,202,172	$ 12,250,610	$ 10,372,633
Contributions in relation to statutorily required contributions	**21,906,266**	18,146,028	17,265,237	15,810,822	14,671,500	13,202,172	12,250,610	10,372,633
Contribution Deficiency (Excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	**$ 60,790,218**	$ 58,041,595	$ 55,786,544	$ 52,470,643	$ 49,744,272	$ 48,654,867	$ 48,444,602	$ 48,065,957
Contributions as a percentage of covered payroll	**36.04%**	31.26%	30.95%	30.13%	29.49%	27.13%	25.29%	21.58%

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

Kentwood Public Schools
Kentwood, Michigan

Schedule of the District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
(Amounts Were Determined as of September 30 of Each Fiscal Year)

	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)	**0.63276%**	0.62445%	0.61416%	0.58954%	0.57900%
District's proportionate share of net OPEB liability	**$ 9,658,345**	$ 33,453,337	$ 44,083,021	$ 46,862,066	$ 51,273,277
District's covered payroll	**$ 56,263,627**	$ 49,425,345	$ 50,766,669	$ 50,501,562	$ 49,217,270
District's proportionate share of net OPEB liability as a percentage of its covered payroll	**17.17%**	67.68%	86.83%	92.79%	104.18%
Plan fiduciary net position as a percentage of total OPEB liability	**87.33%**	59.44%	48.46%	42.95%	36.39%

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

Kentwood Public Schools
Kentwood, Michigan

Schedule of the District's OPEB Contributions
Michigan Public School Employees Retirement Plan
(Amounts Were Determined as of June 30 of Each Fiscal Year)

June 30,	**2022**	2021	2020	2019	2018
Statutorily required contributions	**$ 5,286,873**	$ 4,582,592	$ 4,804,606	$ 4,432,249	$ 4,057,564
Contributions in relation to statutorily required contributions	**5,286,873**	4,582,592	4,804,606	4,432,249	4,057,564
Contribution Deficiency (Excess)	**$ -**	$ -	$ -	$ -	$ -
District's covered payroll	**$ 60,790,218**	$ 58,041,595	$ 55,786,544	$ 52,470,643	$ 49,744,272
Contributions as a percentage of covered payroll	**8.70%**	7.90%	8.61%	8.45%	8.16%

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

Pension Benefits

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2019 – The discount rate used in the September 30, 2018 Pension Plan actuarial valuation decreased by 0.70% (1.00% Pension Plus 2 Plan). Salary increases were reduced from 3.5% - 12.3%, including wage inflation at 2.75% to 2.75% - 11.55%, including wage inflation at 2.75%. Mortality Tables were updated to the following: 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 Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006. Disable Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

2018 – The discount rate used in September 30, 2017 Pension Plan actuarial valuation decreased by 0.45%.

2017 – The discount rate used in September 30, 2016 Pension Plan actuarial valuation decreased by 0.50%.

Other Post-Employment Benefits

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.55%

2018 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35%.

Supplementary Information

General Fund

Kentwood Public Schools
Kentwood, Michigan

General Fund
Schedule of Sources of Financial Resources – Budget to Actual

Year ended June 30, 2022

	Final Budget	2022 Actual	Variance Positive (Negative)
Revenues			
Local sources:			
Property taxes	$ 20,202,720	$ 20,247,516	$ 44,796
Penalties and interest	8,600	37,021	28,421
Tuition	58,850	183,831	124,981
Transportation fees	270,000	336,190	66,190
Earnings on investments	5,000	12,521	7,521
Community service	140,950	143,580	2,630
Other local revenue	727,287	821,675	94,388
Total Revenues from Local Sources	21,413,407	21,782,334	368,927
State sources:			
Restricted state grants	23,896,940	23,641,387	(255,553)
Unrestricted state aid	55,890,982	55,949,022	58,040
Total Revenues from State Sources	79,787,922	79,590,409	(197,513)
Federal sources:			
IDEA	2,966,560	2,988,441	21,881
Title I, Title II, Title III, and Title IV	3,967,909	3,081,844	(886,065)
Twenty-First Century	1,890,000	1,890,000	-
Education Stabilization Funds	8,848,135	8,202,140	(645,995)
Other grants	408,590	258,045	(150,545)
Total Revenues from Federal Sources	18,081,194	16,420,470	(1,660,724)
Other revenue	12,900,359	13,314,990	414,631
Total Revenues	132,182,882	131,108,203	(1,074,679)
Other Financing Sources (Uses)			
Transfers in	375,000	400,000	25,000
Transfers out	(15,902)	-	15,902
Total Other Financing Sources	359,098	400,000	40,902
Total Revenues and Other Financing Sources	$ 132,541,980	$ 131,508,203	$ (1,033,777)

Kentwood Public Schools
Kentwood, Michigan

General Fund
Schedule of Uses of Financial Resources - Budget to Actual

Year ended June 30, 2022

	Salaries	Benefits	Purchased Services	Supplies, Materials, and Other Expenditures	Capital Outlay	2022 Total Actual Expenditures	Final Budget	Variance Positive (Negative)
Expenditures								
Instruction:								
Basic programs:								
Elementary	$ 14,558,486	$ 10,662,564	$ 589,337	$ 533,230	$ 46,823	$ 26,390,440	$ 26,523,770	$ 133,330
Middle school	7,929,821	5,621,703	350,263	230,331	32,030	14,164,148	14,237,243	73,095
Secondary	9,459,367	6,473,982	696,973	515,444	167,701	17,313,467	17,462,323	148,856
Driver education	37,915	15,620	3,767	4,986	-	62,288	54,275	(8,013)
Preschool	33,185	18,057	-	258	-	51,500	60,080	8,580
Summer School	772,152	381,827	49,856	14,352	-	1,218,187	1,251,069	32,882
Total Basic Programs	32,790,926	23,173,753	1,690,196	1,298,601	246,554	59,200,030	59,588,760	388,730
Added needs:								
Special education	6,630,986	4,902,369	148,820	381,417	9,208	12,072,800	12,045,707	(27,093)
Compensatory education	1,265,035	672,144	254,618	331,781	-	2,523,578	3,267,186	743,608
Vocational education - other	879,173	661,502	7,860	77,926	-	1,626,461	1,652,270	25,809
Total Added Needs	8,775,194	6,236,015	411,298	791,124	9,208	16,222,839	16,965,163	742,324
Total Instruction	41,566,120	29,409,768	2,101,494	2,089,725	255,762	75,422,869	76,553,923	1,131,054
Support services:								
Student:								
Guidance	1,349,040	1,008,739	133	4,476	-	2,362,388	2,380,867	18,479
Social	324,971	184,404	617,247	1,392,614	-	2,519,236	1,985,892	(533,344)
Speech pathology and audiology	96,853	59,148	960	1,532,163	-	1,689,124	1,671,829	(17,295)
Psychological	91,112	53,027	160	517,122	-	661,421	674,215	12,794
Health	60,361	31,756	225,561	317,553	-	635,231	884,491	249,260
Teacher consultants	40,927	25,131	426	601,916	-	668,400	655,164	(13,236)
Total Student	1,963,264	1,362,205	844,487	4,365,844	-	8,535,800	8,252,458	(283,342)
Instructional staff:								
Supervision	1,787,097	1,240,504	102,404	56,873	-	3,186,878	3,037,117	(149,761)
Improvement of instruction	1,418,819	1,029,113	772,780	484,309	-	3,705,021	4,170,386	465,365
Instructional technology	152,464	97,165	7,149	2,202	-	258,980	222,743	(36,237)
Library	323,831	246,922	568	71,657	-	642,978	677,029	34,051
Total Instructional Staff	3,682,211	2,613,704	882,901	615,041	-	7,793,857	8,107,275	313,418

Kentwood Public Schools
Kentwood, Michigan

General Fund
Schedule of Uses of Financial Resources - Budget to Actual (Continued)

Year ended June 30, 2022

	Salaries	Benefits	Purchased Services	Supplies, Materials, and Other Expenditures	Capital Outlay	2022 Total Actual Expenditures	Final Budget	Variance Positive (Negative)
Expenditures (Continued)								
Support services (Continued):								
General administration:								
Executive administration	$ 399,433	$ 215,234	$ 114,812	$ 65,389	$ -	$ 794,868	$ 774,526	$ (20,342)
Board of education	4,550	(150)	210,524	35,151	-	250,075	289,502	39,427
Total General Administration	403,983	215,084	325,336	100,540	-	1,044,943	1,064,028	19,085
School administration	3,781,649	2,795,156	48,273	65,733	-	6,690,811	6,558,780	(132,031)
Business:								
Operation and maintenance	3,361,792	2,666,459	5,012,381	930,983	2,539,388	14,511,003	14,508,547	(2,456)
Student transportation	1,221,540	1,011,308	198,210	3,398,457	79,077	5,908,592	5,806,936	(101,656)
Fiscal services	833,733	538,537	108,409	127,072	-	1,607,751	1,616,262	8,511
Information services	871,699	651,398	635,426	268,811	2,114,824	4,542,158	4,261,917	(280,241)
Security services	567,141	417,308	81,428	28,279	-	1,094,156	1,186,306	92,150
Personnel services	426,612	312,995	121,761	25,962	-	887,330	806,610	(80,720)
Program management	18,544	10,002	34,580	-	-	63,126	68,780	5,654
Support services	85,144	65,996	600	-	-	151,740	135,624	(16,116)
Total Business	7,386,205	5,674,003	6,192,795	4,779,564	4,733,289	28,765,856	28,390,982	(374,874)
Total Support Services	17,217,312	12,660,152	8,293,792	9,926,722	4,733,289	52,831,267	52,373,523	(457,744)
Community services	338,535	181,056	28,648	33,576	-	581,815	665,933	84,118
Athletics	787,402	430,897	133,837	475,524	75,321	1,902,981	1,795,514	(107,467)
Total Expenditures	$ 59,909,369	$ 42,681,873	$ 10,557,771	$ 12,525,547	$ 5,064,372	$ 130,738,932	$ 131,388,893	$ 649,961

Nonmajor Governmental Funds

Kentwood Public Schools
Kentwood, Michigan

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2022

	Special Revenue		Debt Retirement				Capital Projects		
	Food Service	Student Activity	2012 Kentwood Bonds	2016 Kentwood Bonds	2019 Kentwood Bonds	2020 Kentwood Bonds	2016 Capital Projects	Sinking Fund	Total
Assets									
Cash and deposits	$ 4,648,432	$ 572,932	$ 1,046,746	$ 177,419	$ 65,160	$ 84,620	$ 75,980	$ 110,755	$ 6,782,044
Investments	-	-	-	-	-	-	2,408,795	-	2,408,795
Prepaid expenditures	-	-	-	-	-	-	-	-	-
Due from other funds	43,546	28,838	-	-	-	-	554,008	-	626,392
Due from other governmental units	142,031	-	24,802	8,268	2,940	3,032	-	14,587	195,660
Inventories	24,510	-	-	-	-	-	-	-	24,510
Total Assets	$ 4,858,519	$ 601,770	$ 1,071,548	$ 185,687	$ 68,100	$ 87,652	$ 3,038,783	$ 125,342	$10,037,401
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ 78,863	$ 49,402	$ -	$ -	$ -	$ -	$ 337,332	$ 12,393	$ 477,990
Salaries payable	52,028	-	-	-	-	-	-	-	52,028
Accrued employee benefits	45,919	-	-	-	-	-	-	-	45,919
Due to other funds	2,670	-	-	-	-	-	-	-	2,670
Unearned revenue	173,400	2,250	-	-	-	-	-	-	175,650
Total Liabilities	352,880	51,652	-	-	-	-	337,332	12,393	754,257
Fund Balances									
Nonspendable:									
Inventories	24,510	-	-	-	-	-	-	-	24,510
Prepaid expenditures	-	-	-	-	-	-	-	-	-
Restricted for:									
Food service	4,481,129	-	-	-	-	-	-	-	4,481,129
Debt retirement	-	-	1,071,548	185,687	68,100	87,652	-	-	1,412,987
Capital projects	-	-	-	-	-	-	2,701,451	112,949	2,814,400
Student activities	-	550,118	-	-	-	-	-	-	550,118
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total Fund Balances	4,505,639	550,118	1,071,548	185,687	68,100	87,652	2,701,451	112,949	9,283,144
Total Liabilities and Fund Balances	$ 4,858,519	$ 601,770	$ 1,071,548	$ 185,687	$ 68,100	$ 87,652	$ 3,038,783	$ 125,342	$10,037,401

Kentwood Public Schools
Kentwood, Michigan

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2022

	Special Revenue		Debt Retirement				Capital Projects		
	Food Service	Student Activity	2012 Kentwood Bonds	2016 Kentwood Bonds	2019 Kentwood Bonds	2020 Kentwood Bonds	2016 Capital Projects	Sinking Fund	Total
Revenues									
Local sources:									
Property taxes	$ -	$ -	$ 6,944,964	$ 2,124,738	$ 755,462	$ 779,070	$ -	$ 3,748,988	$ 14,353,222
Penalties and interest	-	-	6,734	2,158	854	332	-	3,792	13,870
Earnings on investments	-	-	-	-	-	-	4,219	-	4,219
Food service	90,891	-	-	-	-	-	-	-	90,891
Student activities	-	784,203	-	-	-	-	-	-	784,203
State sources	186,823	-	-	-	-	-	-	213,826	400,649
Federal sources	8,247,772	-	-	-	-	-	-	-	8,247,772
Total Revenues	8,525,486	784,203	6,951,698	2,126,896	756,316	779,402	4,219	3,966,606	23,894,826
Expenditures									
Current:									
Salaries	1,453,960	-	-	-	-	-	-	-	1,453,960
Employee benefits	1,103,542	-	-	-	-	-	-	-	1,103,542
Contracted services	2,412	-	-	-	-	-	-	-	2,412
Repairs	185,052	-	-	-	-	-	-	-	185,052
Supplies	249,451	-	-	-	-	-	-	-	249,451
Food purchases	2,572,385	-	-	-	-	-	-	-	2,572,385
Other	53,493	800,370	20,258	6,927	3,043	1,488	681,375	-	1,566,954
Capital outlay	535,580	-	-	-	-	-	5,075,815	4,450,867	10,062,262
Debt service:									
Principal retirement	-	-	6,325,000	820,000	-	450,000	-	-	7,595,000
Interest and other charges	-	-	509,400	1,326,650	794,800	302,750	-	-	2,933,600
Total Expenditures	6,155,875	800,370	6,854,658	2,153,577	797,843	754,238	5,757,190	4,450,867	27,724,618
Excess (Deficiency) of Revenues Over Expenditures	2,369,611	(16,167)	97,040	(26,681)	(41,527)	25,164	(5,752,971)	(484,261)	(3,829,792)
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(400,000)	-	-	-	-	-	-	-	(400,000)
Total Other Financing Sources (Uses)	(400,000)	-	-	-	-	-	-	-	(400,000)
Net Change in Fund Balances	1,969,611	(16,167)	97,040	(26,681)	(41,527)	25,164	(5,752,971)	(484,261)	(4,229,792)
Fund Balances, beginning of year	2,536,028	566,285	974,508	212,368	109,627	62,488	8,454,422	597,210	13,512,936
Fund Balances, end of year	$ 4,505,639	$ 550,118	$ 1,071,548	$ 185,687	$ 68,100	$ 87,652	$ 2,701,451	$ 112,949	$ 9,283,144

Schedule of Outstanding Bonded Indebtedness

Kentwood Public Schools
Kentwood, Michigan

Schedule of Outstanding Bonded Indebtedness

Bonds in the amount of $55,780,000 were sold during 2012 for the purpose of advance refunding a portion of bonds issued in 2003. The bonds are dated March 9, 2012. Bonds in the amount of $29,935,000 were sold during 2016. The bonds are dated February 2, 2016. Bonds in the amount of $17,340,000 were sold during 2019. The bonds are dated February 6, 2019. Bonds in the amount of $8,925,000 were sold during 2020. The bonds are dated June 23, 2020. Bonds in the amount of $19,775,000 were sold during 2022. The bonds are dated June 15, 2022. The following schedule presents the detail of the outstanding bonds at June 30, 2022:

	2012 Refunding Bonds		2016 Building and Site Bonds		2019 Building and Site Bonds		2020 Building and Site Bonds		2022 Building and Site Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 6,410,000	$ 256,400	$ 915,000	$ 1,310,250	$ -	$ 794,800	$ 675,000	$ 284,750	$ -	$ 778,260	$ 8,000,000	$ 3,424,460
2024	-	-	1,200,000	1,264,500	1,055,000	794,800	215,000	257,750	500,000	886,625	2,970,000	3,203,675
2025	-	-	1,200,000	1,204,500	1,055,000	752,600	325,000	249,150	500,000	866,625	3,080,000	3,072,875
2026	-	-	1,200,000	1,144,500	1,160,000	710,400	335,000	236,150	500,000	846,625	3,195,000	2,937,675
2027	-	-	1,205,000	1,084,500	1,260,000	664,000	345,000	222,750	350,000	826,625	3,160,000	2,797,875
2028	-	-	1,205,000	1,024,250	1,320,000	613,600	385,000	208,950	350,000	812,625	3,260,000	2,659,425
2029	-	-	1,205,000	964,000	1,370,000	560,800	385,000	193,550	350,000	798,625	3,310,000	2,516,975
2030	-	-	1,205,000	903,750	1,440,000	506,000	385,000	178,150	350,000	784,625	3,380,000	2,372,525
2031	-	-	1,205,000	843,500	1,445,000	434,000	385,000	162,750	350,000	770,625	3,385,000	2,210,875
2032	-	-	1,205,000	783,250	1,445,000	361,750	385,000	151,200	350,000	756,625	3,385,000	2,052,825
2033	-	-	1,205,000	723,000	1,445,000	289,500	385,000	139,650	350,000	742,625	3,385,000	1,894,775
2034	-	-	1,205,000	662,750	1,445,000	217,250	385,000	128,100	350,000	728,625	3,385,000	1,736,725
2035	-	-	1,205,000	602,500	1,450,000	145,000	385,000	116,550	350,000	714,625	3,390,000	1,578,675
2036	-	-	1,205,000	542,250	1,450,000	72,500	385,000	105,000	350,000	700,625	3,390,000	1,420,375
2037	-	-	1,205,000	482,000	-	-	385,000	93,450	1,000,000	684,875	2,590,000	1,260,325
2038	-	-	1,205,000	421,750	-	-	390,000	81,900	1,000,000	639,875	2,595,000	1,143,525
2039	-	-	1,205,000	361,500	-	-	390,000	70,200	1,000,000	594,875	2,595,000	1,026,575
2040	-	-	1,205,000	301,250	-	-	390,000	58,500	1,000,000	549,875	2,595,000	909,625
2041	-	-	1,205,000	241,000	-	-	390,000	46,800	1,000,000	499,875	2,595,000	787,675
2042	-	-	1,205,000	180,750	-	-	390,000	35,100	1,000,000	449,875	2,595,000	665,725
2043	-	-	1,205,000	120,500	-	-	390,000	23,400	1,000,000	399,875	2,595,000	543,775
2044	-	-	1,205,000	60,250	-	-	390,000	14,400	1,000,000	349,875	2,595,000	424,525
2045	-	-	-	-	-	-	-	-	1,690,000	304,875	1,690,000	304,875
2046	-	-	-	-	-	-	-	-	1,695,000	228,825	1,695,000	228,825
2047	-	-	-	-	-	-	-	-	1,695,000	152,550	1,695,000	152,550
2048	-	-	-	-	-	-	-	-	1,695,000	76,275	1,695,000	76,275
	$ 6,410,000	$ 256,400	$ 26,205,000	$ 15,226,500	$ 17,340,000	$ 6,917,000	$ 8,475,000	$ 3,058,200	$ 19,775,000	$ 15,945,910	$ 78,205,000	$ 41,404,010

The bonds are not subject to redemption prior to maturity.

Single Audit

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Kentwood Public Schools
Kentwood, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kentwood Public Schools (the District), 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, and have issued our report thereon dated October 25, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on

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

Purpose of This Report

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

BDO USA, LLP

October 25, 2022

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211 East Water Street, Suite 300
Kalamazoo, MI 49007

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Kentwood Public Schools
Kentwood, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

BDO USA, LLP

October 25, 2022

Schedule of Expenditures of Federal Awards

Kentwood Public Schools
Kentwood, Michigan

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title/Project Number	Assistance Listing Number	Passed Through	Program or Award Amount	Prior Year Expenditures (Memorandum Only)	Accrued Revenue at June 30, 2021	Adjustments	Current Year Receipts	Current Year Expenditures	Accrued Revenue at June 30, 2022	Passed Through to Subrecipients
U.S. Department of Agriculture										
Child Nutrition Cluster:										
School Breakfast Program:										
211971	10.553	MDE	$ 330,876	$ -	$ -	$ -	$ 330,876	$ 330,876	$ -	$ -
221971	10.553	MDE	2,115,014	-	-	-	2,097,453	2,115,014	17,561	-
221970	10.553	MDE	32,068	-	-	-	-	32,068	32,068	-
Total School Breakfast Program			2,477,958	-	-	-	2,428,329	2,477,958	49,629	-
National School Lunch Program:										
Non-Cash Assistance:										
Entitlement Commodities	10.555	MDE	452,074	489,315	-	-	452,074	452,074	-	-
Cash Assistance:										
221960	10.555	MDE	36,267	-	-	-	-	36,267	36,267	
211961	10.555	MDE	705,730	-	-	-	705,730	705,730	-	
220910	10.555	MDE	173,400	-	-	-	173,400	-	(173,400)	
221961	10.555	MDE	4,065,748	-	-	-	4,036,361	4,065,748	29,387	-
Total National School Lunch Program			5,433,219	489,315	-	-	5,367,565	5,259,819	(107,746)	-
Summer Food Service Program for Children:										
210904	10.559	MDE	527,661	5,223,177	279,933	-	527,661	247,728	-	-
Total Summer Food Service Program for Children			527,661	5,223,177	279,933	-	527,661	247,728	-	-
Total Child Nutrition Cluster			8,438,838	5,712,492	279,933	-	8,323,555	7,985,505	(58,117)	-
Child and Adult Care Food Program:										
211920 CACFP Meals	10.558	MDE	88,591	88,153	3,196	-	88,591	85,395	-	-
212010 CACFP Meals	10.558	MDE	1,644	4,832	176	-	1,644	1,468	-	-
221920 CACFP Meals	10.558	MDE	165,807	-	-	-	138,896	165,807	26,911	-
222010 CACFP Meals	10.558	MDE	9,251	-	-	-	7,750	9,251	1,501	-
Total Child and Adult Care Food Program			265,293	92,985	3,372	-	236,881	261,921	28,412	-
COVID-19 - Pandemic EBT Administrative Costs	10.649	MDE	5,814	-	-	-	5,814	5,814	-	-
Total U.S. Department of Agriculture			8,709,945	5,805,477	283,305	-	8,566,250	8,253,240	(29,705)	-

Kentwood Public Schools
Kentwood, Michigan

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title/Project Number	Assistance Listing Number	Passed Through	Program or Award Amount	Prior Year Expenditures (Memorandum Only)	Accrued Revenue at June 30, 2021	Adjustments	Current Year Receipts	Current Year Expenditures	Accrued Revenue at June 30, 2022	Passed Through to Subrecipients
U.S. Department of Education										
Title I Grants to Local Educational Agencies:										
Title I, Part A - Regional Assistance:										
211570 2021	84.010A	KISD	$ 176,020	$ 151,087	$ 26,135	$ -	$ 70,548	$ 44,413	$ -	$ -
221570 2122	84.010A	KISD	199,562	-	-	-	110,202	135,584	25,382	-
Title I, Part A - Grants to Local Educational Agencies:										
201530 1920	84.010	MDE	2,416,673	1,139	-	(1,799)	(1,799)	-	-	-
211530 2021	84.010	MDE	2,549,778	1,838,238	162,862	(828)	330,289	168,255	-	-
211530 2122	84.010	MDE	2,534,653	-	-	-	1,466,873	1,711,708	244,835	-
Total Title I Grants to Local Educational Agencies			7,876,686	1,990,464	188,997	(2,627)	1,976,113	2,059,960	270,217	-
Special Education Cluster (IDEA):										
Special Education Grants to States:										
210450 2021	84.027	KISD	2,387,177	2,387,177	512,399	-	512,399	-	-	-
220450 2122	84.027	KISD	2,553,093	-	-	-	2,044,639	2,547,974	503,335	-
220470 2D33	84.027A	MAR	2,205	-	-	-	2,205	2,205	-	-
221280 2122	84.027X	KISD	297,886	-	-	-	297,549	297,886	337	-
Total Special Education Grants to States			5,240,361	2,387,177	512,399	-	2,856,792	2,848,065	503,672	
Special Education Preschool Grants:										
210460 2021	84.173	KISD	100,675	100,675	14,411	-	14,411	-	-	-
220460 2122	84.173	KISD	114,221	-	-	-	94,549	114,221	19,672	-
221285 2122	84.173X	KISD	28,360	-	-	-	28,360	28,360	-	-
Total Special Education Preschool Grants			243,256	100,675	14,411	-	137,320	142,581	19,672	
Total Special Education Cluster (IDEA)			5,483,617	2,487,852	526,810	-	2,994,112	2,990,646	523,344	-
Twenty-First Century Community Learning Centers:										
212110 L194223	84.287	MDE	540,000	540,000	90,713	-	90,713	-	-	-
212110 L194290	84.287	MDE	675,000	641,805	129,125	-	129,125	-	-	-
212110 L194291	84.287	MDE	675,000	647,653	120,107	-	120,107	-	-	-
222110 L194223	84.287	MDE	540,000	-	-	-	423,935	540,000	116,065	-
222110 L194290	84.287	MDE	675,000	-	-	-	539,299	675,000	135,701	-
222110 L194291	84.287	MDE	675,000	-	-	-	479,303	675,000	195,697	-
Total Twenty-First Century Community Learning Centers			3,780,000	1,829,458	339,945	-	1,782,482	1,890,000	447,463	-

Kentwood Public Schools
Kentwood, Michigan

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title/Project Number	Assistance Listing Number	Passed Through	Program or Award Amount	Prior Year Expenditures (Memorandum Only)	Accrued Revenue at June 30, 2021	Adjustments	Current Year Receipts	Current Year Expenditures	Accrued Revenue at June 30, 2022	Passed Through to Subrecipients
U.S. Department of Education (Continued)										
English Language Acquisition State Grants:										
Title III, Part A:										
210570 2021	84.365	MDE	$ 179,149	$ 125,654	$ 22,671	$ (964)	$ 70,331	$ 48,624	$ -	$ -
210580 2021	84.365	MDE	281,172	156,865	-	(8,717)	13,714	22,431	-	-
220570 2122	84.365	MDE	110,105	-	-	-	20,828	29,926	9,098	-
220580 2122	84.365	MDE	330,407	-	-	-	238,307	257,139	18,832	-
Total English Language Acquisition State Grants			900,833	282,519	22,671	(9,681)	343,180	358,120	27,930	-
Supporting Effective Instruction State Grants:										
Title II, Part A:										
210520 2021	84.367	MDE	707,750	269,398	46,420	-	49,250	2,830	-	-
220520 2122	84.367	MDE	743,807	-	-	-	420,241	589,540	169,299	-
Total Supporting Effective Instruction State Grants			1,451,557	269,398	46,420	-	469,491	592,370	169,299	-
Student Support and Academic Enrichment Program:										
Title IV, Part A:										
210750 1920	84.424A	MDE	190,664	-	-	(22,739)	(22,739)	-	-	-
210750 2021	84.424A	MDE	187,790	108,821	21,445	-	21,574	129	-	-
210750 2122	84.424A	MDE	248,936	-	-	-	108,606	196,675	88,069	-
Total Student Support and Academic Enrichment Program			627,390	108,821	21,445	(22,739)	107,441	196,804	88,069	-
COVID-19 - Education Stabilization Fund:										
201200 2021	84.425C	MDE	857,255	857,255	22,489	-	22,489	-	-	-
211202 2122	84.425C	MDE	180,750	-	-	-	180,750	180,750	-	-
203710 1920	84.425D	MDE	1,568,733	1,568,733	179,021	-	179,021	-	-	-
213712 2021	84.425D	MDE	7,006,423	-	-	-	3,494,139	4,050,457	556,318	-
213722 2122	84.425D	MDE	682,550	-	-	-	507,018	519,927	12,909	-
213742 2122	84.425D	MDE	436,700	-	-	-	249,574	256,662	7,088	-
213762 2022	84.425D	MDE	77,363	-	-	-	77,363	77,363	-	-
213713 2122	84.425U	MDE	15,746,622	-	-	-	1,971,072	3,118,982	1,147,910	-
Total COVID-19 - Education Stabilization Fund			26,556,396	2,425,988	201,510	-	6,681,426	8,204,141	1,724,225	-
Total U.S. Department of Education			46,676,479	9,394,500	1,347,798	(35,047)	14,354,245	16,292,041	3,250,547	-
U.S. Department of Health and Human Services										
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	KISD	120,145	-	-	-	-	30,421	30,421	-
Medicaid Cluster:										
Medical Assistance Program										
Medicaid Outreach	93.778	KISD	34,415	55,700	-	-	34,415	34,415	-	-
Total Medicaid Cluster			34,415	55,700	-	-	34,415	34,415	-	-
Total U.S. Department of Health and Human Services			154,560	55,700	-	-	34,415	64,836	30,421	-
Total Federal Awards			$ 55,540,984	$ 15,255,677	$ 1,631,103	$ (35,047)	$ 22,954,910	$ 24,610,117	$ 3,251,263	$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

1. Basis of Presentation

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

Expenditures in this schedule reconcile with amounts reported in the basic financial statements and financial reports. Management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards. Inventory values are based on the USDA value for donated food commodities and include spoilage.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Costs

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Financial Statements

Year ended June 30, 2022		
Federal revenue per financial statements	$	24,668,242
Less: funds received under vendor/contractor relationship		58,125
Expenditures of Federal Awards	$	24,610,117

5. Pass-Through Agencies

The District receives certain federal grants as subawards form non-federal entities. Pass-through entities, where applicable, have been identified in the schedule with an abbreviation, defined as follows:

Pass-Through Agency Abbreviation	Pass-Through Agency Name
MDE	Michigan Department of Education
MAR	Marquette - Alger RESA
KISD	Kent Intermediate School District

Kentwood Public Schools
Kentwood, Michigan

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section 1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported

Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes ☒ No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.287	Twenty-First Century Community Learning Centers
84.425C, 84.425D and 84.425U	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	☒ Yes ☐ No

Section 2. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

Section 3. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.