Kelloggsville Public Schools

Rocket Pride

Kent County, Michigan

Annual Financial Report

For the year ended June 30, 2021

Hungerford Nichols CPAs + Advisors

Where good ideas add up

KELLOGGSVILLE PUBLIC SCHOOLS
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Year ended June 30, 2021

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FINANCIAL SECTION

Hungerford Nichols CPAs + Advisors
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INDEPENDENT AUDITOR'S REPORT

October 13, 2021

The Board of Education
Kelloggsville Public Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kelloggsville Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note L to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities for the fiscal year ended June 30, 2021. Our opinion is not modified in respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of Kelloggsville Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Kelloggsville Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kelloggsville Public Schools' internal control over financial reporting and compliance.

Hungerford Nichols

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Kelloggsville Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

  - *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's asset, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

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

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities*: The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

New Accounting Pronouncement Implemented

The District implemented Governmental Accounting Standard Board (GASB) Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. See Note L for additional details.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	2021	2020
Assets		
Current assets	$ 19,178,872	$ 27,922,497
Net capital assets	63,490,402	55,688,512
Total Assets	**82,669,274**	**83,611,009**
Deferred Outflows of Resources	**18,886,658**	**21,313,341**
Liabilities		
Current liabilities	5,429,741	5,639,690
Long-term liabilities	46,827,763	48,155,604
Net pension liability	53,598,329	50,348,019
Net OPEB liability	8,477,447	11,146,431
Total Liabilities	**114,333,280**	**115,289,744**
Deferred Inflows of Resources	**6,489,927**	**6,178,887**
Net Position		
Net investment in capital assets	23,285,978	23,253,496
Restricted	872,505	1,030,810
Unrestricted (deficit)	(43,425,758)	(40,828,587)
Total Net Position	**$ (19,267,275)**	**$ (16,544,281)**

The Statement of Activities presents changes in net position from operating results:

	2021	2020
Program Revenues		
Charges for services	$ 87,070	$ 265,704
Operating grants	11,873,841	10,691,772
General Revenues		
Property taxes	6,754,264	6,085,660
State school aid, unrestricted	15,280,495	15,086,667
Interest and investment earnings	12,276	479,560
Other	151,347	209,795
Total Revenues	34,159,293	32,819,158
Expenses		
Instruction	19,698,702	19,138,062
Supporting services	13,516,168	12,952,787
Community services	134,519	441,414
Food service	1,830,184	2,076,856
Other	-	3,000
Interest on long-term debt	1,975,230	2,106,040
Depreciation – unallocated	-	10,511
Total Expenses	37,154,803	36,728,670
Decrease in net position	(2,995,510)	(3,909,512)
Net Position, Beginning of Year, as restated (Note L)	(16,271,765)	(12,634,769)
Net Position, End of Year	**$ (19,267,275)**	**$ (16,544,281)**

Financial Analysis of the District as a Whole

Total expenses exceeded revenues by $2,995,510, decreasing total net position from a deficit of $16,271,765, as restated, to a deficit of $19,267,275. Unrestricted net assets decreased by $2,597,171 to a deficit of $43,425,758 at June 30, 2021. The District's net pension liability, including deferred outflows and inflows of resources, increased by $4,380,057 during the fiscal year. In addition, the District's net OPEB liability, including outflows and inflows of resources, decreased by $1,061,008 during the fiscal year.

Property taxes and state aid accounted for most of the District's revenue, contributing about 65 percent of every dollar raised. Another 35 percent came from state and federal aid for specific programs and the remainder from fees charged for services and miscellaneous sources.

The District's expenses are predominantly related to instructing, caring for (pupil services), and transporting students (71%).

- Some of the costs were financed by the users of the District's programs totaling $87,070.
- Federal and state governments subsidized certain programs with grants and contributions of $11,873,841.
- The balance of the District's costs were financed by District taxpayers, state school aid, interest earnings and other revenue, totaling $22,198,382.
- These general revenues consisted of $6,754,264 of property taxes, $15,280,495 of unrestricted state aid based on the state-wide education aid formula, investment earnings of $12,276, and other revenues of $151,347.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Kelloggsville Public School's funds are described as follows:

Major Funds

General Fund
The General Fund is our primary operating fund. The General Fund had total revenues of $29,449,220, total financing sources of $80,000, total expenditures of $28,569,631, and total other financing uses of $207,478. It ended the fiscal year with a fund balance of $6,999,877, up from $6,247,766 at June 30, 2020.

Capital Projects Fund
The 2018 Construction Capital Projects Fund accounts for bond proceeds and voter approved capital improvement projects. The fund had total revenues of $11,557 and total expenditures of $9,089,039 for the fiscal year. The fund balance at year end was $7,346,823, down from $16,424,305 at June 30, 2020.

Nonmajor Funds

Special Revenue Funds
The District operates three Special Revenue Funds, for the food service, childcare and student/school activity programs. Total revenue of all special revenue funds was $1,447,286, total financial sources of $25,000, total expenditures of $1,717,737, and total other financing uses of $80,000. Of the ending fund balances, $176,452 is attributable to the Food Service Fund, $11,429 is attributable to the Child Care Fund, and $268,743 is attributed to the Student/School Activity Fund.

Debt Service Funds
The District operates three Debt Service Funds. Total revenues were $2,876,924, and total expenditures were $3,213,922. Transfers from other District funds totaled $182,478. The ending fund balance totaled $697,218 down from $851,738 at June 30, 2020.

Capital Projects Fund
The Building and Site Sinking Projects Fund accounts for property tax revenues to be used for capital improvement projects. During the fiscal year, the fund had total revenues of $296,232 and total expenditures of $255,774. The ending fund balance was $40,458.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget three times to comply with Michigan Department of Education guidelines. These budget amendments fall into two categories:

- Changes made in December to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year.
- Changes in May and final changes the end of June for increases in appropriations to prevent budget overruns.
- Actual revenues were $108,198 over budget than expected which is a result of not expending all of our grant funds.
- Final expenditures were $643,913 less than anticipated due to the increase in expected payables and not expending all of our grant funds.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the District had a $82,668,913 investment in a broad range of capital assets, including school buildings, athletic facilities, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

Net capital asset purchases totaled $9,320,499 in the fiscal year. Net accumulated depreciation increased by $1,518,609. The net book value of capital assets at June 30, 2021 is detailed as follows:

Land	$ 11,767,057
Land improvements	1,549,404
Buildings and additions	37,868,527
Vehicles	687,099
Furniture and equipment	512,782
Construction in progress	11,105,533
Net Capital Assets	$ 63,490,402

Long-term Obligations
At year end, the District had $48,297,837 in general obligation bonds and other long-term debt outstanding – a net decrease of $1,277,841 from last year. The District continued to pay down its debt, retiring $1,230,000 of outstanding bonds.

The District’s bond rating for General Obligation, Unlimited Tax debt was upgraded to an “A+” rating with a stable outlook by Standard and Poor’s. The District’s other obligations include compensated absences. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District’s Future

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

- The impact of COVID-19 on K-12 Education programs is critical. COVID-19 has generated uncertainty of student enrollment, as well as concern for funding of K-12 education programs. Future student enrollment could be affected by COVID-19 for an undetermined amount of time. The decrease in student count at the district will not only reduce state funding, but also reduce other funding that is based on number of students. Federal funding, including CARES Act funds, helped provide support for the District during 2020-2021. Federal ESSER funds will provide support in the future, although there are many unknowns to face. Federal funding sources will be considerably restricted and prevent the District to use, as they feel necessary. Furthermore, COVID-19 will induce economic uncertainties for the District.

- Since the School District’s revenue is heavily 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 appropriation to school districts. The State periodically holds a revenue estimating conference to estimate revenues.

- With the uncertainty of COVID-19 and rising costs in many areas including employee health insurance, retirement contribution costs, and utilities, District Administration continues to be diligent in maintaining a reasonable level of reserves (fund balance). Measures to accomplish this include, but are not limited to: cooperative agreements with Kent Intermediate School District as well as neighboring public and parochial schools, and application for and use of grant funding for programs to improve the education of our students.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Kelloggsville Public Schools, 242 – 52nd Street, Kentwood, Michigan, 49508.

BASIC FINANCIAL STATEMENTS

KELLOGGSVILLE PUBLIC SCHOOLS
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	$ 300
Cash equivalents, deposits and investments (Note B)	14,591,200
Accounts receivable	40,539
Due from other governmental units (Note C)	4,539,363
Inventory	7,470
Capital assets not being depreciated (Note E)	22,872,590
Capital assets being depreciated, net (Note E)	40,617,812
Total Assets	82,669,274
Deferred Outflows of Resources	
Loss on advance bond refundings, net	1,607
Deferred pension amounts	13,964,610
Deferred OPEB amounts	4,920,441
Total Deferred Outflows of Resources	18,886,658
Liabilities	
Accounts payable	192,333
Due to other governmental units	1,144,343
Accrued interest payable	321,795
Salaries payable	1,567,065
Unearned revenue	734,131
Long-term liabilities (Note F):	
Due within one year	1,470,074
Due in more than one year	46,827,763
Net pension liability	53,598,329
Net OPEB liability	8,477,447
Total Liabilities	114,333,280
Deferred Inflows of Resources	
Deferred pension amounts	162,880
Deferred OPEB amounts	6,327,047
Total Deferred Inflows of Resources	6,489,927
Net Position	
Net investment in capital assets	23,285,978
Restricted for:	
Capital projects	40,458
Debt service	375,423
Child care	11,429
Food service	176,452
Student activities	268,743
Unrestricted (deficit)	(43,425,758)
Total Net Position	$ (19,267,275)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instruction	$ 19,698,702	$ -	$ 10,054,563	$ (9,644,139)
Supporting services	13,516,168	49,016	430,653	(13,036,499)
Community services	134,519	12,881	-	(121,638)
Food service	1,830,184	25,173	1,385,817	(419,194)
Interest on long-term debt	1,975,230	-	2,808	(1,972,422)
Total Governmental Activities	$ 37,154,803	$ 87,070	$ 11,873,841	(25,193,892)

General Revenues	
Taxes:	
Property taxes, levied for general operations	3,581,195
Property taxes, levied for debt service	2,876,844
Property taxes, levied for capital improvements	296,225
State school aid, unrestricted	15,280,495
Interest and investment earnings	12,276
Other	151,347
Total General Revenues	22,198,382
Change in Net Position	(2,995,510)
Net Position - Beginning of Year, as restated (Note L)	(16,271,765)
Net Position - End of Year	$ (19,267,275)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2021

	General	2018 Construction	Nonmajor	Total
Assets				
Cash	$ 300	$ -	$ -	$ 300
Cash equivalents, deposits and investments (Note B)	6,097,314	7,346,823	1,147,063	14,591,200
Accounts receivable	40,149	-	390	40,539
Due from other governmental units (Note C)	4,486,142	-	53,221	4,539,363
Inventory	-	-	7,470	7,470
Total Assets	$ 10,623,905	$ 7,346,823	$ 1,208,144	$ 19,178,872
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 192,333	$ -	$ -	$ 192,333
Due to other governmental units	1,144,343	-	-	1,144,343
Salaries payable	1,567,065	-	-	1,567,065
Unearned revenue	720,287	-	13,844	734,131
Total Liabilities	3,624,028	-	13,844	3,637,872
Fund Balances (Note A)				
Nonspendable	-	-	7,470	7,470
Restricted	-	7,346,823	1,160,281	8,507,104
Assigned for subsequent year expenditures	-	-	26,549	26,549
Unassigned	6,999,877	-	-	6,999,877
Total Fund Balances	6,999,877	7,346,823	1,194,300	15,541,000
Total Liabilities and Fund Balances	$ 10,623,905	$ 7,346,823	$ 1,208,144	$ 19,178,872

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total governmental fund balances		$ 15,541,000
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 as assets in governmental funds. The cost of assets is $82,668,913 and accumulated depreciation is $19,178,511.		63,490,402
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.		1,607
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (45,545,000)	
Bond premium	(2,007,854)	
Severance pay	(166,305)	
Accumulated sick leave	(578,678)	(48,297,837)
Accrued interest is not included as a liability in governmental funds.		(321,795)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(53,598,329)	
Deferred outflows	13,964,610	
Deferred inflows	(162,880)	(39,796,599)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(8,477,447)	
Deferred outflows	4,920,441	
Deferred inflows	(6,327,047)	(9,884,053)
Total net position - governmental activities		$ (19,267,275)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021

	General	2018 Construction	Nonmajor	Total
Revenues				
Local sources	$ 3,680,701	$ 11,557	$ 3,234,625	$ 6,926,883
State sources	20,078,186	-	77,778	20,155,964
Federal sources	3,135,000	-	1,308,039	4,443,039
Interdistrict sources	2,555,333	-	-	2,555,333
Total Revenues	29,449,220	11,557	4,620,442	34,081,219
Expenditures				
Current:				
Instruction	17,165,256	-	-	17,165,256
Supporting services	11,345,183	-	27,218	11,372,401
Community services	59,192	-	32,995	92,187
Food service	-	-	1,657,575	1,657,575
Capital outlay	-	9,089,039	255,723	9,344,762
Debt service:				
Principal repayment	-	-	1,230,000	1,230,000
Interest and fiscal charges	-	-	1,983,922	1,983,922
Total Expenditures	28,569,631	9,089,039	5,187,433	42,846,103
Excess (Deficiency) of Revenues Over Expenditures	879,589	(9,077,482)	(566,991)	(8,764,884)
Other Financing Sources (Uses)				
Transfers in	80,000	-	207,478	287,478
Transfers out	(207,478)	-	(80,000)	(287,478)
Total Other Financing Sources (Uses)	(127,478)	-	127,478	-
Net Change in Fund Balances	752,111	(9,077,482)	(439,513)	(8,764,884)
Fund Balances, Beginning of Year, as restated (Note L)	6,247,766	16,424,305	1,633,813	24,305,884
Fund Balances, End of Year	$ 6,999,877	$ 7,346,823	$ 1,194,300	$ 15,541,000

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2021

Net change in fund balances - total governmental funds		$ (8,764,884)
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 these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 9,320,499	
Depreciation expense	(1,518,609)	7,801,890
Bond premium is amortized over the life of the new bond issue on the Statement of Activities.		78,074
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:		
Repayment of bonds		1,230,000
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.		8,692
In the Statement of Net Position, severance pay and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits added/earned ($96,546) exceeded the amounts used/paid ($66,313).		(30,233)
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		(4,380,057)
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		1,061,008
Total changes in net position - governmental activities		$ (2,995,510)

See accompanying notes to basic financial statements.

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Local sources	$ 3,561,062	$ 3,673,889	$ 3,680,701	$ 6,812
State sources	18,827,903	19,988,458	20,078,186	89,728
Federal sources	1,648,059	3,135,005	3,135,000	(5)
Interdistrict sources	2,582,011	2,543,670	2,555,333	11,663
Total Revenues	26,619,035	29,341,022	29,449,220	108,198
Expenditures				
Current:				
Instruction:				
Basic programs	12,507,850	14,014,834	13,384,851	629,983
Added needs	3,973,197	3,893,179	3,780,405	112,774
Supporting services:				
Pupil services	1,562,464	1,657,870	1,622,001	35,869
Instructional staff services	1,042,908	1,282,612	1,280,070	2,542
General administrative services	403,640	433,814	434,781	(967)
School administrative services	1,934,384	2,107,639	2,108,868	(1,229)
Business services	431,611	492,616	492,658	(42)
Operation and maintenance services	2,446,008	3,013,130	3,001,683	11,447
Pupil transportation services	1,243,948	1,056,202	1,049,117	7,085
Central services	469,116	612,558	814,091	(201,533)
Other support services	550,933	542,358	541,914	444
Community services	222,746	106,732	59,192	47,540
Total Expenditures	26,788,805	29,213,544	28,569,631	643,913
Excess (Deficiency) of Revenues Over Expenditures	(169,770)	127,478	879,589	752,111
Other Financing Sources (Uses)				
Transfers in	-	80,000	80,000	-
Transfers out	(157,034)	(207,478)	(207,478)	-
Total Other Financing Sources (Uses)	(157,034)	(127,478)	(127,478)	-
Net Change in Fund Balances	(326,804)	-	752,111	752,111
Fund Balances, Beginning of Year	6,247,766	6,247,766	6,247,766	-
Fund Balances, End of Year	$ 5,920,962	$ 6,247,766	$ 6,999,877	$ 752,111

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Kelloggsville Public Schools (the "District") was organized under the School Code of the State of Michigan and services a population of approximately 2,237 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. 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.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements – The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2018 Construction Capital Projects Fund are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. 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 grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Child Care, and Student/School Activity Special Revenue Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. The Capital Projects Funds also include capital project activities funded with sinking fund millage. The District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Kelloggsville Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Kelloggsville Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent to establish proposed operating budgets for the fiscal year commencing the following July 1.

- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.

- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.

- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.

- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).

- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories and Prepaid Items

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture 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 fair value at the date of donation.

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

Land improvements, buildings and improvements, furniture and equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

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

10. Severance Pay/Accumulated Sick Leave

Severance pay and accumulated sick leave at June 30, 2021 has been computed and recorded in the district-wide financial statements of the District. Eligible District employees who retire are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2021, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for severance pay and accumulated sick leave amounted to $166,305 and $578,678, respectively.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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. Plan investments are reported at fair value.

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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. Plan investments are reported at fair value.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding, the deferred outflows relating to the recognition of net pension liability on the financial statements and the deferred outflows relating to the recognition of the net OPEB liability on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as in inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

14. Net Position

Net position represents the difference between assets and liabilities. Net investment 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 their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

15. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.
- Assigned - resources that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.

- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As Kelloggsville Public Schools has not established a policy for its use of unrestricted fund balance amounts, it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The District Board of Education has given the Superintendent the authority to assign fund balances. At June 30, 2021, $26,549 of the Food Service Special Revenue Fund balance has been assigned for subsequent year expenditures encumbered.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.

- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.

- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

- United States government or Federal agency obligation repurchase agreements.

- Banker’s acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.

- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2021 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	$ 14,591,200

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. TCF Bank

Cash equivalents consist of bank interest earning TCF Municipal Analyzed Checking accounts and non-interest earning Business Checking accounts.

June 30, 2021 balances are detailed as follows:

Cash equivalents	$ 7,246,809

Custodial Credit Risk as Related to Cash Equivalents
Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was $7,246,809 and the bank balance was $7,846,892. Of the bank balance, $500,014 was covered by federal depository insurance and $7,346,878 was uninsured and uncollateralized.

Investments

As of June 30, 2021, the District had the following investments:

Michigan Liquid Asset Fund Plus	$ 7,344,391

The Michigan Liquid Asset Fund Plus (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. The MILAF+ Fund is carried at amortized cost and was rated AAAm by Standard & Poor's rating agency.

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

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

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

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing and investment and would be based on the best information available. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Credit Risk as Related to Investments
Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

Interest Rate Risk
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.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

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

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2020 and October 2020. The 2020-21 "Foundation Allowance" for Kelloggsville Public Schools was $8,111 for 2,346 "Full Time Equivalent" students, generating $20,342,197 in State aid payments to the District, of which $3,740,012 was paid to the District in July and August 2021 and included in "Due From Other Governmental Units" of the General and Food Service Special Revenue Funds of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the Cities of Kentwood and Wyoming, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

Kelloggsville Public Schools' electors previously approved a five year operating millage extension in May 2019 for the 18 mill non-homestead property tax. The District levied 7.32 mills for debt service purposes and 1.0 mills for building and site, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the County of Kent with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timeliness for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2021, the District's property tax revenues were reduced by approximately $190,096 under these agreements.

Note D –Interfund Receivables/Payables and Transfers

Operating transfers between funds during the year ended June 30, 2021 were as follows:

	Transfers In	Transfers Out
Major Funds		
General Fund:		
Special Revenue Fund:		
Food Service Fund	$ 80,000	$ -
Child Care Fund	-	25,000
Debt Service Funds:		
2016 Debt Service Fund	-	182,478
Total Major Funds	80,000	207,478
Nonmajor Funds		
Special Revenue Fund:		
Food Service Fund:		
General Fund	-	80,000
Child Care Fund:		
General Fund	25,000	-
Debt Service Funds:		
2016 Debt Service Fund:		
General Fund	182,478	-
Total Nonmajor Funds	207,478	80,000
Total All Funds	$ 287,478	$ 287,478

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balances July 1, 2020	Additions	Deductions	Balances June 30, 2021
Capital assets not being depreciated:				
Land	$ 11,767,057	$ -	$ -	$ 11,767,057
Construction in progress	2,016,550	9,088,983	-	11,105,533
Totals capital assets not being depreciated	13,783,607	$ 9,088,983	$ -	22,872,590
Capital assets being depreciated:				
Land improvements	3,438,422	$ -	$ -	3,438,422
Buildings and improvements	51,793,173	112,566	-	51,905,739
Furniture and equipment	2,565,257	102,718	-	2,667,975
Vehicles	1,767,955	16,232	-	1,784,187
Totals capital assets being depreciated	59,564,807	$ 231,516	$ -	59,796,323
Less accumulated depreciation for:				
Land improvements	1,800,039	$ 88,979	$ -	1,889,018
Buildings and improvements	12,872,892	1,164,320	-	14,037,212
Furniture and equipment	2,065,277	89,916	-	2,155,193
Vehicles	921,694	175,394	-	1,097,088
Total accumulated depreciation	17,659,902	$ 1,518,609	$ -	19,178,511
Total capital assets being depreciated	41,904,905			40,617,812
Net Capital Assets	$ 55,688,512			$ 63,490,402

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	$ 701,100
Supporting services	791,578
Food service	25,931
	$ 1,518,609

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2021 are summarized as follows:

	Debt Outstanding June 30, 2020	Debt Added	Debt Retired	Debt Outstanding June 30, 2021
General obligation bonds:				
June 3, 2015	$ 28,095,000	$ -	$ 645,000	$ 27,450,000
December 28, 2016	360,000	-	175,000	185,000
February 4, 2019	18,320,000	-	410,000	17,910,000
Bond premium, net	2,085,928	-	78,074	2,007,854
Severance pay	165,928	10,882	10,505	166,305
Accumulated sick leave	548,822	85,664	55,808	578,678
	$ 49,575,678	$ 96,546	$ 1,374,387	$ 48,297,837

Long-term bonds, installment purchase agreements and other obligations at June 30, 2021 are comprised of the follow:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
$32,770K Building and Site June 3, 2015:				
Annual maturities of $675K to $1,715K	May 1, 2043	3.00 - 5.00	$ 27,450,000	$ 675,000
$870K 2016 Refunding December 28, 2016:				
Annual maturities of $185K	May 1, 2022	2.00	185,000	185,000
$18,320K 2019 Building and Site February 4, 2019				
Annual maturities of $430K to $805K	May 1, 2048	3.75 - 5.00	17,910,000	430,000
Bond premium			2,007,854	78,074
Other Obligations				
Severance Pay			166,305	12,000
Accumulated Sick Leave			578,678	90,000
			$ 48,297,837	$ 1,470,074

The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2022	$ 1,290,000	$ 1,930,772	$ 3,220,772
2023	1,160,000	1,875,844	3,035,844
2024	1,210,000	1,822,344	3,032,344
2025	1,320,000	1,766,494	3,086,494
2026	1,415,000	1,705,894	3,120,894
2027	1,320,000	1,657,494	2,977,494
2028	1,370,000	1,607,338	2,977,338
2029	1,420,000	1,554,063	2,974,063
2030	1,480,000	1,497,688	2,977,688
2031	1,540,000	1,437,638	2,977,638
2032	1,605,000	1,373,838	2,978,838
2033	1,685,000	1,293,588	2,978,588
2034	1,760,000	1,215,738	2,975,738
2035	1,840,000	1,134,338	2,974,338
2036	1,925,000	1,049,238	2,974,238
2037	2,015,000	960,138	2,975,138
2038	2,110,000	866,838	2,976,838
2039	2,195,000	769,088	2,964,088
2040	2,255,000	679,538	2,934,538
2041	2,315,000	587,513	2,902,513
2042	2,380,000	493,013	2,873,013
2043	2,445,000	395,831	2,840,831
2044	2,510,000	295,969	2,805,969
2045	2,575,000	193,425	2,768,425
2046	795,000	90,188	885,188
2047	805,000	60,375	865,375
2048	805,000	30,188	835,188
	$ 45,545,000	$ 28,344,403	$ 73,889,403

Note G – Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (the "System"), is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement system 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. The board consists of twelve members – eleven appointed by the Governor, and the State Superintendent of Instruction, who serves as the ex-officio member.

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

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

The System's financial statements are available at www.michigan.gov/orsschools.

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

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

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, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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 account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

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

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

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

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

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

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

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose. Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law, The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan 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 liablity payment methods.

Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1: FAC x total years of service x 1.5%
Option 2: FAC x 30 years of service x 1.5% + FAC x years of service beyond 30 x 1.25%
Option 3: FAC x years of service as of transition date x 1.5% + FAC x years of service after transition date x 1.25%
Option 4: FAC as of transition date x years of service as of transition date x 1.5%

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension, but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member’s personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

<u>Straight Life Pension</u> – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

<u>Survivor Options</u> - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary, and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

<u>100% Survivor Pension</u> – pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

<u>75% Survivor Pension</u> – pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

<u>50% Survivor Pension</u> – pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

<u>Equated Plan</u> – For MIP and Basic members, the Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Postemployment Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Contributions and Funded Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. 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 unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2020.

Pension Contribution Rates:

Plan Name	Member	District
Basic	0.0 – 4.0%	19.41%
Member Investment Plan (MIP)	3.0 – 7.0%	19.41%
Pension Plus	3.0 – 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2021, inclusive of the MSPERS UAAL Stabilization, totaled $4,792,512.

MPSERS Plan Net Pension Liability (in thousands)

Total Pension Liability	$ 86,490,336
Plan Fiduciary Net Position	51,456,228
Net Pension Liability	$ 35,034,108
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.49%
Net Pension Liability as a Percentage of Covered Employee Payroll	385.51%
Total Covered Payroll	$ 9,087,724

Proportionate Share of Reporting Unit's Net Pension Liability

At June 30, 2021, the District reported a liability of $53,598,329 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2020 the District's proportion was 0.15603095%, which was an increase from 0.15203240% at September 30, 2019.

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

For the year ended June 30, 2021, the District recognized pension expense of $9,115,184. At June 30, 2021, 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	$ 818,938	$ 114,398
Changes of assumptions	5,939,212	—
Net difference between projected and actual earnings on pension plan investments	225,196	—
Changes in proportion and differences between District contributions and proportionate share of contributions	2,514,029	48,482
District contributions subsequent to the measurement date*	4,467,235	—
Total	$ 13,964,610	$ 162,880

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year ended June 30	Amount
2022	$ 4,258,385
2023	3,001,070
2024	1,593,894
2025	481,146

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
Pension Plus Plan (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
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 Members:	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.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at (www.michigan.gov/orsschools).

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension plan 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short-term Investment Pools	2.0%	0.1%
Total	**100.0%**	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share 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 6.80% (6.80% for the Pension Plus plan, 6.0% for the 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 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	$ 69,373,944	$ 53,598,329	$ 40,523,860

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2020 Comprehensive Annual Financial Report, available here: (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

Payables to the pension plan totaling $673,337 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note H – Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS or "System") is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

Retiree Healthcare Reform of 2012

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

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

Contributions and Funded Status

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

Employer OPEB 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 unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2020:

OPEB Contribution Rates:

Benefit Structure	**Member**	**District**
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the District were $1,184,621 for the year ended September 30, 2020.

Net OPEB Liability (in thousands)

Total OPEB Liability	$ 13,418,548
Plan Fiduciary Net Position	8,019,027
Net OPEB Liability	$ 5,399,521
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	59.76%
Net OPEB Liability as a Percentage of Covered Employee Payroll	59.42%
Total Covered Payroll	$ 9,087,724

Proportionate Share of Reporting Unit's Net OPEB Liability

At June 30, 2021, the District reported a liability of $8,477,447 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020 the District's proportion was 0.15824201%, which was an increase from 0.15529148% at September 30, 2019.

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

For the year ended June 30, 2021, the District recognized OPEB expense of $76,908. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ —	$ 6,316,490
Changes of assumptions	2,795,183	—
Net difference between projected and actual earnings on OPEB plan investments	70,754	—
Changes in proportion and differences between District contributions and proportionate share of contributions	1,010,940	10,557
District contributions subsequent to the measurement date*	1,043,564	—
Total	$ 4,920,441	$ 6,327,047

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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

Year ended June 30	Amount
2022	$ (625,719)
2023	(527,127)
2024	(449,530)
2025	(448,409)
2026	(399,385)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	7.0% Year 1 graded 3.5% Year 15; 3.0% Year 12
Mortality:	
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 Members:	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.

Other Assumptions:

Opt Out Assumptions:	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 coverages 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.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity Pools	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short-term Investment Pools	2.0%	(0.1)%
Total	**100.0%**	

* Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

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

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer 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 District's Proportionate Share 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 percent, 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 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	$ 10,890,244	$ 8,477,447	$ 6,446,074

Sensitivity of the District's Proportionate Share 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 assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 6,368,296	$ 8,477,447	$ 10,876,345

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling $129,085 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note I – Risk Management and Benefits

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2020-21, and as of year ended June 30, 2021, there were no material pending claims against the District.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of $43,425,758 and a total net position deficit of $19,267,275, as of June 30, 2021. These deficit net position results primarily from the net pension liability of $39,796,599 and the net OPEB liability of $9,884,053 (net of deferred outflows and inflows of resources related to the pension and OPEB plans, respectively).

Note K – Commitments

On February 4, 2019, the District issued $18,320,000 of general obligation 2018 Construction bonds whose proceeds are being used for land improvements, building renovations and additions and furniture and equipment purchases. At June 30, 2021, unspent balances committed to these construction projects totaled $7,346,823, which are expected to be fully expended by the year ended June 30, 2022.

Note L – New Accounting Pronouncement Adopted

Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*, was adopted by the District during the fiscal year ended June 30, 2021. This Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It is intended to improve the usefulness of fiduciary activity information primarily for assessing accountability of government in their roles as fiduciaries. Changes in fund balance and net position required by the Statement increased the beginning balance by $272,516 at July 1, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
District's proportion of the net pension liability	0.15603095%	0.15203240%	0.14516137%
District's proportionate share of the net pension liability	$ 53,598,329	$ 50,348,019	$ 43,638,128
District's covered-employee payroll	$ 14,137,436	$ 13,644,834	$ 12,819,008
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	379.12%	368.99%	340.42%
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	62.12%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
0.13871700%	0.13275085%	0.13240497%	0.13435766%
$ 35,947,472	$ 33,120,251	$ 32,339,949	$ 29,594,294
$ 11,872,440	$ 11,254,090	$ 10,855,140	$ 11,397,274
302.78%	294.30%	297.92%	259.73%
63.96%	63.01%	62.92%	66.15%

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020
District's proportion of the net OPEB liability	0.15824201%	0.15529148%
District's proportionate share of the net OPEB liability	$ 8,477,447	$ 11,146,431
District's covered-employee payroll	$ 14,137,436	$ 13,644,834
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	59.96%	81.69%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No. 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
0.15019308%	0.13853797%
$ 11,938,776	$ 12,268,190
$ 12,819,008	$ 11,872,440
93.13%	103.33%
43.10%	36.53%

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
Contractually required contribution	$ 4,792,512	$ 4,343,294	$ 4,055,632
Contributions in relation to the contractually required contribution	4,792,512	4,343,294	4,055,632
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 14,266,656	$ 14,172,662	$ 13,433,002
Contributions as a percentage of covered employee payroll	33.59%	30.65%	30.19%

Note: GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
$ 3,702,200	$ 3,646,455	$ 3,401,365	$ 3,485,798
3,702,200	3,646,455	3,401,365	3,485,798
$ -	$ -	$ -	$ -
$ 12,526,480	$ 11,768,883	$ 11,246,480	$ 10,708,777
29.55%	30.98%	30.24%	32.55%

KELLOGGSVILLE PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	$ 1,184,621	$ 1,152,032
Contributions in relation to the contractually required contribution	1,184,621	1,152,032
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 14,266,656	$ 14,172,662
Contributions as a percentage of covered employee payroll	8.30%	8.13%

Note: GASB Statement No. 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
$ 1,082,382	$ 948,001
1,082,382	948,001
$ -	$ -
$ 13,433,002	$ 12,526,480
8.06%	7.57%

Note A - Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2020-21.

Changes of assumptions: There were no changes of benefit assumptions in 2020-21.

Note B - Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2020-21.

Changes of assumptions: There were no changes of benefit assumptions in 2020-21.

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash	$ 300	$ 300
Cash equivalents, deposits and investments	6,097,314	5,406,531
Accounts receivable	40,149	33,103
Due from other governmental units	4,486,142	4,684,385
Total Assets	$ 10,623,905	$ 10,124,319
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 192,333	$ 226,502
Due to other governmental units	1,144,343	1,219,685
Salaries payable	1,567,065	1,534,401
Unearned revenue	720,287	895,965
Total Liabilities	3,624,028	3,876,553
Fund Balances		
Unassigned	6,999,877	6,247,766
Total Fund Balances	6,999,877	6,247,766
Total Liabilities and Fund Balances	$ 10,623,905	$ 10,124,319

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2021 and 2020

	2021	2020
Local sources:		
Property taxes:		
Current property taxes	$ 3,556,865	$ 3,326,880
Delinquent and other property taxes	21,736	9,320
Interest on delinquent taxes	2,594	4,752
	3,581,195	3,340,952
Interest earnings:		
Interest on deposits and investments	611	23,861
Revenue from student activities:		
Athletics admissions	4,085	27,922
Tournament fees	640	6,370
	4,725	34,292
Other local revenue:		
Summer school tuition	-	(2,945)
Preschool tuition	-	9,710
Beverage consortium commissions	976	2,396
Donations	-	50,000
Sale of fixed assets	-	2,753
Crossing guard reimbursement	6,297	4,661
Insurance reimbursements	20,847	19,605
Universal service fund	18,349	38,706
Miscellaneous	47,701	26,678
	94,170	151,564
Total local sources	3,680,701	3,550,669
State sources:		
State aid	19,577,701	19,730,890
Early lit	71,330	-
Special education - transportation	324,828	447,755
Special education - itinerants	44,881	38,306
State payments in lieu of taxes	2,808	-
ORS forfeiture credit	56,638	-
Total state sources	20,078,186	20,216,951
Federal sources:		
Title I	554,361	570,516
Title IIA	135,120	74,616
Title III	88,892	74,175
Title IV	42,727	44,220
I.D.E.A. program	569,569	574,706
Medicaid - outreach	5,609	9,800
CARES	1,628,335	-
Kent County CARES	59,374	-
CARES - MiConnect	51,013	-
Total federal sources	3,135,000	1,348,033

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2021 and 2020

	2021	2020
Interdistrict sources:		
ISD collected millage	$ 2,049,867	$ 2,072,106
Special education - tuition	3,789	3,831
Great Start Readiness Program	185,065	160,678
Medicaid fee for service	291,592	235,421
Other interdistrict sources	25,020	54,864
Total interdistrict sources	2,555,333	2,526,900
Total Revenues	$ 29,449,220	$ 27,642,553

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2021 and 2020

	2021	2020
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	$ 3,502,484	$ 3,456,532
Employee benefits	2,559,149	2,465,347
Purchased services	143,837	42,153
Supplies	48,790	63,071
Capital outlay	133,196	2,619
Miscellaneous	840	990
	6,388,296	6,030,712
Middle school:		
Salaries	1,251,309	1,472,846
Employee benefits	932,011	1,014,698
Purchased services	28,493	19,403
Supplies	29,388	32,818
Capital Outlay	115,258	3,668
Miscellaneous	463	4,303
	2,356,922	2,547,736
High school:		
Salaries	2,502,399	2,289,891
Employee benefits	1,844,087	1,649,575
Purchased services	67,143	69,024
Supplies	69,795	101,326
Capital outlay	106,387	98,807
Miscellaneous	1,235	30,066
Payments to other districts	-	1,106
	4,591,046	4,239,795
Preschool:		
Salaries	-	7,452
Employee benefits	-	2,791
Supplies	-	788
Miscellaneous	4,692	4,780
	4,692	15,811
Summer school:		
Salaries	830	36,033
Employee benefits	301	12,557
Purchased services	9,391	-
Supplies	33,373	594
	43,895	49,184
Total basic programs	13,384,851	12,883,238
Added needs:		
Special education:		
Salaries	858,179	812,251
Employee benefits	609,340	571,418
Purchased services	8,360	2,592
Supplies	204	616
Capital outlay	2,481	-
Payments to other school districts	505,621	523,164
	1,984,185	1,910,041

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2021 and 2020

	2021	2020
Compensatory education:		
Salaries	$ 1,183,375	$ 1,174,672
Employee benefits	611,991	606,117
Purchased services	-	27,043
Supplies	854	345
	1,796,220	1,808,177
Career and technical education:		
Salaries	-	82,985
Employee benefits	-	48,867
Purchased services	-	2,453
	-	134,305
Total added needs	3,780,405	3,852,523
Total instruction	17,165,256	16,735,761
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	545,175	542,447
Employee benefits	305,877	300,253
Purchased services	-	67
Supplies	-	73
Miscellaneous	-	375
	851,052	843,215
Occupational therapy services:		
Salaries	72,768	39,461
Employee benefits	34,907	22,122
Purchased services	480	-
Miscellaneous	154	-
	108,309	61,583
Psychological services:		
Employee benefits	367	150
Purchased services	216	457
Supplies	2,022	3,006
Payments to other school districts	96,443	94,265
	99,048	97,878
Speech pathology services:		
Salaries	70,281	30,804
Employee benefits	28,084	13,344
Purchased services	17,100	-
Supplies	450	863
Payments to other school districts	202,273	238,124
	318,188	283,135
Social worker services:		
Employee benefits	344	150
Purchased services	44	111
Payments to other school districts	194,613	182,853
	195,001	183,114

(Continued)

	2021	2020
Other pupil services:		
Salaries	$ 32,075	$ 45,554
Employee benefits	10,655	15,555
Purchased services	7,673	7,149
	50,403	68,258
Total pupil services	1,622,001	1,537,183
Improvement of instruction:		
Salaries	25,651	38,073
Employee benefits	8,968	14,147
Purchased services	-	11,056
Supplies	-	4,440
	34,619	67,716
Library:		
Salaries	159,938	121,429
Employee benefits	84,439	45,859
Purchased services	480	21,620
Supplies	1,502	39,493
Capital outlay	5,678	17,730
	252,037	246,131
Audio - visual:		
Supplies	1,824	1,839
Supervision of instruction:		
Salaries	402,479	394,489
Employee benefits	248,726	203,358
Purchased services	31,848	42,964
Supplies	307,163	138,839
Miscellaneous	1,374	1,479
	991,590	781,129
Total instructional staff services	1,280,070	1,096,815
General administrative services:		
Board of education:		
Salaries	34,693	86,977
Employee benefits	18,618	11,671
Purchased services	75,568	68,035
Supplies	292	763
Miscellaneous	7,673	10,443
	136,844	177,889
Executive administration:		
Salaries	219,283	114,115
Employee benefits	75,478	51,804
Purchased services	1,291	143,243
Miscellaneous	1,885	1,875
	297,937	311,037
Total general administrative services	434,781	488,926

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2021 and 2020

	2021	2020
School administrative services:		
Office of the principal:		
Salaries	$ 1,201,888	$ 1,110,031
Employee benefits	886,419	712,231
Purchased services	17,139	16,310
Supplies	822	1,047
Miscellaneous	2,600	1,950
Total school administrative services	2,108,868	1,841,569
Business services:		
Fiscal services:		
Salaries	208,631	167,641
Employee benefits	141,015	127,087
Purchased services	24,479	52,072
Supplies	16,548	16,792
Miscellaneous	4,318	6,615
	394,991	370,207
Other business services:		
Purchased services	22,140	23,155
Miscellaneous	75,527	15,294
	97,667	38,449
Total business services	492,658	408,656
Operation and maintenance services:		
Operation and maintenance:		
Salaries	850,878	784,036
Employee benefits	657,983	555,877
Purchased services	690,860	564,764
Supplies	638,404	528,641
Capital outlay	160,899	197,043
Miscellaneous	2,659	2,490
Total operation and maintenance services	3,001,683	2,632,851
Pupil transportation services:		
Pupil transportation:		
Salaries	353,737	391,605
Employee benefits	235,365	213,089
Purchased services	49,837	62,433
Supplies	37,418	42,628
Capital outlay	780	-
Miscellaneous	239	298
Payments to other school districts	371,741	519,121
Total pupil transportation services	1,049,117	1,229,174

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2021 and 2020

	2021	2020
Technology services:		
Salaries	$ 199,842	$ 150,912
Employee benefits	171,576	130,128
Purchased services	140,810	136,694
Supplies	97,846	3,507
Capital outlay	143,073	1,783
	753,147	423,024
Pupil accounting services:		
Salaries	60,944	60,952
Employee benefits	-	325
	60,944	61,277
Total central services	814,091	484,301
Other supporting services:		
Athletics:		
Salaries	296,428	285,582
Employee benefits	116,780	118,611
Purchased services	46,984	57,227
Supplies	32,369	23,846
Capital outlay	40,744	46,356
Miscellaneous	8,609	13,494
Total other supporting services	541,914	545,116
Total supporting services	11,345,183	10,264,591
Community services:		
Community activities:		
Salaries	1,413	9,399
Employee benefits	507	3,390
Purchased services	5,109	5,775
Supplies	3,658	2,690
	10,687	21,254
Nonpublic school pupils:		
Purchased services	7,581	10,731
Capital outlay	11,947	-
Payments to other school districts	1,030	1,761
	20,558	12,492
Community relations/special projects:		
Salaries	6,000	83,602
Employee benefits	2,256	29,686
Purchased services	17,682	13,014
Supplies	2,009	28,508
	27,947	154,810
Total community services	59,192	188,556

(Continued)

KELLOGGSVILLE PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2021 and 2020

	2021	2020
Debt service:		
Principal repayment	$ -	$ 57,014
Interest and fiscal charges	-	1,055
Total debt service	-	58,069
Total Expenditures	$ 28,569,631	$ 27,246,977

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NONMAJOR GOVERNMENTAL FUNDS

KELLOGGSVILLE PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Food Service	Child Care	Student/School Activity
Assets			
Cash equivalents, deposits and investments	$ 129,215	$ 11,429	$ 268,743
Accounts receivable	390	-	-
Due from other governmental units	53,221	-	-
Inventory	7,470	-	-
Total Assets	$ 190,296	$ 11,429	$ 268,743
Liabilities and Fund Balances			
Liabilities			
Unearned revenue	$ 13,844	$ -	$ -
Fund Balances			
Nonspendable	7,470	-	
Restricted	142,433	11,429	268,743
Assigned for subsequent year expenditures	26,549	-	-
Total Fund Balances	176,452	11,429	268,743
Total Liabilities and Fund Balances	$ 190,296	$ 11,429	$ 268,743

Debt Service			Capital Projects	
2015	2016	2019	Building and Site Sinking	Total
$ 343,350	$ 38,715	$ 315,153	$ 40,458	$ 1,147,063
-	-	-	-	390
-	-	-	-	53,221
-	-	-	-	7,470
$ 343,350	$ 38,715	$ 315,153	$ 40,458	$ 1,208,144
$ -	$ -	$ -	$ -	$ 13,844
-	-	-	-	7,470
343,350	38,715	315,153	40,458	1,160,281
-	-	-	-	26,549
343,350	38,715	315,153	40,458	1,194,300
$ 343,350	$ 38,715	$ 315,153	$ 40,458	$ 1,208,144

KELLOGGSVILLE PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2021

	Special Revenue		
	Food Service	Child Care	Student/School Activity
Revenues			
Local sources:			
Property taxes	$ -	$ -	$ -
Interest earnings	21	-	-
Sales and admissions	25,173	-	-
Other local sources	-	12,881	23,394
Total local sources	25,194	12,881	23,394
			-
State sources	77,778	-	-
Federal sources	1,308,039	-	-
Total Revenues	1,411,011	12,881	23,394
Expenditures			
Current:			
Food service	1,657,575	-	-
Supporting services	-	-	27,167
Community services	-	32,995	-
Capital outlay	-	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,657,575	32,995	27,167
Excess (Deficiency) of Revenues Over Expenditures	(246,564)	(20,114)	(3,773)
Other Financing Sources (Uses)			
Transfers in	-	25,000	-
Transfers out	(80,000)	-	-
Total Other Financing Sources (Uses)	(80,000)	25,000	-
Net Change in Fund Balances	(326,564)	4,886	(3,773)
Fund Balances, Beginning of Year, as restated (Note L)	503,016	6,543	272,516
Fund Balances, End of Year	$ 176,452	$ 11,429	$ 268,743

Debt Service 2015	Debt Service 2016	Debt Service 2019	Capital Projects Building and Site Sinking	Total
$ 1,764,429	$ -	$ 1,112,415	$ 296,225	$ 3,173,069
42	1	37	7	108
-	-	-	-	25,173
-	-	-	-	36,275
1,764,471	1	1,112,452	296,232	3,234,625
-	-	-	-	77,778
-	-	-	-	1,308,039
1,764,471	1	1,112,452	296,232	4,620,442
-	-	-	-	1,657,575
-	-	-	51	27,218
-	-	-	-	32,995
-	-	-	255,723	255,723
645,000	175,000	410,000	-	1,230,000
1,218,294	7,978	757,650	-	1,983,922
1,863,294	182,978	1,167,650	255,774	5,187,433
(98,823)	(182,977)	(55,198)	40,458	(566,991)
-	182,478	-	-	207,478
-	-	-	-	(80,000)
-	182,478	-	-	127,478
(98,823)	(499)	(55,198)	40,458	(439,513)
442,173	39,214	370,351	-	1,633,813
$ 343,350	$ 38,715	$ 315,153	$ 40,458	$ 1,194,300

KELLOGGSVILLE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Local sources	$ 25,214	$ 25,194	$ (20)
State sources	77,758	77,778	20
Federal sources	1,263,980	1,308,039	44,059
Total Revenues	1,366,952	1,411,011	44,059
Expenditures			
Current:			
Food service	1,567,152	1,657,575	90,423
Deficiency of Revenues Over Expenditures	(200,200)	(246,564)	(46,364)
Other Financing Sources (Uses)			
Transfers out	(80,000)	(80,000)	-
Net Change in Fund Balances	(280,200)	(326,564)	(46,364)
Fund Balances, Beginning of Year	503,016	503,016	-
Fund Balances, End of Year	$ 222,816	$ 176,452	$ (46,364)

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Local sources	$ 12,881	$ 12,881	$ -
Expenditures			
Current:			
Community services	33,726	32,995	731
Deficiency of Revenues Over Expenditures	(20,845)	(20,114)	731
Other Financing Sources			
Transfers In	25,000	25,000	-
Net Change in Fund Balances	4,155	4,886	731
Fund Balances, Beginning of Year	6,543	6,543	-
Fund Balances, End of Year	$ 10,698	$ 11,429	$ 731

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Local sources	$ -	$ 23,394	$ 23,394
Expenditures			
Current:			
Other supporting services	27,167	27,167	-
Net Change in Fund Balances	(27,167)	(3,773)	23,394
Fund Balances, Beginning of Year, as restated (Note L)	272,516	272,516	-
Fund Balances, End of Year	$ 245,349	$ 268,743	$ 23,394

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Child Care—to account for user fees and State subsidies for use in administering the childcare program of the District.

Student/School Activity —to account for monies held for the benefit of the District's students.

KELLOGGSVILLE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash equivalents, deposits and investments	$ 129,215	$ 461,282
Accounts receivable	390	45
Due from other governmental units	53,221	47,770
Inventory	7,470	6,495
Total Assets	$ 190,296	$ 515,592
Liabilities and Fund Balances		
Liabilities		
Unearned revenue	$ 13,844	$ 12,576
Fund Balances		
Nonspendable	7,470	6,495
Restricted	142,433	469,972
Assigned for subsequent year expenditures	26,549	26,549
Total Fund Balances	176,452	503,016
Total Liabilities and Fund Balances	$ 190,296	$ 515,592

KELLOGGSVILLE PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Local sources:		
Food sales:		
Children's lunches	$ 3,084	$ 21,158
Adult lunches	659	1,699
Ala carte	6,830	23,558
Vending machine	-	3,089
Banquets	10,586	72,369
Donations	2,060	25,243
Other	1,954	3,919
	25,173	151,035
Interest earnings:		
Interest on deposits and investments	21	2,418
Total local sources	25,194	153,453
State sources	77,778	56,128
Federal sources	1,308,039	1,582,325
Total Revenues	1,411,011	1,791,906
Expenditures		
Current:		
Food service:		
Salaries	581,732	560,834
Employee benefits	264,566	249,737
Purchased services	41,177	55,921
Supplies	658,018	795,086
Equipment and furniture	107,501	82,144
Miscellaneous	4,581	6,349
Total Expenditures	1,657,575	1,750,071
Excess of Revenues Over Expenditures	(246,564)	41,835
Other Financing Uses		
Transfers out	(80,000)	(80,000)
Net Change in Fund Balances	(326,564)	(38,165)
Fund Balances, Beginning of Year	503,016	541,181
Fund Balances, End of Year	$ 176,452	$ 503,016

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash equivalents, deposits and investments	$ 11,429	$ 1,243
Due from other governmental units	-	5,300
Total Assets	$ 11,429	$ 6,543
Liabilities and Fund Balance		
Liabilities	$ -	$ -
Fund Balance		
Restricted	11,429	6,543
Total Liabilities and Fund Balance	$ 11,429	$ 6,543

KELLOGGSVILLE PUBLIC SCHOOLS
Child Care Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Local sources:		
Other local sources:		
Child care fees	$ 12,881	$ 61,908
Summer activity fees	-	233
	12,881	62,141
Interest earnings:		
Interest on deposits and investments	-	86
Total local sources	12,881	62,227
State sources	-	26,235
Federal sources	-	5,300
Total Revenues	12,881	93,762
Expenditures		
Current:		
Child care:		
Salaries	-	105,387
Employee benefits	-	39,915
Purchased services	32,924	1,843
Supplies	-	417
Miscellaneous	71	-
Total Expenditures	32,995	147,562
Deficiency of Revenues Over Expenditures	(20,114)	(53,800)
Other Financing Sources		
Transfers In	25,000	50,000
Net Change in Fund Balance	4,886	(3,800)
Fund Balance, Beginning of Year	6,543	10,343
Fund Balance, End of Year	$ 11,429	$ 6,543

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash equivalents, deposits and investments	$ 268,743	$ 272,516
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ -	$ -
Fund Balance		
Restricted	268,743	272,516
Total Liabilities and Fund Balance	$ 268,743	$ 272,516

KELLOGGSVILLE PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Local sources:		
Revenue from student activities	$ 23,394	$ -
Expenditures		
Current:		
Other student/school activity	27,167	-
Net Change in Fund Balance	(3,773)	-
Fund Balance, Beginning of Year, as restated (Note L)	272,516	-
Fund Balance, End of Year	$ 268,743	$ -

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DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

KELLOGGSVILLE PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2021

	2015	2016
Assets		
Cash equivalents, deposits and investments	$ 343,350	$ 38,715
Liabilities and Fund Balances		
Liabilities	$ -	$ -
Fund Balances		
Restricted	343,350	38,715
Total Liabilities and Fund Balances	$ 343,350	$ 38,715

2019	Totals 2021	Totals 2020
$ 315,153	$ 697,218	$ 851,738
$ -	$ -	$ -
315,153	697,218	851,738
$ 315,153	$ 697,218	$ 851,738

KELLOGGSVILLE PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021

	2015	2016
Revenues		
Local sources:		
Property taxes:		
Current property taxes	$ 1,737,272	$ -
Industrial facilities taxes	17,821	-
Delinquent and other property taxes	8,166	-
Interest on delinquent taxes	1,122	-
Other	48	-
	1,764,429	-
Interest earnings:		
Interest on deposits and investments	42	1
Total local sources	1,764,471	1
State sources	-	-
Total Revenues	1,764,471	1
Expenditures		
Debt service:		
Principal repayment	645,000	175,000
Interest and fiscal charges:		
Interest expense	1,218,294	7,478
Paying agent fees	-	500
Total Expenditures	1,863,294	182,978
Excess (Deficiency) of Revenues Over Expenditures	(98,823)	(182,977)
Other Financing Sources		
Transfers in	-	182,478
Net Change in Fund Balances	(98,823)	(499)
Fund Balances, Beginning of Year	442,173	39,214
Fund Balances, End of Year	$ 343,350	$ 38,715

2019	Totals 2021	2020
$ 1,095,922	$ 2,833,194	$ 2,702,226
15,721	33,542	32,583
-	8,166	1,256
-	1,122	1,771
772	820	6,872
1,112,415	2,876,844	2,744,708
37	80	6,622
1,112,452	2,876,924	2,751,330
-	-	16,567
1,112,452	2,876,924	2,767,897
410,000	1,230,000	785,000
757,150	1,982,922	2,178,518
500	1,000	2,000
1,167,650	3,213,922	2,965,518
(55,198)	(336,998)	(197,621)
-	182,478	185,628
(55,198)	(154,520)	(11,993)
370,351	851,738	863,731
$ 315,153	$ 697,218	$ 851,738

CAPITAL PROJECTS FUNDS

2018 Construction—to account for bond proceeds to finance a new elementary building.

Building and Site Sinking—to account for property tax revenue and interest earnings used to finance building improvement projects.

KELLOGGSVILLE PUBLIC SCHOOLS
2018 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash equivalents, deposits and investments	$ 7,346,823	$ 16,424,305
Liabilities and Fund Balance		
Liabilities	$ -	$ -
Fund Balance		
Restricted	7,346,823	16,424,305
Total Liabilities and Fund Balance	$ 7,346,823	$ 16,424,305

KELLOGGSVILLE PUBLIC SCHOOLS
2018 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	$ 11,557	$ 439,140
Expenditures		
Supporting services:		
Pupil transportation services:		
Pupil transportation:		
New buses	-	90,200
Capital outlay:		
Architect fees	253,637	658,433
Building improvements	8,835,402	2,057,894
New equipment	-	92,638
Debt service:		
Bond issuance costs	-	3,000
Total Expenditures	9,089,039	2,902,165
Net Change in Fund Balance	(9,077,482)	(2,463,025)
Fund Balance, Beginning of Year	16,424,305	18,887,330
Fund Balance, End of Year	$ 7,346,823	$ 16,424,305

KELLOGGSVILLE PUBLIC SCHOOLS
Building and Site Sinking Capital Projects Fund
Comparative Balance Sheet
June 30, 2021 and 2020

	2021	2020
Assets		
Cash equivalents, deposits and investments	$ 40,458	$ -
Liabilities and Fund Balance		
Liabilities	$ -	$ -
Fund Balances		
Restricted	40,458	-
Total Liabilities and Fund Balance	$ 40,458	$ -

KELLOGGSVILLE PUBLIC SCHOOLS
Building and Site Sinking Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Local sources:		
Property taxes:		
Current property taxes	$ 293,941	$ -
Industrial facilities taxes	2,145	-
Interest on delinquent taxes	139	-
	296,225	-
Interest earnings:		
Interest on deposits and investments	7	-
Total Revenues	296,232	-
Expenditures		
Supporting services:		
Support services business:		
Fiscal services	51	-
Capital outlay:		
Building improvements	255,723	-
Total Expenditures	255,774	-
Net Change in Fund Balance	40,458	-
Fund Balance, Beginning of Year	-	-
Fund Balance, End of Year	$ 40,458	$ -